



# ROOTED IN NATURE, NURTURING THE FUTURE

AGALAWATTE PLANTATIONS PLC  
ANNUAL REPORT 2023

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# **ROOTED IN NATURE, NURTURING THE FUTURE**

Consolidating our presence in the agriculture sector, we are committed to deliver sustainable value to our stakeholders. Over the years, our strong roots in the plantation sector have contributed sustainable value . As we venture ahead into the future we hope to build and nurture a future where agriculture thrives and grows to contribute positively to the progress of our nation.

## **Our Vision**

To be the benchmark among plantation  
Companies

## **Our Mission**

To Contribute towards  
the growth of the company  
through optimum utilization  
of available resources and  
opportunities with the use of  
best management practices,  
whilst enhancing shareholder  
wealth and improving  
the quality of life of all  
stakeholders, thereby being  
a partner in National  
Development.

## **Values:**

### **Employees**

We consider our employees as our most valuable  
resource, and we constantly nurture an environment  
that encourages their involvement in the Company's  
operations to achieve organisational goals and objectives.

### **Customers**

We are inspired to offer each and every one of our clients with quality  
products.

### **Owners**

We act with a strong sense of discipline and integrity to improve the  
Company's performance and reputation, ensuring the future sustainability.

### **Suppliers**

We consistently uphold solid bonds with our network of suppliers,  
fostering consistency in quality and dependability as well as trust.

### **Society**

Our primary goal is conducting business in an ethical and  
socially responsible manner. In addition, we have  
implemented numerous programs to safeguard the  
environment and improve the lives of those  
in our immediate vicinity.

## Financial Highlights

Summary of Results				
		2023	2022	Change
		Rs.000	Rs.000	
<b>Earnings Highlights and Ratios</b>				
Revenue		<b>5,120,166</b>	5,127,380	0%
Results from Operating Activities		<b>1,142,471</b>	1,802,122	-37%
Profit/(loss) before tax		<b>1,143,618</b>	1,923,565	-41%
Profit/(loss) after tax		<b>530,693</b>	1,765,452	-70%
Earnings/ (loss ) per share	Rs.	<b>3.40</b>	11.30	-70%
Interest cover	No of times	<b>8.76</b>	16.50	-47%
<b>Balance Sheet Highlights and Ratios</b>				
Total assets		<b>7,084,709</b>	6,255,361	13%
Total debt		-	300,391	-100%
Stated capital		<b>2,258,125</b>	2,258,125	0%
Total shareholders' funds/Equity		<b>4,014,445</b>	3,540,376	13%
Net assets / (Liabilities) per share	Rs.	<b>25.69</b>	22.66	13%
Debt / Equity	%	<b>0%</b>	8%	-100%
Debt / Total Assets	%	<b>0%</b>	5%	-100%
<b>Market / Shareholder Information</b>				
Market price of share				
- Highest		<b>39.00</b>	83.00	-53%
- Lowest		<b>27.20</b>	15.10	80%
- Year End		<b>32.60</b>	31.90	2%

## Chairman's Statement

***“The company has achieved a tea segment revenue of Rs. 2,284 million in 2023 which represents a slight increase of 3% from Rs. 2,208 million recorded in the previous year.”***

Dear Shareholder,

On behalf of the Board of Directors of Agalawatte Plantations PLC, it is my pleasure to present the Integrated Annual Report and Audited Financial Statements of the company for the year ended 31st December 2023. The financial period 2023 under review was one of the most challenging for the country due to political instability and microeconomic pressure including fiscal and external imbalances. However, the company has achieved a creditable result during the FY2023 showing our adaptability, resilience and implementing strategies and initiatives towards sustainability.

This report presents a comprehensive review of the annual performance of the company during the year 2023, and the management strategies and practices implemented towards sustainable growth.

### Operating Landscape

In 2023 Sri Lankan economy contracted by 2.3% when compared to the 7.8% contraction during the prior year. The economy is showing signs of having recovered from the worst financial crisis experienced in its recent past. The inflow of foreign currency through remittance and the growth in tourism have increased significantly over the year supporting the recovery. The industrial and service sectors contracted during the year by

9.2% and 0.2% respectively. However agricultural activities showed a positive result during the year by expanding 2.5% compared to contraction in last year. The GDP rose 4.5% during the 4th quarter in 2023. Amidst the operational challenges and socio-economic factors, the plantation sector was adversely impacted by supply chain disruptions and inflationary pressures in the domestic and global markets. The inflation rate peaked at 49.72% in 2022 and has gradually declined to 4.2% by the end of 2023 (on a year on year basis).

Focusing on the agricultural sector, the growth witnessed in the sector was welcome given two consecutive years of decline in 2021 and 2022. The decline over the past two years was driven by the impacts of the economic crisis and unfavourable policy decisions by the government leading to a negative impact on crop production. However, the company was able to maintain its growth momentum during the period under review whereas the annual crop production has been maintained at a satisfactory level owing to sustainable measures and best industry practices adopted by the company.

### Tea Sector

The annual tea production of Sri Lanka improved marginally from 251.5 million kilos in 2022 to 256.0 million kilos

during the current year showing a positive sign for recovery. A key thing to note is that the crop production in 2022 was at its lowest level in over 20 years which reflects the impact of policy decisions (such as restriction on the impact of critical raw materials including fertiliser) and well as other global factors. Following this setback, the sector is showing encouraging signs with output outperforming expectation at all elevations. There is still a long way to go before production is restored to pre-crisis levels and will remain an area of focus for the Board and Management.

In 2023, annual made tea production of the company marginally increased to 1.9 million kilos compared to 1.8 million kilos in 2022. The import restrictions which affected the application of fertiliser last year continue to have a knock on impact on the production of tea this year. However, the Company has managed to increase green leaf production by 16.8% (from 4.3 million kilos in 2022 to 5.1 million kilos in 2023) by continuing the implementation of its strategies.

Amidst the economic crisis and challenges, there was a notable decrease in the tea prices of Sri Lanka in the year relative to 2022 which has somewhat dampened the impact of increased tea production of the country as well as the company. The appreciation of the Sri Lanka Rupee compared to the US Dollar (from an

average of Rs. 363 in 2022 to Rs. 324 in 2023) compounded the impact on Company revenue. The Net Sales Average (NSA) of the company declined by 8.7% in 2023 averaging at Rs. 1,063 per kilo (compared to Rs. 1,165 per kilo in 2022.)

Considering the two factors of production volume and price together, the company has achieved a tea segment revenue of Rs. 2,284 million in 2023 which represents a slight increase of 3% from Rs. 2,208 million recorded in the previous year. The increase in segment revenue was more than offset by a significant increase in costs including production costs and increases in the application of fertiliser. The segment recorded a gross profit of Rs. 73.3 million compared to a profit of Rs. 434.6 million recorded in 2022.

Moving ahead, the company has adopted focused policies and procedures aiming to increase the quality and the productivity to sustain the growth momentum. The company also resumed applying fertiliser to improve soil quality during the year which will increase future crop production and the quality of the made tea. Ongoing field infilling and re-planting are significant to maintain increased momentum of segmental growth. During the year, the company has planted 99.2 hectares of tea while maintaining a further 108.5 hectares of tea to improve yields. The cost of re-planting and maintaining immature tea plantations was approximately Rs. 164.4 million during the year.

### Rubber Sector

The production of natural rubber continued to decline reaching only 64.4 million kilos in 2023. Similar to the difficulties faced by the tea sector, the rubber sector was impacted by shortages in fertiliser. The other factors that affected the rubber sector in particular included the adverse weather conditions in production areas and the spread of "Pestalotiopsis Leaf Disease" which has become a severe threat to the sustainability of rubber plantations of Sri

Lanka. In 2023, rubber production of Sri Lanka has dropped by 15% compared to 70.9 million kilos in 2022. During the year under review, natural rubber prices fell sharply due to the volatile market conditions, demand fluctuation and the impact of the local currency appreciating against US Dollar.

During the year 2023, the company produced 1.3 million kilos of rubber which represents a 26% decrease compared to 1.7 million kilos produced in 2022. The reduction in production was driven by several key factors including adverse weather condition, leaf fall disease and the impact of fertiliser & labour shortages. The segmental revenue has considerably dropped to Rs. 759 million during the year compared to Rs. 1,397 million in 2022 mainly due to the decrease of auction prices and production volume. The Net Sales Average (NSA) of rubber decreased to Rs. 604.9 per kilo in 2023 from Rs. 785.5 per kilo in the previous year. The cost of production of rubber during the year 2023 was amounted to Rs. 1,135 million compared to Rs 1,197 million in 2022 causing a segmental loss of Rs.376.0 million from rubber compared to a profit of Rs. 199.9 million recorded in the last year.

The Company has continued to invest in productivity and efficiency measures to achieve a revival of rubber production. During the year, we have invested Rs. 548.8 million for re-planting and up keeping immature rubber plantations. Accordingly, 297 hectares of rubber were re-planted during the year to ensure future viability of the rubber segment.

### Financial Performance

In aggregate, the company recorded a turnover of Rs. 5,120 million in FY 2023, representing a similar level of performance over the previous year which amounted to Rs. 5,127 million. The main contribution for the turnover was received from tea and oil palm segments which recorded 45 % and 24% of the turnover respectively.

The segmental turnover of tea and oil palm were Rs. 2,284 million and Rs. 1,226 million respectively in FY2023. During the year, oil palm production has significantly increased to 14.3 million kilos from 11.3 million kilos in 2022 and the average sales price has decreased from Rs 107.5 per kilo in 2022 to Rs. 85.5 per kilo in 2023. The company recorded a gross profit of Rs. 711 million in FY2023 compared to Rs. 1,589 million in FY2022. Due to the loss of the rubber segment netting off the overall gross profit margin of the company to 14%. The company has promptly adopted cost control measures and initiatives to improve the labour efficiency which significantly impacted on the average cost of production in order to eliminate the losses of rubber segment.

Amidst the many unavoidable circumstances and limitations, your company has been able to record a 22% net profit margin which represents a profit before tax of Rs.1,143 million. At the end of FY2023, the net asset position of the company has improved to Rs. 4,014 million showing a significant improvement in financial stability of the company compared to the previous years. It is a great pleasure to note that the company has now revived to be one of best performing plantation companies in Sri Lanka.

### People and Welfare

The company is always committed towards the satisfaction and motivation of the workforce as the most valued resources towards the sustainable development. Therefore, employee development and welfare measures are of utmost importance to achieve the collective objectives and future endeavors. The company strives to maintain a positive relationship with our valued employees. Prompt measures have been taken to develop the skills and productivity of employees to work efficiently and effectively. Training and education programs were continued to facilitate the workers and their families with the

## Chairman's Statement

objective of enhancing expertise and value of the human capital. We also invested in infrastructure development and welfare facilities including medical, safety, housing, sanitary etc. During the year the company has spent over Rs. 65 million on the employment & social welfare with the objective of uplifting the living standard of our workers and their community.

### The Way Forward

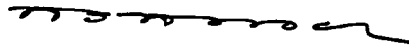
In the coming years we expect to continue our focus on the progressive measures and improving productivity and technical enhancements towards sustainable growth. Macroeconomic conditions indicate positive signs of recovery and the current years will however be challenging with respect of economic, political and environmental perspectives. The Government has continued to implement many policies, procedures and actions in order to restore microeconomic stability and debt sustainability. The ongoing efforts seems to have provided a strong foundation for sustained economic recovery and future stability. Despite the prevailing operational constraints and challenges, the company continues to invest in replanting of rubber and tea ensuring the future viability and stability. We are also committed to maintaining our focus on continuous upgrading of our production capabilities and optimization of the use of company resources.

The company continues to focus on increasing productivity, quality improvements and operating efficiency via maintaining good agricultural practices and operational standards towards the sustainability. Application of rain guarding, low frequency tapping system (such as D3 & D4) have resulted in increase in crop production and reduction in the manufacturing costs effectively.

### Acknowledgment

I would like to express my sincere gratitude to the Board of Directors, the Corporate Management team and all our valued employees including estate workers for their commitment and support extended towards implementing

strategies and achieving the corporate goals despite the circumstances that prevailed during the year. On behalf of the Board, I also wish to thank our brokers, suppliers, customers and all business partners for their support and the continued relationship with the company. I would also like to convey my appreciation for the related government institutions, authorities and the service providers for the support extended to achieve our corporate objectives. Further, I also express my deep gratitude to all our shareholders including our strategic shareholder for their continued support, trust and confidence placed in the company.



**Anil Amarasuriya**  
Chairman

Agalawatte Plantations PLC  
29th May 2024



## Board of Directors

### **Mr. A.S. Amarasuriya**

#### **Chairman**

#### **Independent Non-Executive Director**

Chairman of Agalawatte Plantations PLC and Pussellawa Plantations Ltd. Appointed to the Board of Agalawatte Plantations PLC in June 2017.

Mr. Anil Amarasuriya is a Fellow of the Institute of Chartered Accountants of Sri Lanka, the Chartered Institute of Management Accountants UK and Chartered Management Accountants Sri Lanka. He is also Honorary Fellow of the Institute of Bankers of Sri Lanka.

Mr. Anil Amarasuriya counts over 37 years of experience in the banking industry both in Sri Lanka and abroad. He has held senior corporate level positions at Abu Dhabi Commercial Bank and Sampath Bank prior to assuming duties as GM and subsequently as Managing Director of Sampath Bank. He served as Director/CEO of Union Bank of Colombo before retirement in November 2014.

He served as Chairman Sri Lanka Banks' Association and Financial Ombudsman Sri Lanka (G'tee) Ltd, Member of the Sri Lanka Accounting & Auditing Standards Monitoring Board and of the Financial Sector Cluster, Member of the Governing Council of the National Institute of Business Management and Chairman of the Lanka Financial Services Bureau Ltd. He also served as Director in the subsidiaries of Sampath Bank Ltd, namely, S C Securities (Pvt.) Ltd., Sampath Surakum Ltd, Sampath Leasing & Factoring Ltd, Sampath Trade Services (HK) Ltd, Sampath IT Solutions Ltd and Associate Company Lanka Bangla Finance Ltd. and Chairman of Lanka Clear Pvt Ltd and currently serves as Chairman of Lanka Rating Agency Ltd, Chairman/Director of Pussellawa Plantations Ltd and several private companies in Sri Lanka.

### **Mr. R.P.L. Ramanayake**

#### **Non Independent, Non-Executive Director**

Appointed to the Board of Agalawatte Plantations PLC in May 2017.

Mr. Lahiru Ramanayake is a graduate in marketing and management from Monash University in Melbourne, Australia. He was appointed to the Board of Damro Group in

2013. He serves as the Group Managing Director involved in the supervision of key functional operations of the Group including Production and Administration. Mr. Ramanayake is also a Director of Pussellawa Plantations Ltd, F L M C Plantations (Pvt) Ltd and AEN Palm Oil Processing (Pvt) Ltd,

### **Mr. R. K. A. Ranaweera**

#### **Independent Non - Executive Director**

Appointed to the Board of Agalawatte Plantations PLC in September 2017.

Mr. Ranaweera is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, the Institute of Certified Management Accountants of Sri Lanka and the Institute of Accounting Technicians of Sri Lanka. He also holds Honors degree in Business Administration (B.Sc. Business Admin.) from the University of Sri Jayawardenepura.

Mr. Ranaweera counts over 40 years of experience in the accounting profession. He is the managing partner of Ranaweera Associates (Chartered Accountants) while serving as the Managing Director of Assent Advisory Partners (Pvt) Ltd, engaged in consultancy services.

In addition to the audit practice, Mr. Ranaweera has wide experience in tax and company secretarial services and also in investment advisory and promotions. Further, he is actively involved in preparation of taxation text books of leading accounting professional institutions in Sri Lanka while conducting lectures in taxation at these institutions.

### **Mr. G. P.N. A. G. Gunathilake**

#### **Managing Director/Chief Executive Officer**

Appointed to the Board of Agalawatte Plantations PLC in May 2017.

Mr. Gunathilake is a graduate of the University of Kelaniya in Human Resources Management. He counts over 20 years of service in Damro and has an extensive exposure in Human Resource and Corporate Management Practices. Mr. Gunathilake was appointed as a Director of Damro Group in 2010. He currently serves as a Group director of Damro in charge of Human Resources, Legal affairs, Special projects and Public relations. He also serves as

Managing Director/Chief Executive Officer of Pussellawa Plantations Ltd and Director of related private companies including AEN Palm Oil Processing (Pvt) Ltd, F L M C Plantations (Pvt) Ltd, Melfort Green Teas (Pvt) Ltd and Ceylon Estate Teas (Pvt) Ltd.

### **Mr. W.A. Arosha Asanga**

#### **Non Independent, Non-Executive Director**

Appointed to the Board of Agalawatte Plantations PLC in May 2017.

Mr. Asanga is also a Director of Damro Group and carries responsibilities in finance and regulatory functions of the Group. He is well versed and proficient in accounting, auditing and taxation having over 20 Years expertise in the field. He joined Damro in the year 2002. Since then he has been playing an anchor role in the financial management and strategic planning of the Group. He is also a Director of Pussellawa Plantations Ltd, F L M C Plantations (Pvt) Ltd, Melfort Green Teas (Pvt) Ltd and Ceylon Estate Teas (Pvt) Ltd.

### **Mr. L.R.W. Susantha Rajasekara**

#### **Non Independent, Non-Executive Director**

Appointed to the Board of Agalawatte Plantations PLC in May 2017.

Mr. Rajasekara is a member of the Institute of Chartered Accountants of Sri Lanka. He also a graduate in Accountancy & Financial Management of the University of Sri Jayawardenepura.

He is also a Director of Damro Group and counts over 18 years of experience in Auditing, Accounting & Financial Management. He joined Damro in 2006 and handles the Group Tax, Financial Reporting & Corporate Compliances. Mr. Rajasekara is also a Director of Pussellawa Plantations Ltd, F L M C Plantations (Pvt) Ltd, Melfort Green Teas (Pvt) Ltd and Ceylon Estate Teas (Pvt) Ltd.

## Management Discussion & Analysis

### Economic Overview

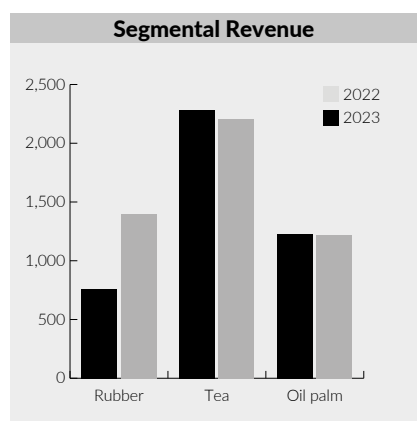
Gross Domestic Product (GDP) of Sri Lanka is contracted by 2.3% in 2023, following a deep contraction of 7.8% (YOY) recorded in 2022, as the country is struggling to recover from the immense financial crisis prevailing. The government implemented considerable structural changes and policy decisions to bring back macroeconomic stability. Respective measures and reforms includes cost-reflective utility pricing, new revenue initiatives and debt re-structuring, fiscal management, trade, investment, and measures related to State-Owned Enterprises etc.

Later in 2023, the economy began to gain improvement as external and fiscal balances increased. Pressures on foreign exchange liquidity also considerably decreased as a result of a rebound in tourism and increased remittances as well as inflows from development partners. With improved FOREX reserves, the Sri Lankan Rupee (LKR) appreciated by 10.8% in 2023 (compared to a depreciation of 81.2% in 2022) against the US Dollar. Additionally, the following the sharp contraction in 2022, the economic growth turned marginally positive in Second half 2023 due to robust performances in the tourism and the agriculture sectors. In contrast to a negative growth of 4.6% in 2022, the agriculture sector grew by 2.6% in 2023 despite this overall decline.

### Operations Review of the Company

Main crops of the company comprise of Tea, Rubber and Oil Palm, cultivated on our estates located in Kalutara, Ratnapura and Nuwara Eliya Regions. Amidst all attempts to recover from underlined economic downturn, fuel & fertilizer shortages, power cuts and other external and internal constraints that prevailed during the year, the Company was successful in retaining the same revenue YOY recording Rs.5,120 million in the year 2023, vis-à-vis Rs.5,127 million achieved during the preceding year.

The comparative performances of each business segment of the company during the year are as follows;



### Rubber

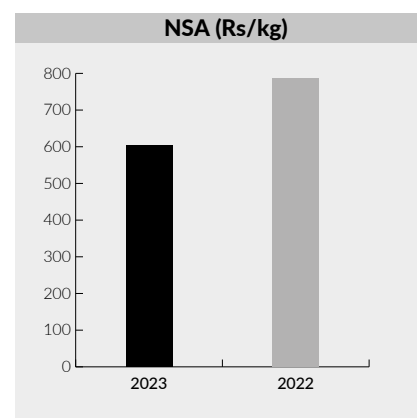
The rubber estates of the company are located in Kalutara and Ratnapura Districts. The factories at Clyde, Culloden, Doloswella, Kiribathgala, Kiriwanaketiya and Peenkande estates have the capacity of producing approximately 10,000 Kgs of Thick Pale Crepe (TPC) rubber daily, whilst the Ribbed Smoke Sheet (RSS) facilities at Clyde, Culloden, Doloswella, Kiribathgala, Kiriwanaketiya, Niriella and Peenkande have a collective capacity of producing over 3500 Kgs of RSS daily.

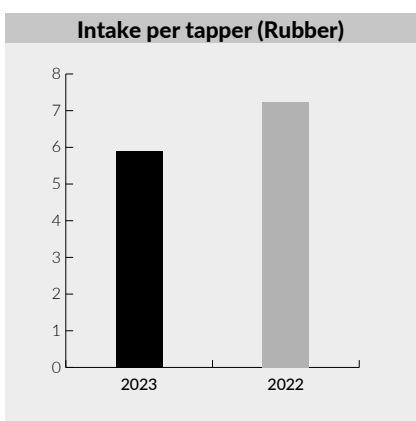
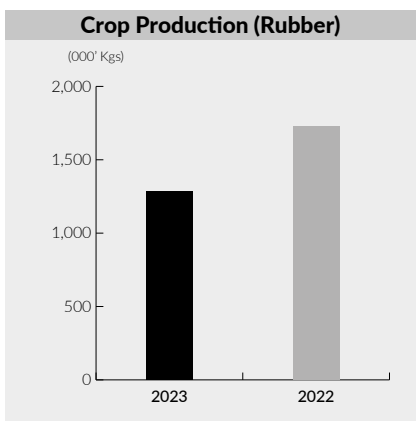
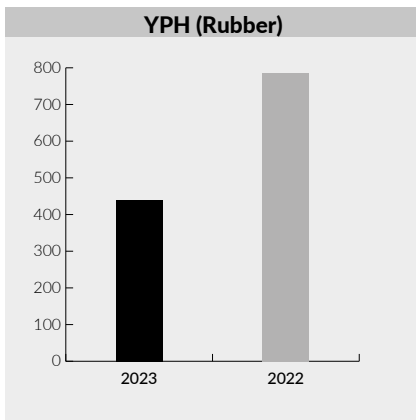
Rubber production in Sri Lanka pointedly dropped by 15% to 60.00 million kilos during the year 2023.

Similarly, rubber production of the company dropped to 1,283,661 Kgs from 1,731,210 Kgs recorded in the preceding year reflecting a drop of 25.8% compared YOY. Accordingly, the Yield per Hectare (YPH) of the company declined to 439 Kgs in 2023 from 602 Kgs achieved during the previous year. The average intake per tapper which measures the productivity of rubber tappers too has slumped to 5.89 Kgs in 2023 from 7.23 Kgs recorded in 2022, which is a marginal decline of 18% YOY. The main reasons attributing to the decreases included the wide spread "Circular Spot Leaf Disease" which was

also known as PESTA affected in rubber estates of the company. The leaf disease interrupted in carrying out recommended number of rounds of stimulation in low frequency tapping areas on the estates. The adverse weather conditions also badly affected for rubber production mainly during the latter part of the year. The negative impacts of import ban on chemical fertilizers and agrochemicals by the government have also affected for the crop production as well as the growth of the newly rubber planted areas. However, the company has continued to work with research institutes and also following cost-effective methods and best industry practices to improve the segmental performance & sustainability.

However, during the period under review, rubber prices were discouraging with marginal decreases evident throughout the year. The decrease in demand for global rubber industrial products resulted in decreased rubber prices on offer during the period under review. Consequently, the annual Net Sales Average (NSA) of Rubber declined to Rs. 604.9 per kilo from Rs.785.5 per kilo, recording a substantial decrease of 23% against the preceding year while the revenue generated from the rubber segment indicated a significant decline of 46% vis-à-vis year 2022.





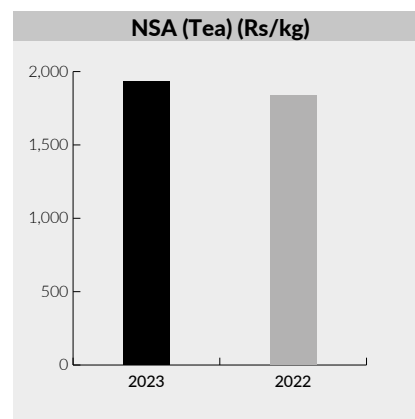
**Tea**

The company possess as three tea estates in the up-country region and also three estates in the low-country region. The overall tea production in Sri Lanka increased slightly by 1.7% YOY. In line with the same tea production of the company too increased to 1.93 million Kgs from 1.84 million Kgs recorded during

the previous financial year. The segment depicted a revenue of Rs. 2,284 million compared to a revenue of Rs. 2,208 million generated during the preceding year with a slight growth of 3.44% compared to the year 2022.

The tea segment reported a gross profit of Rs. 73 million in 2023 against a gross profit of Rs. 434 million recorded in year 2022. The main reason for the declined profit is the increase in cost of the production when compared to the previous year. The increase in the production quantities contributed towards posting an incremental revenue in the tea segment despite the decline in the NSA owing to decrease in auction prices.

The Company continued pursuing in all possible measures to improve productivity and quality of the tea manufactured during the year. Having undertaken all recommended agricultural practices, including timely application of foliar and ground fertilizers and the introduction of eco friendly Compost etc., have thus contributed towards such desired improvements.

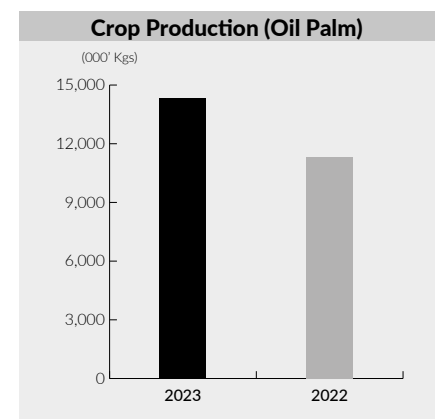
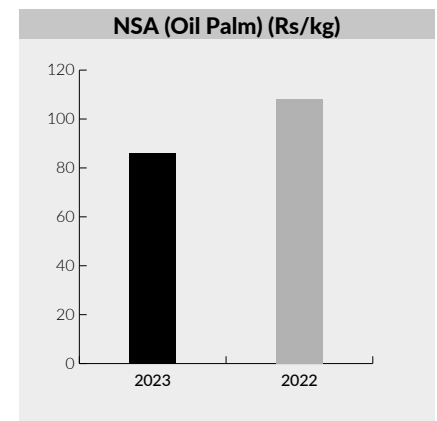


**Oil Palm**

The Oil Palm segment of the company continued to indicate an improvement during the year under review, where revenue grew by Rs. 8.8 million and stood at Rs. 1,227 million during 2023 vis-à-vis Rs. 1,218 million recorded in

2022. The segmental profit decreased by Rs.118 million from Rs. 872 million in 2022 to Rs. 754 million during the current year mainly due to drop in prices compared to previous year. However, crop production of the segment increased from 11,321,017 Kgs in 2022 to 14,335,010 Kgs during the current year.

The appreciable financial performance of the Oil Palm segment mainly attributed towards the increase in the company's profitability during the year.



**Capital Expenditure**

The company has invested a staggering amount of Rs. 724 million in replanting Tea & Rubber, factory renovations and upgrading etc, during the year while the corresponding investments made during the preceding year amounted to Rs. 557 million. The objective of the accelerated replanting program and enhanced capital

## Management Discussion & Analysis

investments were made mainly to ensure future sustainability and growth. Despite many financial and operational constraints faced during the year the management yet focused on long term investment in major resources of the company to develop a sustainable business model while increasing productivity.

During the year 2023, an extent of 297.62 hectares of rubber was replanted as compared to 262.24 hectares replanted in the previous year and a further 99.21 hectares of tea too was replanted in 2023. Continuing the company's ambitious Replanting Program, the lands are being prepared to replant another 490.48 hectares in the year 2024. The requirement of planting materials will be obtained from 04 central nurseries which have been already established at Ambetenna, Clyde, Niriella and Peenkande Estates. An amount in excess of Rs.38.7 million has been incurred on building renovations, plant and machinery, vehicles, equipment etc in 2023.

### Financial Review of the Company

The Company has achieved a net profit of Rs. 530 million after tax in 2023 against a net profit of Rs. 1,765 million recorded during the previous financial year.

Summary of key financial performance indicators:

Performance Measure	2019	2020	2021	2022	2023
Revenue (Rs. 000)	2,703,420	2,832,331	3,867,404	5,127,380	<b>5,120,166</b>
Revenue Growth YOY (%)	9%	5%	37%	33%	<b>(0%)</b>
Gross Profit/ (Loss) (Rs.000)	(49,990)	274,448	895,518	1,589,952	<b>711,185</b>
Gross Profit/ (Loss) Margin	(2%)	10%	23%	31%	<b>14%</b>
EBIT (Rs.000)	(27,261)	619,763	1,084,901	1,802,122	<b>1,142,471</b>
EBIT Growth YOY (%)	(63%)	2373%	75%	66%	<b>(36%)</b>
Capital Expenditure (Rs.000)	256,304	249,124	455,634	557,722	<b>724,098</b>
Cash Flow from Operations (Rs. 000)	359,845	(1,446,753)	(386,347)	444,195	<b>1,054,178</b>
Total Debts (Rs.000)	464,141	25,000	612,400	300,391	<b>NIL</b>

During the period under review, the Company posted an annual turnover of Rs. 5,120 million showcasing the second highest revenue recorded during the past five years performance of the Company. The revenue generated through Tea and Oil Palm segments have predominantly influenced the incremental revenue reflecting a substantial growth of 45% and 24% year-on-year respectively. Accordingly, during the past five years, the company revenue has grown by 90%, signifying notable improvements in its performance throughout the recent past. Similarly, gross profit too reflected a decline of 55% compared to the preceding year with a declined GP margin of 14%. Earnings

before interest and tax (EBIT) has also improved over the years to Rs.1,142 million in 2023, mainly owing to increased prices coupled with the productivity and efficiency measures implemented by the management.

The company's continuous investment in replanting, factory renovations, plant and machinery etc has contributed towards boosting the performance in the present year and future years ahead. Moreover, the company has managed to maintain positive cash flows from operations depicting a turnaround in cash flow constraints with stringent cost management techniques adopted by the company.

### Social Welfare and Training Programs

Employee advancement and wellbeing are key concerns of the company. The company has focused its efforts on their welfare and skills development, aimed towards motivating the workforce and uplifting their living standards. Even during the pandemic, our commitment to the welfare of our workforce and the plantation community continued unhindered. In-house and external training programs have been conducted to improve skills and competencies of the workforce. The company also implemented awareness and skills development programs with the assistance

of the National Co-operative Council to enhance the knowledge and technical expertise of the employees.

The company also organized numerous health programs aimed at helping the estate community in prevention of diseases, alcoholism and to maintain good health. Immunization, ante-natal and family planning clinics too were conducted routinely in collaboration with PHDT and government health institutions. Diagnostic clinics were also conducted on Cancer, Diabetes, Tuberculosis and eye diseases on a regular basis.

### **Sustainability and way forward**

Productivity and operational efficiencies are top priorities in achieving long-term sustainable development of the company. The management has shown much concern on the importance of continuous replanting of Tea and Rubber together with commercial timber plantations, even during the pandemic. In addition to the investments in field and factory development, improved agricultural practices too have been vital towards increasing productivity and the quality of produce. Margins in the Rubber Sector will continue to be pressured by increasing labour costs and production. However, growth witnessed in the momentum of tea and rubber prices have created an opportunity for the company to mitigate prevailing negative impacts and achieve organizational objectives.

The way forward for the plantation industry is based on value addition and efficiencies. Our corporate strategies are therefore aligned to ensure continuous development of our core plantation businesses whilst pursuing diversification-led growth for the future sustainability.

## Annual Report of the Board of Directors

The Directors of Agalawatte Plantations PLC have pleasure in presenting the Annual Report together with the Audited Financial Statements of the Company for the year ended 31st December 2023 and the Auditor's report thereon.

The Board of Directors approved this report at the Board meeting held on 29th May 2024.

### Principal Activities

The Company is mainly engaged in the cultivation, production, processing and sale of Tea, Rubber and Oil Palm together with selected non-crop diversification initiatives.

The Company has invested in 33.33% of stated capital of AEN Palm Oil Processing (Pvt) Ltd, a joint venture involved in the business of processing Palm Oil.

### Parent Enterprise

Damro Holdings (Pvt) Ltd, is the parent undertaking of the Company as at 31st December 2023 and directly and indirectly holds 80% of stake as at 31st December 2023.

The financial statements of the Company are given on pages 34 to 99.

### Auditors' Report

The Auditors' report on the financial statements is given on pages 30 to 33.

### Accounting Policies

The accounting policies adopted in the preparation of the financial statements are given on pages 40 to 53.

### Review of Operations and performance

Review of financial and operational performance and future business developments of the Company are discussed in the Chairman's Statement on pages 4 to 6 and Management Discussion & Analysis on pages 8 to 11.

### Corporate Governance/Internal Control

The Board has overall responsibility for the Company's corporate governance and systems of internal controls. The company has complied with the Corporate Governance Rules laid down under the listing rules of the Colombo Stock Exchange. Details of Corporate Governance practices of the Company and specific measures taken with regard to internal controls are elaborated on pages 14 to 18.

### Directorate

The members of the Board during the financial year ended 31st December 2023 were as follows.

**Mr. A.S. Amarasuriya**  
(Chairman/ Independent Non-Executive Director)

**Mr. R.K.A. Ranaweera**  
(Independent Non-Executive Director)

**Mr. G.P.N.A.G. Gunathilake**  
(Executive Director/ CEO/Managing Director)

**Mr. R.P.L. Ramanayake**  
(Non-Independent Non-Executive Director)

**Mr. W.A. A. Asanga**  
(Non-Independent Non-Executive Director)

**Mr. L.R.W.S. Rajasekara**  
(Non-Independent Non-Executive Director)

The Profiles of the Board of Directors of the company as at 31st December 2023 are set out on pages 7 of the Annual Report.

### Independence of Directors

The Board has made a determination as to the independence of each non-executive director and confirms that two of the non-executive directors meet the criteria of independence in terms of rule 7.10.4 of Listing Rules.

Each of the independent directors has submitted a signed and dated declaration of his independence against all the specified criteria. Mr. A.S. Amarasuriya is a Director of Pussellawa Plantations Ltd. The Board taking into account all the circumstances is of the opinion that Mr. A.S. Amarasuriya is nevertheless independent.

### Directors' Remuneration

Directors' remuneration is disclosed in Note 10 to the Financial Statements.

### Directors' Interest in Transactions

The Directors of the Company made the general disclosures provided for in Section 192 (2) of the Companies Act No.07 of 2007. Note 31 to the financial statements have dealt with related party disclosures and include details of their interests in transactions. The shareholdings of Directors as at 31st December 2023 are as follows.

Name of the Director	(No of shares)
Mr. A.S. Amarasuriya	Nil
Mr. R. K. A. Ranaweera	Nil
Mr. G.P.N.A.G. Gunathilake	Nil
Mr. R.P.L. Ramanayake	Nil
Mr. W.A. A. Asanga	Nil
Mr. L.R.W. S. Rajasekara	Nil

### Auditors

M/S KPMG, Chartered Accountants are deemed to be re-appointed as auditors in terms of Section 158 of the Companies Act No. 07 of 2007.

The Auditors were paid Rs. 5,347,000/- as audit fees and Rs. 441,192/- for non-audit related work.

Based on the declaration made by M/S KPMG (Chartered Accountants) as far as the Directors are aware, the Auditors do not have any relationship or interest in the Company other than disclosed above.

**Earnings and Net Assets per Share**

Earnings per share and net assets per share figures are given below:

	2023 Rs.	2022 Rs.
Earnings/ (Loss) per share	3.40	11.30
Net assets/ (liability) per share	25.69	22.65

**Segment Reporting**

A segmental analysis of the activities of the Company is given in note 38 to the Financial Statements.

**Related Party Transactions**

Details of related party transactions of the Company are given on note 31 to the Financial Statements. Respective transactions and the information provided are in compliance with Colombo Stock Exchange Listing Rule 9 and Code of Best Practices on Related Party Transactions under the Securities Exchange Commission Directive issued under Section 13(c) of the Securities Exchange Commission Act.

There were no non-recurrent related party transactions which exceeds 10% of equity or 5% of the total assets of the Company, whichever is lower as per the audited financial statements for the year ended 31st December 2023.

Recurrent related party Transactions which in aggregate value exceeds 10% of the consolidated revenue of the Company as per the audited financial statements for the year ended 31st December 2023 were disclosed in Note no 31 to the Financial Statements.

**Capital Expenditure**

The total capital expenditure on acquisition of property, plant and equipment and biological assets of the Company Rs. 724.6 million (2022 - Rs. 557.7 million).

**Contingent Liabilities and Capital Commitments**

There were no material contingent liabilities or capital commitments as at 31st December 2023.

**Personnel**

The Company had in its employment 3,672 (2022: 3829) persons as at 31st December 2023.

**Share Trading Information**

The shares of the Company were listed in the Colombo Stock Exchange from 22nd January 1996.

Information relating to the trading of the Company's shares during 2023 are given below:

	2023 Rs.	2022 Rs.
Market value per share -High	39.00	83.00
Market value per share - Low	27.20	15.10
Market value per share - 31 Dec	32.60	31.90

**Shareholder Information**

As at 31st December 2023, the Company had 14,959 registered shareholders. An analysis of the shareholding, distribution and names of the 20 Major shareholders are given in the Shareholders Information section (Page 100 to 101).

**Float adjusted market capitalization**

The Company had a float adjusted market capitalization of Rs. 1,018.7 million and 14,957 public shareholders as at 31st December 2023. Accordingly, the Company is compliant under option 5 of the minimum threshold requirements for the Main Board of the CSE, as per section 7.13. 1. (a) of the Listing Rules of the CSE.

**Compliance with Laws and Regulations**

The Company has complied with all applicable laws and regulations. The Directors confirm to the best of their knowledge all taxes, duties and levies payable by the Company and all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and all other known statutory dues as were due and payable by the Company as at the end of the reporting period have been paid or where relevant provided for.

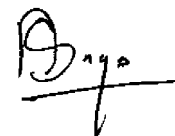
**Donations**

The Company has donated Rs. 4,170,156/- during the year ended 31st December 2023.

**Notice of Annual General Meeting**

The Notice of the 29th Annual General Meeting of the Company appears on page 110.

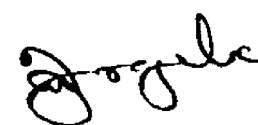
For and on behalf of the Board



W.A. Arosha Asanga  
Director



L.R.W.S. Rajasekara  
Director



Nexia Corporate Consultants (Pvt.) Ltd  
Secretaries  
Agalawatte Plantations PLC

29th May 2024  
Colombo

## Corporate Governance

Corporate Governance is the system of rules, practices and processes by which a company is directed and controlled. The corporate governance principles and guidelines primarily revolve around the Code of Best Practices on Corporate Governance jointly issued by the Institute of Chartered Accountants of Sri Lanka and Securities and Exchange Commission of Sri Lanka (SEC), and Listing Rules of the Colombo Stock Exchange (CSE).

This statement comprises of key highlights on how Agalawatte Plantations PLC complied with the respective principles and practices during the financial year 2023. The Company maintained highest standard of corporate governance in providing valuable oversight and guidance to the management to navigate all day to-day activities through effective strategies and procedures directed for the achievement of medium to long term targets of the company. The Board has also ensured to strengthen its role

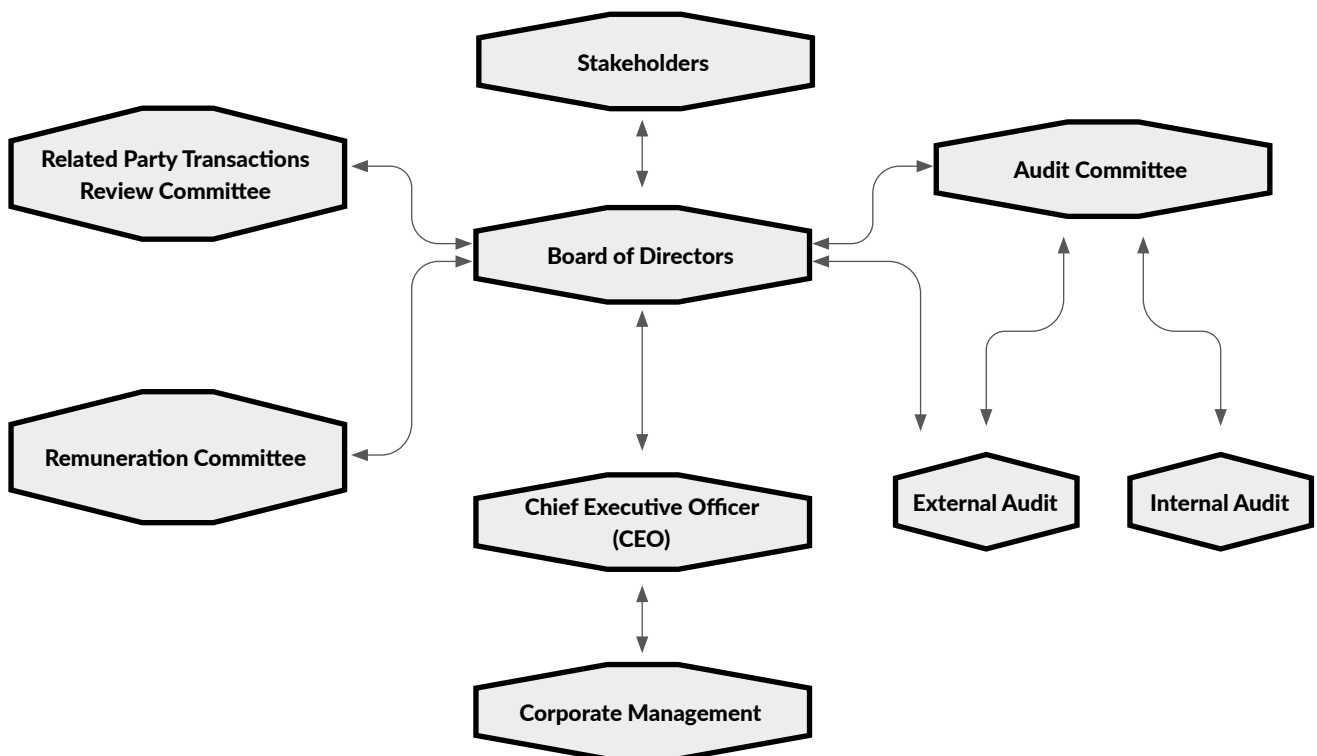
and responsibilities in order to enhance transparency and accountability and emphasize its commitment to the long term growth and sustainability of the company.

The corporate governance framework at Agalawatte Plantations PLC is considered as a vital element to provide sustainable returns for the benefit of all internal and external stakeholders. The Company has continuously focused on developing and maintaining a sound and transparent corporate governance structure whereas the Board members, the senior management team and also entire staff should be bound with the commitment towards adoption and implementation of transparent and effective corporate governance practices within the company with the objectives of improving corporate accountability, business prosperity and shareholder's value of the Company.

### Corporate Governance Framework

Good corporate governance covers the entire accountability framework of an organization. Therefore, it takes into consideration both corporate and business governance and is based on the premise that good governance policy alone cannot make an organization successful. It is only by having in place good corporate governance practices, which are strategically linked to performance management of an organization and able to focus on the key drivers of the business. Consequently, the corporate governance emphasizes the dual role of the Board of Directors in ensuring conformity to good governance and strategic management for adding the value.

The Governance principles and practices provide Directors and management a clear guidance on their duties and responsibilities. The governance structure of Agalawatte Plantations PLC is as follows.





**Board of Directors**

The Board of Directors has overall responsibility for protecting the rights and interests of the stakeholders and accountability for the management of the affairs of the Company. Also, accountable towards attaining a high standard of corporate governance practices as specified by the regulatory bodies and legislations. Therefore, the Board is committed to uphold appropriate standards of corporate governance practices which are fundamental for the achievement of overall objectives, enhancement of shareholders’ value and safeguard stakeholders’ interests.

Further, the role & key responsibilities of the Board include the followings,

- Ensure all stakeholders’ interests are considered in corporate decisions.
- Direct, manage and control the business and affairs of the Company.
- Planning, implementation and controlling of short and long term strategies to achieve the company’s overall performance objectives.
- Report on their stewardship to shareholders.
- Identify the principal risks of the business and ensure adequate risk management systems are in place.

- Ensure that internal controls are adequate and effective.
- Preparation and presentation of interim and annual financial statements of the Company.
- Accurate and efficient financials plans, performance evaluation and budgeting
- Ensure compliance with laws and regulations

The composition of the Board of Directors during the year 2023, and the attendance of each Director at the Board meetings held during the financial year are as follows: Brief profiles of the Directors are set in page 7.

Name of Director	Appointment/ Resignation	Directorship	Independent	Attendance of the meetings
Mr. A.S. Amarasuriya	Appointed w.e.f. 22/06/2017	Chairman Non-Executive Director	Yes	5/5
Mr. R. K. A. Ranaweera	Appointed w.e.f. 20/09/2017	Non-Executive Director	Yes	5/5
Mr. G.P.N.A.G. Gunathilake	Appointed w.e.f. 22/05/2017	Executive Director/ CEO	No	5/5
Mr. W.A. A. Asanga	Appointed w.e.f. 22/05/2017	Non-Executive Director	No	5/5
Mr. L.R.W. S. Rajasekara	Appointed w.e.f. 22/05/2017	Non-Executive Director	No	5/5
Mr. R.P.L. Ramanayake	Appointed w.e.f. 22/05/2017	Non-Executive Director	No	5/5

**Board Meetings**

The Board meetings have been scheduled on a regular basis during the year 2023 and adhoc meetings were held as required. The Board has met five times during the year under review.

The Directors are provided with adequate Board reports and management analysis and relevant information on discussion topics to ensure effective decision making and informed deliberation. The compliance department of the company

has provided necessary support to the Board in ensuring that the Board receives timely and accurate information, advices related to corporate governance matters, Board procedures and regulatory requirements during the year under reviewed. Minutes of meetings of the Board are also tabled at the Board meetings for the Board’s information. The Company Secretary is responsible for the administration of the Board meetings and maintaining board minutes and records.

**Independence**

Independence of the Directors has been determined in accordance with the CSE Listing Rules and Independent Non-Executive Directors have submitted declarations of their independence up on appointments and during the year as required.

The Independence of all its Non-executive directors was reviewed on the basis of criteria given by the CSE Listing Rules 7.10.4 as follows;

## Corporate Governance

Non-executive director shall not be considered independent if he/she,

- A. has been employed by the Listed Entity during the period of two years immediately preceding appointment as director;
- B. currently has/had during the period of two (2) years immediately preceding appointment as a director, a Material Business Relationship with the Listed Entity, whether directly or indirectly;
- C. has a Close Family Member who is a director, Chief Executive Officer (and/or an equivalent position) in the Listed Entity;
- D. has a 10% Shareholding in the Listed Entity;
- E. has served on the board of the Listed Entity continuously for a period exceeding nine (9) years from the date of the first appointment; provided however, if such director is re-appointed after a period of two (2) years from the date of completion of the preceding nine (9) year period,
- F. is employed in another company or business,
  - i) in which a majority of the other directors of the Listed Entity are employed or are directors; or
  - ii) in which a majority of the other directors of the Listed Entity have a 10% Shareholding or Material Business Relationship; or
  - iii) that has a Significant Shareholding in the Listed Entity or with which the Listed Entity has a Business Connection;
- G. is a director of another company,
  - i) in which a majority of the other directors of the Listed Entity are employed or are directors; or
  - ii) that has a Business Connection in the Listed Entity or a Significant Shareholding;
- H. has a Material Business Relationship (income or non-cash benefits equivalent to 20% of the director's income) or a Significant Shareholding in another company or business,
  - i) in which a majority of the other directors of the Listed Entity are employed or are directors; and/or
  - ii) which has a Business Connection (transaction value equivalent to 10% of the turnover) with the Listed Entity or 10% Shareholding in the same

### Board Committees

The Board has set up following committees delegated with specific tasks and responsibilities.

- Audit Committee
- Remuneration Committee
- Related Party Transaction Review Committee

The Board has adopted a formal charter that outlines the functions, duties and responsibilities of the Board Committees in line with the Board's objective in pursuing good governance practices.

### Audit Committee

The composition of the Audit Committee meets the requirements in continuous listing rule 7.10.6 of Colombo Stock Exchange, where Independent Directors form the majority of non-executive directors. The members of the Audit Committee as at 31st December 2023 comprised of:

#### Mr. R. K. A. Ranaweera

Chairman, Independent Non-Executive Director

#### Mr. A.S. Amarasuriya

Independent Non-Executive Director

#### Mr. L.R.W.S. Rajasekara

Non-Independent Non-Executive Director

In compliance with CSE continuous listing rule 7.10.6 (a), all committee members are members of the Institute of Chartered Accountants of Sri Lanka.

The Audit Committee reviews, monitor and supervise financial reporting process, monitors the works of the internal audit function and ensures an objective and professional relationship is maintained with external auditors. The Committee ensures that the accuracy and timely disclosure, transparency, integrity, consistency and quality financial reporting of the Company. The Audit Committee has full access to both the internal and external auditors who, in turn, have access at all times to the Chairman of the Audit Committee. The role of the Audit Committee and the number of meetings held during the financial year as well as the attendance record of each member are set out in the Audit Committee Report on page no. 25 to 26.

### Remuneration Committee

Remuneration Committee consists of the following Directors, all of whom are Non-Executive Directors:

#### Mr. A.S. Amarasuriya

Chairman, Independent Non-Executive Director

#### Mr. R. K. A. Ranaweera

Independent Non-Executive Director

#### Mr. W. A. A. Asanga

Non-Independent Non-Executive Director

The remuneration committee of the company recognizes the following as its key duties and responsibilities.

- Assist the Board by establishing a remuneration policy which attract, retain and motivate all executive directors, the CEO and key management personnel (KMP).
- The committee will track the competitors' remuneration structures in order to persuade executive directors to remain with the company.

- Assist the Board in evaluating the performance of the CEO and KMPs, in order to recommend suitable rewards.

The report of the Remuneration Committee is on the Page 24.

### **Related Party Transactions Review Committee**

The key objective of the Related Party Transactions Review Committee is to ensure that the interests of shareholders as a whole are taken into account by the company when entering into Related Party Transactions. Further, the Committee provides an independent review, approval and oversight of all the proposed related party transactions to maintain the key principles of the company, accountability and the transparency. The committee members as at 31st December 2023 are as follows.

**Mr. R. K. A. Ranaweera**

Chairman, Independent Non-Executive Director

**Mr. A.S. Amarasuriya**

Independent Non-Executive Director

**Mr. W. A. A. Asanga**

Non-Independent Non-Executive Director

**Mr. L.R.W.S. Rajasekara**

Non-Independent Non-Executive Director

The related party transactions review committee report on page 23 describes the activities carried out during the financial year.

### **Corporate Management**

The Board has delegated its responsibilities to be discharged by Board through sub-committees and senior management team headed by Chief Executive Officer. Management team comprises of Chief Executive Officer, Chief Operating Officers, Head of Finance, and General Managers etc. The senior management team oversees the day to day management of the business and affairs of the Company under the direction and supervision by the CEO. For

administrative purposes, the operations of the Company have been effectively divided into three geographic regions, namely the Nuwara Eliya, Ratnapura and Kalutara Districts. The General Managers are in charge of Tea, Rubber and Oil Palm estates respectively.

### **Relationship with Shareholders**

The Board of Directors is directly responsible for overall company's activities to the shareholders of the Company. Therefore the Board of directors and its management provide utmost priority and importance to ensure that complete and accurate disclosure of financial and non-financial information are made to the shareholders on regular basis.

The Annual General Meetings/Extraordinary General Meeting are held to communicate with the shareholders and their participation is encouraged. Apart from this, its principal methods of communication include the annual report, quarterly financial statements and press releases. Further, contact details are published in both Quarterly Financial Statements as well as in the Annual Report & the Shareholders are able to contact the Company Secretaries or Senior Management at any given time.

### **Risk Management and Internal Control**

The Board is responsible for instituting on effective internal control system to safeguard the assets of the Company and ensure that accurate and complete records are maintained from which reliable information is generated. The Board periodically reviews and assesses the internal control system with a view to increase the efficiency and productivity of the Company's wealth.

The governance structure of the company is designed to ensure that the internal audit division of the Group reporting to the Audit Committee, regularly evaluates the internal control system and its findings are reviewed and significant issues are thereafter reported to the Board.

The structure is designed to provide reasonable care of,

- Reliability of financial and other management information
- The prevention of fraud and irregularities.
- Efficiency and effectiveness of operations
- Compliance with relevant national laws and Company regulations.

Further the Board confirms that there is an ongoing process to identifying, evaluating and managing the significant risk associated with the operation of the company. Strategies adopted by new management during the period under review, to manage its risk are set out in its report on Risk Management on page 19 to 22.

### **Stakeholder Relations**

The Board identifies the importance of maintaining a healthy relationship with its key stakeholders. The fundamental mode of communication between the Company and the shareholders are through the Annual Report, Interim Reports and Annual General Meeting. Further other stake holders such as trade suppliers, customers, and regulatory authorities including the government would also have significant importance in keeping active dialogue and relationship which ensures the continuous success of the business.

### **Compliance**

The Board places significant emphasis on strong internal compliance procedures. The Financial Statements of the Company are prepared in compliance with the guidelines of the Sri Lanka Accounting Standards and other statutory regulations and financial statements are published quarterly in line with the Listing Rules of the Colombo Stock Exchange through which all significant developments are reported to shareholders quarterly.

## Corporate Governance

### Corporate Governance Requirements listed under Section 7 of the Listing Rules issued by the Colombo Stock Exchange (CSE);

CSE Listing Rules Section	Provision	Level of Compliance
7.10.a	Publishing a statement in the annual report for the financial year confirming compliance with the Corporate Governance rules and if unable to confirm compliance setting out the reasons for non-compliance	Complied
7.10.b	Giving an affirmative statement in the annual report with regard to complying with Corporate Governance rules or vice versa	Complied
7.10.c	Exemption to comply with Corporate Governance rules	Not Applicable
7.10.1.a	Composition of Board of Directors	Complied
7.10.1.b	Basis of calculating the total number of Directors	Complied
7.10.1.c	Rectification of changes to the ratio between total and Non-executive Directors	Not Applicable
7.10.2.a	Presence of independent Non-executive Directors and the ratio	Complied
7.10.2.b	Declaration by Non-executive Directors with regard to independence or otherwise	Complied
7.10.3.a	Annual determination of independence or non-independence of Non-executive Directors, by the Board of Directors and setting out in the annual report the names of Directors determined to be independent	Complied
7.10.3.b	Disclosure in the annual report with regard to determination of independence of a Director who does not meet the criteria for being independent	Complied
7.10.3.c	Publishing in the annual report a brief resume of each Director including the nature of expertise in the relevant functional areas	Complied
7.10.3.d	Providing a brief resume of each Director to the exchange upon appointment	Complied
7.10.4.a-h	Criteria for defining 'independence'	Complied
7.10.5.a	Composition of the Remuneration Committee	Complied
7.10.5.b	Functions of the Remuneration Committee	Complied
7.10.5.c	Disclosure in the annual report of the names of the Directors on the remuneration Committee, remuneration policy and setting out the aggregate remuneration paid to executive and Non-executive Directors	Complied
7.10.6.a	Composition of the Audit Committee	Complied
7.10.6.b	Functions of the Audit Committee	Complied
7.10.6.c	Disclosure in the Annual Report	Complied
7.10.7.a-k	Failure to comply with rule 7.10 and resultant regulatory procedures	Not Applicable
9.2.1	Reviewing of related party transactions by Related Party Transactions Review Committee	Complied
9.2.2	Composition of the Related Party Transactions Review Committee	Complied
9.2.4	The Committee shall meet at least once a calendar quarter and minutes of meetings are properly documented and communicated to the Board of Directors	Complied
9.2.5	Access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions	Complied
9.2.6 & 9.2.7	Where necessary, the committee shall request the Board of Directors to approve the Related Party Transactions prior to entering in to the relevant Related Party Transaction.	Complied
9.3	Immediate disclosures and the disclosures in the Annual Report	Complied
7.6	Contents of the Annual Report	Complied

## Risk Management

Risk implies that the uncertainty, arising due to deviating the actual outcome from its expected outcome. The types of risks and its consequences varies from business to business. Uncertainties range from both risk and opportunities to the organizations. However, the negative outcome can often be led to direct financial losses, resulting in earnings volatility or in an extreme scenario in financial distress. The effective risk management is vital for a company to minimize the negative consequences of risks. Risk management is the process, analyzing, assessing, controlling, minimizing or elimination of risks to achieve company objectives.

Since the Company operates in a challenging environment, it is exposed to a multiple of risks associated with cultivating and processing of tea, rubber and oil palm within the economic environment and

industry in which it operates. Therefore, the Board of Directors has placed special emphasis on the assessment and managing risk of the company during the year under review.

### Risk management principles

The risk management principles of the company indicate its approach to the management of risks and the culture that the Group wishes to sustain.

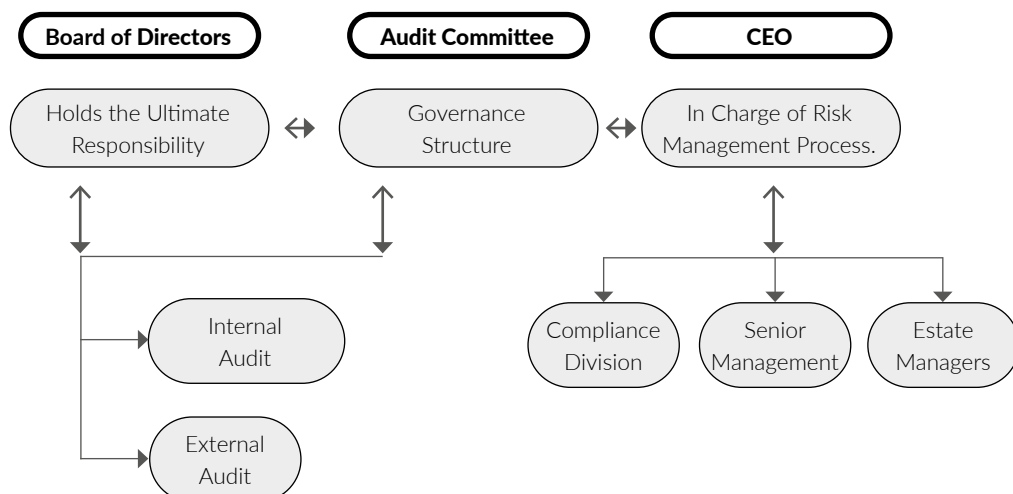
### Key objectives of risk management

The company aims to achieve the following key objectives by implementation of an effective risk management process management,

- i) Provide clear accountability and responsibility for risk management

- ii) Material issues are determined and resolved through a strong risk management process
- iii) Ensures to implement a sound system of controls including financial, operational and compliance are in place, to safeguard shareholder investment and assets and reviews regularly the effectiveness of such controls.
- iv) Internal audit team provides assurance on the effective functioning of processes and a whistle blowing policy is in place providing a direct line to the Board.

Risk management structure of the company is as follows.

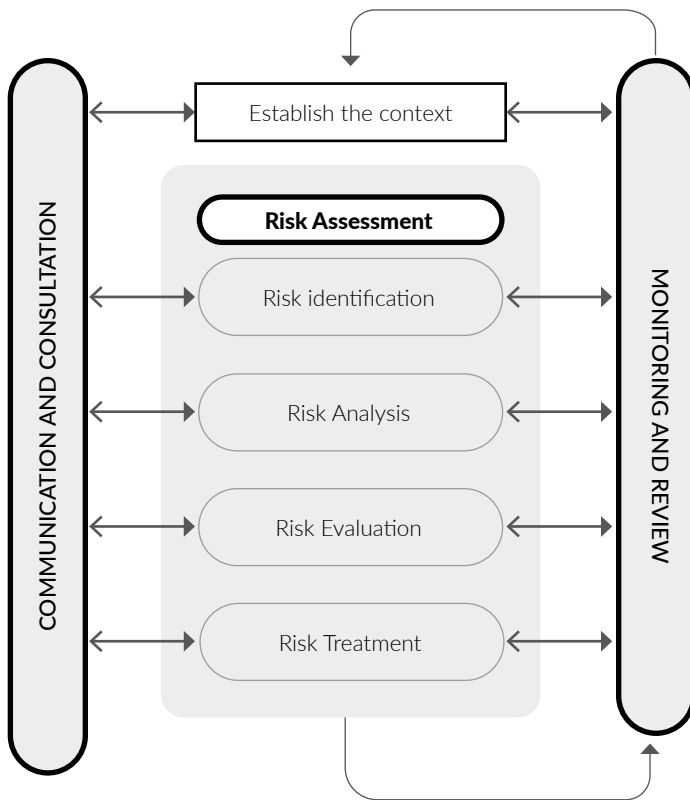


## Risk Management

### Risk management steps

The risk management is considered as one of the important functions of the Company. With an understanding of vast opportunities and threats prevailing in the plantations industry, the management has stepped in to the following risk management process/steps.

The risk management steps include:



#### Establish the context

- Define the scope of objectives: i.e. what activity, decision, project, program, issue requires analysis
- Identify relevant stakeholders/areas involved or impacted
- Internal and/or external environment/ factors

#### Identify the risk

Assess, what could happen? How and where it could happen? Why it could happen? What is the impact or potential impact?

#### Analyze the risk

- Identify the causes, contributing factors and actual or potential consequences
- Identify existing or current controls
- Assess the likelihood & impact/ consequence to determine the risk rating

#### Evaluate the risk

- Is the risk acceptable or unacceptable?
- Does the risk need treatment or further action?
- Do the opportunities outweigh the threats?

#### Treat the risk

- If existing controls are inadequate identify further treatment options
- Devise a treatment plan
- Seek endorsement & support for treatment
- Determine the residual risk rating once the risk is treated

### Communicate & consult

At all stages of the process, it ensures those responsible for managing risk, and those with vested interests, understand the basis on which decisions are made, why particular treatment options are selected or why risks are accepted/tolerated.

### Monitor & review

Continually checking of effectiveness of risk controls and/or treatments, changes in context or circumstances, and document & report this activity accordingly

**PRINCIPAL RISKS**

<b>Risk</b>	<b>Potential Impact</b>	<b>Risk Minimization Strategies</b>	<b>Risk rating</b>
<b>Business risks</b>			
Crude oil prices impacting prices of the produce.	Increase in cost of sales in contrasted to net sales	Improve the quality of tea, rubber and oil palm to attract higher prices.	Overall Rating: High  Probability of occurrence: High  Severity of Impact: High
Supply of Competitors affecting Sri Lankan auction prices.	Affect on profitability, capital expenditure, liquidity etc	Implement cost control & quality improving strategies.	
Fluctuation of interest rates	Change in government regulations.	Negotiate forward sale contracts.	
Domestic instability in foreign markets	affected on operational aspects and new investment ,etc.	Crop diversification  Inventory Controls	
Political Risk		Comply with the rules and regulations while maintaining good relationship with government authorities in order to highlight them the industry practices, norms etc.	
<b>Climatic Changes</b>			
Unfavorable weather patterns and natural disasters	Loss of crop/harvest and increased unit cost of production  Loss of revenue  Due to the natural disasters, potential physical damage to employees, estate residents, cultivation fields and factories.	Crop diversification  Rain guarding to minimize rain interference  Introduce weather resistant clones  Identify landslide prone areas  Analysis and forecast of weather patterns facilitating early preparations  Preparing contingency plans	Overall Rating: High  Probability of occurrence: High  Severity of Impact: High
<b>Increase in labour cost</b>			
Increase in wage rates which are not linked to output	Higher cost of production  Less cost effectiveness.	Implementing of out grower purchasing system  Better HR practices at estate levels to increase the output.  Enhance the productivity by having a linkage of cost and output.  low frequency tapping system (such as D3 & D4) to minimize the cost	Overall Rating: High  Probability of occurrence: High  Severity of Impact: High
<b>Credit risk</b>			
Possibility of defaulting payments which are mainly selling through the auction mechanism.	Liquidity issues  Impact on the bottom line  Loss of inventories	Implementing a system to control & maximize the recovery of debts arising from direct sales  Sound credit control policies and a system of evaluation of credit worthiness of the direct buyers.	Overall Rating: Medium  Probability of occurrence: Low  Severity of Impact: Moderate

## Risk Management

Risk	Potential Impact	Risk Minimization Strategies	Risk rating
<p><b>Risk of Land acquisition</b></p> <p>The risk exposed to the acquisition of productive land for public purposes</p>	Reducing the cultivation extent of land for the company	<p>Continuous replanting program on productive land areas.</p> <p>Discussion and negotiation to enable losses to be minimized</p> <p>Compensation claims to be lodged for any land acquired</p>	<p>Overall Rating: Low</p> <p>Probability of occurrence: Low</p> <p>Severity of Impact: Low</p>
<b>Operational risks</b>			
<p><b>Risk of High Staff Turnover/Worker Migration</b></p> <p>Shortage of skilled/ unskilled labour and lower labour productivity</p> <p>The risk of losing workers to other industries/ businesses and increasing tendency to avoid plantation work among youth generation.</p>	<p>High labour cost and cost of production</p> <p>Lower bottom line in the income statement</p> <p>Lower growth prospects</p>	<p>Implementation of better HR practices to attract and retain workers.</p> <p>Continuous training &amp; skill development programs.</p> <p>Implement social and welfare programs to motivate the community towards the plantation industry.</p>	<p>Overall Rating: Medium</p> <p>Probability of occurrence: Moderate</p> <p>Severity of Impact: High</p>
<p><b>Ineffective accounting and information systems</b></p> <p>Ineffective internal information, inaccurate information and lack of timely information</p>	<p>Loss of investor confidence</p> <p>Delay in decision making</p> <p>Non-compliances</p>	<p>Implementing a sound system of internal controls.</p> <p>Technology driven information system &amp; new integrated accounting system introduced.</p> <p>Deploy qualified and experienced staff</p>	<p>Overall Rating: Medium</p> <p>Probability of occurrence: Moderate</p> <p>Severity of Impact: High</p>
<p><b>Risk of fraud</b></p> <p>Misappropriation of assets, frauds and misstatements of Financial statements</p>	<p>Impact on the income and profitability</p> <p>Loss of reputation</p> <p>Non-compliances</p>	<p>Sound internal controls &amp; information system</p> <p>Effective internal audit measures &amp; controls</p> <p>Better HR practices</p>	<p>Overall Rating: Medium</p> <p>Probability of occurrence: Moderate</p> <p>Severity of Impact: High</p>
<p><b>Legal &amp; Regulatory Risk</b></p> <p>Non- Compliance with all legal, Company, secretarial, stock market and other regulations</p>	<p>Penalties</p> <p>Loss of reputation</p> <p>Demotivation of employees</p>	<p>Sound internal control and information system</p> <p>Qualified and experienced staff</p> <p>Better supervision</p>	<p>Overall Rating: Medium</p> <p>Probability of occurrence: Moderate</p> <p>Severity of Impact: High</p>
<p><b>Information Technology</b></p> <p>Cyber Security</p>	Loss of data	<p>Secured backup systems</p> <p>Use of antivirus and firewall software</p>	<p>Overall Rating: Medium</p> <p>Probability of occurrence: Low</p> <p>Severity of Impact: Medium</p>



## Related Party Transactions Review Committee Report

The Related Party Transactions Review Committee is governed by the charter of Related Party Transactions Review Committee of Agalawatte Plantations PLC and in terms of the code of Best Practice on related party transactions issued by the securities and exchange commission of Sri Lanka and the section 9 of the listing rules of the Colombo Stock Exchange.

### The Composition of the Committee

The Related Party Transactions Review Committee appointed by the Board comprises of four (04) Non-Executive Directors, two of whom are independent. The following Directors functioned as members of the Related Party Transactions Review Committee as at 31st December 2023.

**Mr. R.K.A. Ranaweera – Chairman**  
(Independent Non-Executive Director)

**Mr. A.S. Amarasuriya**  
(Independent Non-Executive Director)

**Mr. W.A. A. Asanga**  
(Non-Independent Non-Executive Director)

**Mr. L.R.W.S. Rajasekara**  
(Non-Independent Non-Executive Director)

The Company Secretary functions as the Secretary of the Related Party Transactions Review Committee.

Brief profiles of the Directors representing the Committee are given in page 7 of this Annual Report.

### Charter of the Related Party Transactions Review Committee

The Related Party Transactions Review Committee is governed by 'Terms of Reference' approved by the Board of Directors. The Statutory and Fiduciary responsibilities of such Committee are those as envisaged in the Code of Best Practices on Related Party Transactions published by the Securities and Exchange Commission of Sri Lanka (the "Code") and regulations promulgated by the Colombo Stock Exchange ("The CSE Rules"), Financial Reporting under LKAS 24 and Code of Best Practices on Corporate Governance 2017 jointly issued by the Securities Exchange Commission and the Institute of Chartered Accountants of Sri Lanka.

The charter of the Related Party Transactions Review Committee sets out key elements like the composition of the Committee, the Chairman should be a Non - Executive Independent Director, and the Committee should meet at least once in every Quarter. It also includes the guidelines on Related Party Transactions and its reporting. The Committee has direct access to the required data and information in order to discharge its duties and responsibilities and when in doubt, the Committee has the right to obtain appropriate opinions from external Specialists. The charter of the committee is subject to periodic review based on regulatory as well as operational requirements.

### Meetings of the Related Party Transactions Review Committee

The Committee met four time during the year for the purpose of reviewing related party transactions.

The Chief Executive Officer and Head of Finance of the Company attend the meetings to update the Committee and to provide all the necessary information with regard to related party transactions. The Committee reviewed the related party transactions during the financial year at its meetings. The minutes of the meetings were duly recorded and disseminated to the Committee and to the Board of Directors. There were no non-recurrent related parties' transactions occurred during the year under review, requiring immediate announcement to the CSE and/or shareholder approval.

Members	Status	Committee Member Since	Attendance at meetings during 2023
Mr. R.K.A. Ranaweera (Chairman)	Independent Non-Executive Director	21st March 2018	4/4
Mr. A.S. Amarasuriya	Independent Non-Executive Director	31st July 2017	4/4
Mr. L.R.W.S. Rajasekara	Non-Independent Non-Executive Director	31st July 2017	4/4
Mr. W.A. A. Asanga	Non-Independent Non-Executive Director	31st July 2017	4/4

### Policies and Procedures

The Committee is constituted and functions as per Section 9 of CSE Listing Rules, LKAS 24: Related Party Disclosures and the Code of Best Practices on related party transactions issued by the Securities Exchange Commission. The details of related party transactions were circulated to the Committee in advance. All transactions with related parties were based on the arm's length price.

All recurring related party transactions are disclosed in Note No. 31 to the Financial Statements; page No.80 of this Annual Report.

On behalf of the Related Party Transactions Review Committee



**R.K.A. Ranaweera**  
*Chairman- Related Party Transactions Review Committee*

29th May 2024

## Remuneration Committee Report

### Composition of the Remuneration Committee

The Committee appointed by the Board of Directors comprises three Non-Executive Directors, of whom two including the Chairman are Independent Directors. The following Directors serve on the Remuneration Committee as at 31st December 2023 in conformity with the listing rules of Colombo Stock Exchange.

**Mr. A.S. Amarasuriya – Chairman**  
(Independent Non-Executive Director)

**Mr. R.K.A. Ranaweera**  
(Independent Non-Executive Director)

**Mr. W.A. A. Asanga**  
(Non-Independent Non-Executive Director)

Brief profiles of the committee members are given on page 7 of this Annual Report.

### Charter of the Remuneration Committee

The Charter determines the terms of reference for the Remuneration Committee. The Remuneration Committee is responsible to the Board for recommending remuneration of the Executive Directors including the Chief Executive Officer, other Directors and setting the Broad parameters of remuneration for senior executives and assisting the Board in the performance evaluation of the Executive Board.

### Meetings of the Remuneration Committee

The committee met twice during the year under review. The Minutes of the Remuneration Committee approved by the said committee is circulated and affirmed by the Board of Directors.

*Attendance at the meetings is as follows.*

Members	Status	Committee Member Since	Attendance at meetings during 2023
Mr. A.S Amarasuriya (Chairman)	Independent Non-Executive Director	31st July 2017	2/2
Mr. R.K.A. Ranaweera	Independent Non-Executive Director	21st March 2018	2/2
Mr. W.A. A. Asanga	Non-Independent Non-Executive Director	31st July 2017	2/2

### Remuneration Policy

The committee defines the term “remuneration” as cash and all non-cash benefits whatsoever received in consideration of employment with the company (excluding statutory entitlements such as Employees Provident Fund and Employees Trust Fund).

The remuneration policy is to determine the remuneration and other benefits of the Executive Directors including the Chief Executive Officer, other Directors and other Senior Executives, annually. For this purpose, the committee assists the Board in the performance evaluation of the Executive Board. Therefore, the remuneration packages are linked to individual performances and are aligned with the Company’s short-term and long-term strategy.

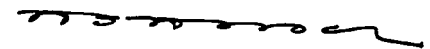
The aggregated remuneration/director fees paid to Executive and Non-Executive Directors are disclosed in Note No. 10 to the Financial Statements.

### Non-executive Directors

In the case of determining remuneration for Non-Executive Directors, compensation will be based on time commitment and responsibilities taken on by the Director, and general market practices. The remuneration of Non-Executive Directors will be determined by the Board, as a whole.

The Company Secretary functions as the Secretary of the Remuneration Committee.

On behalf of the Remuneration Committee



**A.S Amarasuriya**  
Chairman- Remuneration Committee

29th May 2024

## Audit Committee Report

### Composition of the Audit Committee

The Audit Committee is a sub-committee of the Board of Directors, appointed by and responsible to the Board of Directors, comprises the following two Independent Non-Executive Directors and one Non-Independent Non-Executive Director as at 31st December 2023 in conformity with the listing rules of Colombo Stock Exchange.

**Mr. R.K.A. Ranaweera – Chairman**  
(Independent Non-Executive Director)

**Mr. A.S. Amarasuriya**  
(Independent Non-Executive Director)

**Mr. L.R.W. S. Rajasekara**  
(Non-Independent Non-Executive Director)

Brief profiles of the committee members are set out on page 7 of this Annual Report.

The Audit Committee Members have significant and sufficient financial experience as required by the Code of Best Practice in Corporate Governance, issued by the Institute of Chartered Accountants of Sri Lanka and the Listing Rules of the Colombo Stock Exchange. Their financial knowledge and valuable insight are brought to stand on their judgments, deliberations and directions on matters that come within the Committee's purview.

The Executive Director, Mr. G.P.N.A.G. Gunathilake who is the Chief Executive Officer of the company and Head of Finance attend audit committee meetings by invitation. Also, the External Auditors attend the meetings whenever committee requires their presence. The company secretary functions as the secretary to the Audit Committee.

### Charter of the Audit Committee

The objectives and duties & responsibilities of the Audit Committee of Agalawatte Plantations PLC are governed by the Terms of References called 'Audit Committee Charter' which is approved

and adopted by the Board. The Audit Committee Charter has been reviewed and revised periodically, in line with the Section 7.10 of the Continued Listing Requirements of the Colombo Stock Exchange and Code of Best Practice on Corporate Governance jointly issued by the Securities Exchange Commission and the Institute of Chartered Accountants of Sri Lanka.

### Meetings of the Audit Committee

The Audit Committee meets as and when necessary or appropriate in its judgment, and at least quarterly each year. During the financial year 2023, there were five meetings and attendance of the Committee members are given below. The Chief Executive Officer, Head of Finance, Chief Operating Officer, General Manager and Auditors attended such meetings by invitation and updated the Committee on specific issues.

### Attendance at Audit Committee Meetings

Members	Status	Committee Member Since	Attendance at meetings during 2023
Mr. R.K.A. Ranaweera (Chairman)	Independent Non-Executive Director	21st March 2018	5/5
Mr. A.S. Amarasuriya	Independent Non-Executive Director	31st July 2017	5/5
Mr. L.R.W. S. Rajasekara	Non-Independent Non-Executive Director	31st July 2017	5/5

### Duties and Responsibilities

The Audit Committee Charter of the Company stated that the primary function of the Audit Committee is to assist the Board of Directors of Agalawatte Plantations PLC in fulfilling its oversight responsibilities and its subsidiary with respect to the following:

- **Accounting and financial reporting**

With the purpose of enhancing the integrity of accounting & financial reporting of Agalawatte Plantations PLC, the committee shall;

- oversee the preparation, presentations and adequacy of disclosures in the financial statements, as per the Sri Lanka Accounting Standards (LKASs/SLFRSs)
- Ensure compliance with rules and regulations which include financial reporting requirements, information requirements of the Companies Act and relevant related regulations.
- Confer with the management and the independent external auditors about the financial statements.
- Review significant or unusual events and accounting estimates.
- Assess whether the financial report represents a true and fair view of the company's financial position and performance, and whether it complies with regulatory requirements.

## Audit Committee Report

- **Assessment and management of risk and internal controls**

The Committee should oversee the adequacy of internal controls and risk assessment procedures to meet the requirements in risk assessment and management principals laid down in CSE listing rules, Code of Best Practices on Corporate Governance and Sri Lanka Auditing Standards.

- **Compliance with laws and regulations**

The Committee should oversee company's compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements. It must also review regular reports from the Compliance Officer and keep under review the adequacy and effectiveness of the company's compliance function.

- **Internal and external audit processes**

Monitor internal audit function to ensure that it is effective. Also, oversee the external audit function by evaluating and monitoring performance and independence of the company's external auditors. The Audit Committee is also responsible for the development, implementation and monitoring of the Company's policies on external audit.

### Summary of Activities during the Financial Year

- **Financial Reporting and Disclosure Requirements**

The Committee reviewed the financial reporting system of the company in preparation of its quarterly and annual financial statements to ensure the compliance with statutory and regulatory requirements.

The Committee also reviewed the accounting policies of the Company and such other matters as are required to be discussed with the independent External Experts.

The committee reviewed the Annual Report containing the financial statements and also the interim financial statements prior to release, on the compliance with statutory and regulatory requirements including Sri Lanka Accounting Standards, Companies Act No.7 of 2007, Continued Listing Requirements of the Colombo Stock Exchange and Sri Lanka Accounting and Auditing Standards Act No.15 of 1995 and recommended their adoption to the Board.

- **External Audit**

The Audit Committee is responsible for the development, implementation and monitoring of the Company's policies on external audit. The committee closely reviewed the performance of external auditors- M/s KPMG (Chartered Accountants) during the year. The external auditors kept the audit committee informed on an ongoing basis of all matters of significance. The Committee discussed issues with auditors, which were arisen from the audit and corrective action taken where necessary.

The Audit Committee has reviewed the other services provided by the External Auditors to the Company while ensuring that the independence of Auditors has not been compromised.

The Audit Committee, having evaluated the performance of the external auditors, has recommended to the Board of Directors that Messrs. KPMG be re-appointed as auditors of the Company for the financial year ended 31st December 2023, subject to the approval of the Shareholders at the next Annual General Meeting.

- **Internal Controls and Risk Management**

The Audit Committee reviews during its meetings the adequacy and effectiveness of the internal controls and its exposure to the business and financial risks. The Committee also ensures that the respective internal controls and the risk

management process sufficiently meet with the requirements of the Sri Lanka Auditing Standards and that the company is in compliance with legal, regulatory and ethical requirements.

### Conclusion

The Audit Committee is satisfied with the implementation of the accounting policies and operational controls provide reasonable assurance that the affairs of the Company and the Subsidiary are managed in accordance with accepted policies and that assets are properly accounted for and adequately safeguarded.

The Audit Committee concurs that the adoption of the going concern basis in the preparation of the financial statement is appropriate, as described in the Note No 2.7 to the Financial Statements. The Audit Committee recommends to the Board of Directors that the financial statements as submitted be approved and Messrs KPMG chartered accountant be re-appointed as auditors for the forthcoming year subject to the approval of the shareholder.

On behalf of the Audit Committee



**R.K.A. Ranaweera**  
Chairman- Audit Committee

29th May 2024

## Responsibilities of the Managing Director and Head of Finance for Financial Reporting

We hereby confirmed that the Financial Statements of the Agalawatte Plantations PLC are prepared and presented 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, the Listing Rules of the Colombo Stock Exchange, Code of Best Practices on Corporate Governance 2017 issued by the Institute of Chartered Accountants of Sri Lanka and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka. The Accounting Policies used in the preparation of the financial statements are appropriate and are consistently applied by the Company. Further, the significant accounting policies used in the preparation of the Financial Statements are appropriate and are constantly applied, as described in the Notes to the Financial Statements. The significant accounting policies and estimates that involve a high degree of judgment and complexity were discussed with the Audit Committee and External Auditors.

The management has also taken proper and sufficient steps in installing a system of internal control and accounting records, for safeguarding assets and for preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis. However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal controls and accounting.

The Audit Committee of the Company has closely worked with the external auditors to review their audit plans, assess the manner in which the auditors are performing their responsibilities and to discuss their reports on financial reporting

issues. To ensure complete independence, the external auditors have full and free access to the members of the Audit Committee to discuss any matters of substance.

The financial statements of the company were audited by M/S KPMG, Chartered Accountants and their report is given on page 30 to 33 of the Annual Report.

The Company has complied with all applicable laws, regulations and prudential requirements and in the opinion of the Company's legal council, the litigations which are currently pending will not have a material impact on the reported financial results or future operations of the Company. It's also confirmed that all taxes, duties, levies and all statutory payments by the Company and all contributions, levies and taxes paid on behalf of and in respect of the employees of the Company as at the date of Statement of Financial Position have been paid or where relevant provided for.



**G.P.N.A.G. Gunathilake**  
Managing Director/CEO



**I.S. Hatangala**  
Head of Finance

Colombo  
29th May 2024

## The 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 page no 32, is made with a view to distinguish the respective responsibilities of the Directors and of the Auditors, in relation to the preparation and presentation of financial statements.

Directors of Agalawatte Plantations PLC acknowledged their responsibility under the Sections 150(1), 151, 152(1) and 153 of the Companies Act No. 7 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 ensure to prepare these financial statements on the going concern basis where it's assumed that the Company would continue in business for foreseeable future.

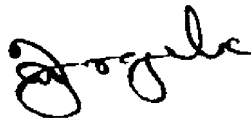
The Financial Statements of the Company for the year ended 31 December 2023 included in this Report, have been prepared and presented in accordance with the Sri Lanka Accounting Standards, the Companies Act No. 7 of 2007 and the Listing Rules of the Colombo Stock Exchange. The Directors confirmed that suitable accounting policies have been used and applied consistently, and that all applicable accounting standards have been followed in the preparation of the Financial Statements. All material deviations from these standards if any, have been disclosed where applicable. The judgments and estimates made in the preparation of these Financial Statements are reasonable and prudent.

The Board of Directors have taken necessary steps to establish and maintain proper books of accounts and ensure the accuracy and Completeness accounting records. The Directors are also responsible for taking reasonable measures to safeguard the assets of the Company, and in that context to have proper regarded to implement appropriate & sufficient internal control with a view to prevent and detect frauds, errors and other irregularities.

The Board and the audit committee closely liaised with the Auditors, M/S KPMG, Chartered Accountants, and provided relevant information and facilitate to the best of their knowledge to carry out the reviews, tests and examination that they consider appropriate and necessary for the performance of their responsibilities.

The Directors of the Company are of the view that they have discharged their responsibilities as set out in this statement during the year under review.

By order of the Board



**Nexia Corporate Consultants (Pvt) Ltd**  
**Secretaries**  
**Agalawatte Plantations PLC**

Colombo  
29th May 2024

# Financial Information



## Independent Auditor's Report



KPMG  
(Chartered Accountants)  
32A, Sir Mohamed Macan Markar Mawatha,  
P. O. Box 186,  
Colombo 00300, Sri Lanka.

Tel +94 - 11 542 6426  
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### TO THE SHAREHOLDERS OF AGALAWATTE PLANTATIONS PLC

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the financial statements of Agalawatte Plantations PLC ("the Company"), which comprise the statement of financial position as at 31st December 2023, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies as set out on pages 34 to 99 of this Annual Report.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31st December 2023, 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's financial statements of the current period. These matters were addressed in the context of our audit of the Company's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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C. P. Jayatilake FCA  
Ms. S. Joseph FCA  
R.M.D.B. Rajapakse FCA  
M.N.M. Shameel FCA  
Ms. P.M.K. Sumanasekara FCA

T. J. S. Rajakarier FCA  
W. K. D. C. Abeyratne FCA  
Ms. B.K.D.T.N. Rodrigo FCA  
Ms. C.T.K.N. Perera ACA  
R.W.M.O.W.D.B. Rathnadiwakara FCA

W. W. J. C. Perera FCA  
G. A. U. Karunaratne FCA  
R. H. Rajan FCA  
A.M.R.P. Alahakoon ACA

Principals: S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S.Goonewardene ACA, Ms. F.R. Ziyad FCMA (UK), FCIT K. Somasundaram ACMA(UK)





**Measurement of Consumable Biological Assets**

(Refer to Note 3.2.3 - material accounting policies and explanatory Note 16 to the financial statements.)

Risk Description	Our Audit Responses
<p>The Company has reported consumable biological assets carried at fair value less estimated cost to sell at harvest amounting to Rs. 814 million as at 31st December 2023.</p> <p>Commercially cultivated timber trees on estates managed by the Company are classified as consumable biological assets and measured at each reporting date at fair value less estimated cost to sell at harvest. The valuation of consumable biological assets requires significant levels of judgments and technical expertise in selecting appropriate valuation models and assumptions. Changes in key assumptions used such as discount rate, value per cubic feet and available timber quantity used for the valuation of consumable biological assets could have a material impact on the fair value gain or loss for the period and the carrying value of consumable biological assets as of the reporting date. Management engaged an independent external valuation expert to assist in determining the fair value of the consumable biological assets.</p> <p>We considered measurement of consumable biological assets as a key audit matter due to the magnitude of the value and significance of assumptions and judgments in determining the fair value which could be subject to error or potential management bias.</p>	<p>Our audit procedures included,</p> <ul style="list-style-type: none"> <li>Assessing the objectivity, competence and qualifications of the external valuation expert engaged by the management.</li> <li>Verifying the mathematical accuracy of the consumable biological asset's valuation.</li> <li>Evaluating key assumptions and methodology used in the valuation, in particular the discount rate, average market price and expected timber content at harvest.</li> <li>Physical verification of the actual girth and height pertaining to a selected sample of trees during our estate visits, in order to ascertain the accuracy of the average girth and height used in the valuation report.</li> <li>Assessing the adequacy of the disclosures in the financial statements including the description and appropriateness of the inherent degree of subjectivity and the key assumptions.</li> </ul>

**Valuation of Retirement Benefit Obligation**

(Refer to Note 3.3.1 - material accounting policies and explanatory Note 27 to the financial statements.)

Risk Description	Our Audit Responses
<p>The Company has recognized retirement benefit obligation of Rs. 715 million as at 31st December 2023.</p> <p>The valuation of the Company's retirement benefit obligation requires significant judgment and estimation to be applied across numerous assumptions, including salary increases and discount rate. Minor changes in those assumptions could have a significant effect on the financial performance and financial position of the Company. Management engaged an independent actuary to assist them in the computation of the Retirement benefit obligation.</p> <p>We considered the computation of the retirement benefit obligation to be a key audit matter due to the magnitude of the amounts recognized in the financial statements as well as estimation uncertainty involved in determining the amounts.</p>	<p>Our audit procedures included,</p> <ul style="list-style-type: none"> <li>Assessing the competency, objectivity and capabilities of the independent actuary engaged by the Company.</li> <li>Testing the samples of the employees' details used in the computation to the human resource records.</li> <li>Involving internal valuation specialist to verify the accuracy of the retirement benefit obligation.</li> <li>Assessing the key assumptions used in the valuation, in particular the discount rate, mortality rate and future salary increment rate.</li> <li>Assessing the adequacy of the disclosures made in the financial statements including sensitivity analysis.</li> </ul>

## Independent Auditor's Report



### 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 statement and our auditor's report there on.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in

the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company'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 Company 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.

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



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

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

#### **Report on Other Legal and Regulatory Requirements**

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2618.

A handwritten signature in black ink, appearing to read 'Kul', with a small flourish at the end.

**CHARTERED ACCOUNTANTS**

Colombo, Sri Lanka

29th May 2024

## Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st December		2023	2022
	Note	Rs. 000	Rs. 000
			Restated*
Revenue	5.1	<b>5,120,166</b>	5,127,380
Cost of sales	5.2	<b>(4,408,981)</b>	(3,537,428)
<b>Gross profit</b>	5.3	<b>711,185</b>	1,589,952
Other income	6	<b>426,882</b>	339,517
Gain/(Loss) on changes in fair value of biological assets	7	<b>152,161</b>	(12,048)
Administration expenses		<b>(138,729)</b>	(94,310)
Other expenses	8	<b>(9,028)</b>	(20,989)
<b>Results from operating activities</b>		<b>1,142,471</b>	1,802,122
Finance income		<b>86</b>	67
Finance costs		<b>(130,481)</b>	(109,219)
<b>Net finance costs</b>	9	<b>(130,395)</b>	(109,152)
Share of profit of equity accounted investee, net of tax	17.1.2	<b>131,542</b>	230,595
<b>Profit before taxation</b>	10	<b>1,143,618</b>	1,923,565
Income tax expenses	11	<b>(612,925)</b>	(158,113)
<b>Profit for the Year</b>		<b>530,693</b>	1,765,452
<b>Other comprehensive income</b>			
<b>Items that will not be Reclassified to Profit or Loss;</b>			
Actuarial Loss on retirement benefit obligations	27.2	<b>(80,891)</b>	(81,051)
Deffered Tax on other comprehensive income	11.2	<b>24,267</b>	24,315
Other comprehensive expense for the year, net of taxes		<b>(56,624)</b>	(56,736)
<b>Total comprehensive income for the year</b>		<b>474,069</b>	1,708,716
Basic earnings per share (Rs.)	12	<b>3.40</b>	11.30

\* Refer note 37.

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 40 to 99.

## Statement of Financial Position

		31 December 2023	31 December 2022	1 January 2022
	Note	Rs. 000	Rs. 000	Rs. 000
			Restated*	Restated*
<b>ASSETS</b>				
<b>Non-current assets</b>				
Right of use assets	13	<b>672,686</b>	448,089	429,326
Property, plant and equipment	14	<b>650,711</b>	670,052	728,190
Bearer biological assets	15	<b>3,569,711</b>	2,941,018	2,470,714
Consumable biological assets	16	<b>813,852</b>	657,160	680,679
Investment in joint venture	17	<b>497,191</b>	424,857	294,922
		<b>6,204,151</b>	5,141,176	4,603,831
<b>Current assets</b>				
Produce on bearer biological assets	18	<b>16,757</b>	22,421	16,979
Inventories	19	<b>503,685</b>	728,579	388,549
Trade and other receivables	20	<b>92,816</b>	88,494	122,216
Amount due from related parties	21	<b>107,717</b>	219,012	28,548
Cash and cash equivalents	22	<b>159,583</b>	55,679	41,870
<b>Total current assets</b>		<b>880,558</b>	1,114,185	598,162
<b>Total Assets</b>		<b>7,084,709</b>	6,255,361	5,201,993
<b>EQUITY AND LIABILITIES</b>				
<b>Stated capital and reserves</b>				
Stated capital	23	<b>2,258,125</b>	2,258,125	2,258,125
Retained Earnings		<b>1,756,320</b>	1,282,251	(426,465)
<b>Total Equity</b>		<b>4,014,445</b>	3,540,376	1,831,660
<b>Non-current liabilities</b>				
Lease Liabilities	25	<b>738,120</b>	501,022	468,575
Deferred tax liabilities	26	<b>980,156</b>	391,498	257,699
Retirement benefit obligations	27	<b>714,545</b>	606,659	524,567
Deferred income	28	<b>250,897</b>	188,107	144,739
<b>Total non current liabilities</b>		<b>2,683,718</b>	1,687,286	1,395,580

**Statement of Financial Position**

		<b>31 December 2023</b>	<b>31 December 2022</b>	<b>1 January 2022</b>
	Note	Rs. 000	Rs. 000	Rs. 000
			Restated*	Restated*
<b>Current liabilities</b>				
Trade and other payables	29	<b>379,146</b>	459,178	468,873
Amounts due to related parties	30	-	50,491	774,961
Loans and borrowings	24	-	300,391	612,400
Lease liabilities	25	<b>7,400</b>	4,570	3,750
Bank overdrafts	22	-	213,069	114,769
<b>Total current liabilities</b>		<b>386,546</b>	1,027,699	1,974,753
<b>Total Liabilities</b>		<b>3,070,264</b>	2,714,985	3,370,333
<b>Total Equity And Liabilities</b>		<b>7,084,709</b>	6,255,361	5,201,993

\* Refer note 37.

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 40 to 99.

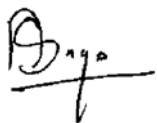
I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act No.7 of 2007.



**I.S. Hatangala**  
Head of Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements.

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



**W.A.A. Asanga**  
Director



**L.R.W.S. Rajasekara**  
Director

Colombo  
29th May 2024

## Statements of Changes in Equity

For the year ended 31st December				
	Note	Stated Capital Rs 000	Retained Earnings Rs 000	Total Rs 000
Balance at 1st January 2022, as previously reported		2,258,125	(714,397)	1,543,728
Impact of change in Accounting policy	37	-	287,932	287,932
<b>Restated balance at 1st January 2022</b>		2,258,125	(426,465)	1,831,660
<b>Total comprehensive income for the year (restated)</b>				
Profit for the year		-	1,765,452	1,765,452
Other comprehensive expense for the year, net of taxes		-	(56,736)	(56,736)
		-	1,708,716	1,708,716
<b>Balance as at 31st December 2022</b>		2,258,125	1,282,251	3,540,376
<b>Balance as at 1st January 2023</b>		2,258,125	1,282,251	3,540,376
<b>Total comprehensive income for the year</b>				
Profit for the year		-	530,693	530,693
Other comprehensive expense for the year, net of taxes		-	(56,624)	(56,624)
		-	474,069	474,069
<b>Balance as at 31st December 2023</b>		2,258,125	1,756,320	4,014,445

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 40 to 99.

## Statement of Cash Flows

For the year ended 31st December		2023	2022
	Note	Rs. 000	Rs. 000 Restated*
Profit before taxation		<b>1,143,618</b>	1,923,565
Adjustments for :			
Share of profit of equity accounted investee	17	<b>(131,542)</b>	(230,595)
(Gain)/Loss on changes in fair value of biological assets	7	<b>(152,161)</b>	12,048
Depreciation and amortization	10	<b>198,001</b>	211,033
Write off of obsolete inventories	8	-	5,342
Write off of other receivables	8	-	2,121
Gain on disposal of Property, Plant and Equipment	6	<b>(7,691)</b>	-
Gain on disposal of rubber/firewood trees	6	<b>(299,876)</b>	(302,580)
Provision for retirement benefit obligations	27.2	<b>133,557</b>	87,087
Under provision of unsettled gratuity payable	27.1	<b>3,894</b>	4,540
Interest expenses	9	<b>130,481</b>	109,219
Interest income	9	<b>(86)</b>	(67)
Write back of other Payables	6	<b>(72,918)</b>	(3,595)
Amortization of government grants	6	<b>(3,548)</b>	(3,384)
<b>Operating profit before working capital changes</b>		<b>941,729</b>	1,814,734
<b>Working capital changes</b>			
(Increase) /decrease in inventories		<b>224,894</b>	(340,029)
(Increase) /decrease in trade and other receivables		<b>(4,322)</b>	33,722
Decrease /(increase) in amounts due from related parties		<b>111,295</b>	(190,464)
Decrease in trade and other payables		<b>(7,114)</b>	(9,693)
Decrease in amounts due to related parties		<b>(50,491)</b>	(724,473)
<b>Cash generated from operations</b>		<b>1,215,991</b>	583,797
Interest paid		<b>(51,351)</b>	(49,017)
Gratuity paid	27.1	<b>(110,456)</b>	(90,585)
<b>Net cash generated from operating activities</b>		<b>1,054,178</b>	444,195



For the year ended 31st December		2023	2022
	Note	Rs. 000	Rs. 000 Restated*
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment in bearer biological assets	15	(744,140)	(595,236)
Investment in consumable biological assets	16	(1,384)	(56)
Purchase of property, plant and equipment	14	(38,774)	(14,155)
Proceeds from disposal of property, plant and equipment		8,320	-
Proceeds from disposal of rubber/firewood trees		301,359	304,134
Proceeds from sale of timber trees		2,517	6,084
Capital grant received	28	66,338	46,752
Interest Income received		86	67
Dividend received		59,208	100,660
<b>Net cash used in investing activities</b>		<b>(346,470)</b>	<b>(151,750)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds From Short Term loan borrowings	24.2	-	300,391
Repayment of long term borrowings	24.2	(300,391)	(612,400)
Lease rental paid during the year	25	(90,344)	(64,927)
<b>Net cash used in financing activities</b>		<b>(390,735)</b>	<b>(376,936)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>316,973</b>	<b>(84,491)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>(157,390)</b>	<b>(72,899)</b>
<b>Cash and cash equivalents at end of the year (a)</b>	22	<b>159,583</b>	<b>(157,390)</b>
<b>(a) Analysis of cash and cash equivalents at end of the year</b>			
Cash in hand and at bank		159,583	55,679
Bank overdrafts		-	(213,069)
		<b>159,583</b>	<b>(157,390)</b>

\* Refer note 37.

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 40 to 99.

## Notes to the Financial Statements

### 1. REPORTING ENTITY

#### 1.1. Domicile and Legal Form

Agalawatte Plantations PLC is a Public Limited Liability Company incorporated and domiciled in Sri Lanka, under the Companies Act No. 17 of 1982 in terms of the provisions of the Conversion of Public Corporations or Government-Owned Business Undertaking into Public Companies Act No. 23 of 1987 and re-registered under the Companies Act No. 7 of 2007. The registered office of the Company is located at No 361, Kandy Road, Nittambuwa and Plantations are situated in the planting districts of Nuwara Eliya, Rathnapura and Kalutara.

#### 1.2. Principal Activities and Nature of Operations

##### 1.2.1. Principal Activities

Principal activities of Agalawatte Plantations PLC consist of cultivation, production, processing and sale of tea, rubber, and oil palm.

##### 1.2.2. Joint Ventures

Name of the Company	Relationship	Principal business activity
AEN Palm Oil Processing (Private) Limited	Joint Venture	Processing and selling of palm oil

#### 1.3. Immediate and Ultimate Parent Enterprises

The Company's immediate and the ultimate parent is Damro Holdings (Private) Limited which is incorporated in Sri Lanka.

#### 1.4. Responsibilities for financial statements and approval of financial statements

The Board of directors are responsible for preparation and presentation of the financial statements of the Company as per the provision of Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards. The directors' responsibility over financial statements for the year ended 31st December 2023 is set out in detail in the statement of directors' responsibility.

The financial statements of the Company for the year ended 31st December 2023 were authorized for issue in accordance with resolution of the Board of Directors on 29th May 2024.

### 2. BASIS OF PREPARATION

#### 2.1. Statement of Compliance

The Financial Statements of the Company comprise the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows together with the material accounting policies and notes to the Financial Statements.

The Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (ICASL) and the requirements of the Companies Act No. 7 of 2007 and provide appropriate disclosures as required by the listing rules of the Colombo stock exchange (CSE). These Financial Statements except for information on cash flows have been prepared following the accrual basis of accounting.

#### 2.2. Basis of Measurement

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

- Consumable Mature Biological Assets are measured at fair value less costs to sell as per LKAS 41 – Agriculture.
- Produce on bearer biological assets is measured at fair value as per LKAS 41 - Agriculture.
- Liability for Retirement Benefit Obligations is measured as the present value of the defined benefit obligation based on actuarial valuation as per LKAS 19 - Employee benefits.

#### 2.3. Functional and Presentation Currency

The Financial Statements of the Company are presented in Sri Lankan Rupees, which is the Company's functional currency. All financial information presented in Sri Lankan Rupees has been rounded to the nearest Thousand, unless otherwise indicated. There was no change in the Company's presentation and functional currency during the year under review.

#### 2.4. Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 1 on 'Presentation of Financial Statements' and amendments to the LKAS 1 on 'Disclosure Initiative'.

Notes to the Financial Statements are presented in a systematic manner which ensures the understandability and comparability of Financial Statements of the Company. Understandability of the Financial Statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

**2.5. Use of judgements and estimates**

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

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

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

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

Critical accounting assumptions and estimation uncertainties	Note
Useful lifetime of the property, plant, and equipment	2.5.1
Fair value of Consumable Biological Assets	2.5.2
Fair value of Agriculture Produce on Bearer Biological Assets	3.2.6
Impairment on non-financial assets	3.2.5.7
Measurement of defined benefit obligation: key actuarial assumptions	2.5.4
Provisions for liabilities, commitments, and contingencies	2.5.3
Recognition of deferred tax asset	2.5.5

**2.5.1. Useful lifetime of the property, plant, and equipment**

The Company reviews the useful lives, and methods of depreciation of property, plant, and equipment at each reporting date. Judgement of the Management

is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty. Refer Note 3.2.2 for more details.

**2.5.2. Fair value of Consumable Biological Assets**

The Company measures Consumable Biological Assets at fair value with changes in fair value being recognised in Profit or Loss. Valuations are performed every year. The Company engages independent professional valuer Mr. W.M. Chandrasena, Chartered Valuation Surveyor to assess fair value of Consumable Biological Assets in terms of Sri Lanka Accounting Standard on SLFRS13 and LKAS 41. Based on the valuation techniques and inputs used, Consumable Biological Assets was classified at level 3 in the fair value hierarchy.

The valuation techniques, significant unobservable inputs, key assumptions used to determine the fair value of the Consumable Biological Assets, and sensitivity analysis are provided in Note 16.3 and 16.5.

**2.5.3. Provisions for liabilities and contingencies**

Management has made judgments 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 respective legal jurisdictions.

**2.5.4. Measurement of defined benefit obligation**

The cost of defined benefit obligation is determined using actuarial valuation technique. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates, etc. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Refer Note 27.3 for the assumptions used to determine defined benefit obligations. Sensitivity analysis to key assumptions is disclosed in Note 27.4.

**2.5.5. Deferred tax assets**

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available and can be utilized against such tax losses. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies. Refer Note 26.4 for estimate and assumption used by the company in assessing recoverability of deferred tax assets.

## Notes to the Financial Statements

### 2.6. Determination of Fair Values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non- financial assets and liabilities.

The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, the Company assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which such valuations should be classified. When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

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).

Level 3: Inputs for the asset or liability that are not based on observable market data. (Unobservable inputs).

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

### 2.7. Going Concern

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

### 2.8. Comparative Information

Comparative information including quantitative, narrative, and descriptive information is disclosed in respect of the previous period in the Financial Statements 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.

### 2.9. Changes in material accounting policies

#### 2.9.1. Material accounting policy information

The Company adopted Disclosure of Accounting Policies (Amendments to LKAS 1 and SLFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 3 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments.

#### 2.9.2. Deferred tax related to assets and liabilities arising from a single transaction

The Company has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12) from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g., leases. For leases, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented.

The Company previously accounted for deferred tax on leases by applying the 'integrally linked' approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Company has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of LKAS 12. There was also no impact on the opening retained earnings as at 1 January 2022 as a result of the change.

### 2.9.3. Measurement of investment in Joint Venture

The Company elected to voluntarily change its accounting policy relating to the measurement of investment in Joint venture in separate financial statements from cost method to equity method in accordance with SLFRS 11 – “Joint Arrangements”. Revised accounting policies on these changes are updated in the notes 3.2.4 to these Financial Statements.

This change in accounting policy has been applied retrospectively in accordance with LKAS 8 - “Accounting policies, Changes in accounting estimates and errors”. The impact of changing of these accounting policies are recognized in Note 37.

## 3. MATERIAL ACCOUNTING POLICIES

The Company has consistently applied the accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

In addition, the Company adopted Disclosure of Accounting Policies (Amendments to LKAS 1 and SLFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of ‘material’, rather than ‘significant’, accounting policies. Although the amendments did not result in any changes to the accounting policies themselves.

### 3.1. Foreign Currency Translations

All foreign exchange transactions are converted to Sri Lankan Rupees, which is the functional and reporting currency of the Company, at the rates of exchange prevailing at the time the payment was made. Monetary assets and liabilities denominated in foreign currencies are translated to Sri Lankan Rupees equivalents using year-end spot foreign exchange rates. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. The resulting gains and losses are accounted for in the statement of profit or loss.

### 3.2. Assets and the bases of their valuation

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

### 3.2.1. Right to use of Asset

#### 3.2.1.1. Recognition

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in SLFRS 16.

#### As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative standalone prices. However, for the leases of property, the Company has elected not to separate non- lease components and account for the lease and non-lease components as a single lease component.

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

The Company applies the cost model for the subsequent measurement of the ROU asset and accordingly, the right-of use asset is 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 Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

#### 3.2.1.2. Depreciation expenses

Depreciation expenses has been charged to income statement under cost of sales.

## Notes to the Financial Statements

### 3.2.1.3. ROU Lease Liabilities

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

The Company 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 Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is 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 Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company 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.

### 3.2.1.4. Interest expenses on lease liabilities

Interest expense is calculated by using the effective interest rate method and is recognised as finance expenses in the Income Statement.

### 3.2.1.5. Presentation of ROU asset and lease liabilities

The Company presents right-of-use assets that do not meet the definition of investment property in 'right to use of land' and lease liabilities in 'lease liability' in the statement of financial position.

### 3.2.1.6. Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## 3.2.2. Property, Plant and Equipment

### 3.2.2.1. Basis of Recognition and Measurement

Property, plant, and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the Company and cost of the asset can be reliably measured.

Property, Plant, and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss.

### 3.2.2.2. Owned Assets

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

### 3.2.2.3. Land Development Cost

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

**3.2.2.4. Capital Work-in-Progress**

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

**3.2.2.5. Subsequent Cost**

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised.

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

**3.2.2.6. Depreciation and Amortisation**

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

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

Asset category	Useful life
Buildings	40 years
Plant and Machinery	13 1/3 years to 5 years
Office Equipment	8 years to 3 years
Motor Vehicles	5 years
Furniture and Fittings	10 years
Sanitation, water and electricity	20 years

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

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date on which the asset is classified as held for sale or is derecognized.

Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted prospectively, if appropriate.

**3.2.2.7. Derecognition**

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

**3.2.3. Biological Assets**

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

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

**3.2.3.1. Recognition and measurement**

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

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

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

## Notes to the Financial Statements

### 3.2.3.2. Bearer Biological Assets

The costs of land preparation, rehabilitation, new planting, replanting, crop diversification, inter-planting, fertilizing, etc. incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. Biological assets (Tea, Rubber, oil palm fields) which come into bearing during the year, has been transferred to mature bearer biological assets and depreciated over their useful life in accordance with the LKAS 16 – Property, Plant and Equipment.

Permanent impairments to Bearer Biological Assets are charged to the Statement of Profit or Loss and Other Comprehensive Income in full and reduced the net carrying amounts of such assets in the year of occurrence after ascertaining the loss. These immature plantations are shown at direct costs plus attributable overheads.

### 3.2.3.3. Infilling Cost on Bearer Biological Assets

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

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

### 3.2.3.4. Growing crop Nurseries

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

### 3.2.3.5. Depreciation

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

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

Asset category	Useful life
Tea	33 1/3 Years
Rubber	20 Years
Oil Palm	20 Years

No depreciation is provided for Immature Plantations.

### 3.2.3.6. Consumable Biological Assets

Consumable biological assets include managed timber trees that are to be harvested as agricultural produce or sold as biological assets.

The managed timber trees of the 15 estates of the Company are measured on initial recognition at cost and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41 – "Agriculture". The cost of young plants which are below 4 years is treated as an approximation to the fair value as the impact on biological transformation of such plants to price during the period is immaterial.

The fair value of timber trees is measured using discounting cash flows method taking into consideration the current market prices of timber, applied to expected timber content of a tree at the maturity by an independent professional valuer.

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

### 3.2.3.7. Non-harvested Produce crop on Bearer Biological Assets

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

The volume of produce growing on bearer plants are measured using the estimated crop of the last harvesting cycle of the year as follows,

Tea-Three days crop (50% of 6 days cycle), Oil palm-five days crop (50% of 10 days cycle) Rubber-One day's crop.

Value of the unharvested green leaves is measured using the bought leaf formula recommended by the Tea Board 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. Rubber crop is fair valued using RSS prices.

### 3.2.3.8. Capitalization of Borrowing Costs

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



Borrowing costs that are not capitalized are recognised as expense in the period in which they are incurred and charged to the statement of Profit or Loss for the period. The amount of borrowing costs which are eligible for capitalization are determined in accordance with the LKAS 23 - "Borrowing Costs".

Borrowing cost incurred in respect of specific loans that are utilized for field development activities have been capitalized as a part of the cost of the relevant immature bearer biological assets. The capitalization will cease when the crops are ready for commercial harvesting. The amount so capitalized is disclosed in the notes to the financial statements.

#### 3.2.4. Investment in joint venture

A joint venture is an arrangement in which the Company has joint control, whereby the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Company applies equity method for the investment in joint venture with effect from 1st January 2023.

Interests in joint venture are accounted for under the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Company's share of the profit or loss and OCI of equity accounted investees, until the date on which joint control ceases.

#### 3.2.5. Financial instruments

##### 3.2.5.1. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company 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.

##### 3.2.5.2. Classification and subsequent measurement Financial Assets

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

Financial assets are not reclassified subsequent to their initial recognition unless the Company 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 of outstanding.

On initial recognition of an equity investment that is not held for trading, the Company 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.

#### Financial assets - Business model assessment:

The Company 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. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

## Notes to the Financial Statements

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 Company's continuing recognition of the assets.

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 Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g., non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

### 3.2.5.3. Financial assets - Subsequent measurement and gains and losses

#### Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, 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.

### 3.2.5.4. Financial liabilities - Classification, subsequent measurement and gains and losses

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

### 3.2.5.5. Derecognition

#### Financial assets

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

The Company enters 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 are not derecognized.

#### Financial liabilities

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

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

### 3.2.5.6. Impairment policy

#### Non-derivative financial assets

##### Financial instruments and contract assets

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company 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 Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 180 days past due.

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

12-month 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 Company 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 Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

#### Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost 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 such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market to 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.

### 3.2.5.7. Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's value in use and its fair value less cost to sell and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or companies of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

## Notes to the Financial Statements

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

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

### 3.2.6. Inventories

#### Finished Goods Manufactured from Agricultural Produce of Biological Assets

These are valued at the lower of cost and estimated net realizable value, after making due allowance for obsolete and slow-moving items. Net realizable value is the estimated selling price at which inventories can be sold in the ordinary course of business after allowing cost of realization and/or cost of conversion from their existing state to saleable condition.

#### Input Materials, Spares and Consumables

At actual Cost using Weighted Average Cost Formula.

#### Agricultural Produce Harvested from Biological Assets

Agricultural produce represents the tea leaves, latex and oil palm harvested at the reporting date and which were not further processed at the end of the reporting period. Agricultural produce harvested from its biological assets are measured at their fair value less cost to sell at the point of harvest.

The finished and semi-finished inventories from agricultural produce are valued by adding the cost of conversion to their fair value of the agricultural produce.

### 3.2.7. Cash and Cash Equivalents

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

### 3.3. Liabilities and Provisions

All material liabilities as at the reporting date have been included in the Statement of Financial Position and adequate provisions have been made for liabilities which

are known to exist but the amount of which cannot be determined accurately.

Liabilities classified as current liabilities in the Statement of Financial Position are those which will fall due for payment on demand or within one year from the reporting date. Items classified as non-current liabilities will be due for payment after one year from the reporting date.

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

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

### 3.3.1. Employee Benefits

#### 3.3.1.1. Defined Contribution Plans - Employees' Provident Fund and Employees' Trust Fund

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

The Company contributes 12% of gross emoluments of the employees to Employees' Provident Fund (EPF)/ Estate Staff Provident Society (ESPS).

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

#### 3.3.1.2. Defined Benefit Plan - Retirement Gratuity

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

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

Remeasurements of the defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in OCI. The Company determines the interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

### 3.3.2. Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation.

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company. The Company does not recognize contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

### 3.3.3. Deferred income

#### 3.3.3.1. Government Grants and Subsidies

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

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

### 3.3.4. Ordinary Shares

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

### 3.4. Statement of Profit or Loss and Other Comprehensive Income

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

#### 3.4.1. Revenue Recognition

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

Revenue principally consists of sale of tea, rubber and oil palm. Revenue will be recognised upon satisfaction of performance obligation. The Company expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods and service.

##### 3.4.1.1. Sale of Goods

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

If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

## Notes to the Financial Statements

### 3.4.2. Expenditure Recognition

#### 3.4.2.1. Operating Expenses

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

#### 3.4.2.2. Finance Cost

Finance costs comprise interest expense on external borrowings and related party loans and payments made under operating leases. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

#### 3.4.3. Income Tax Expense

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

The Company has determined that interest and penalties related to income taxes including uncertain treatments do not meet the definition of income taxes and therefore accounted for them under LKAS 37 Provisions, Contingent liabilities, and Contingent assets.

#### 3.4.3.1. Current Taxes

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and as amended subsequently by Inland Revenue (Amendment) Act No 10 of 2021 and Inland Revenue Act no 45 of 2022.

#### 3.4.3.2. Deferred Taxation

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized 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 realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

#### 3.4.3.3. Tax exposures

In determining the amount of current and deferred tax, the Company considers the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events.

New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact the tax expense in the period that such a determination is made.

### 3.5. Segment reporting

A segment is a distinguishable component of the Company 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 Company's business. Since the individual segments are located close to each other and operate in the same industrial environment, the need for geographical

segmentation has no material impact. Thus, there are no distinguishable components to be identified as geographical segment for the Company. The business segments are reported based on the Company management and reporting structure.

The activities of the segments are described in Note 38 in the Notes to the Financial Statements. The Company transfers products from one industry segment for use in another. Inter-segment transfers are based on fair market prices.

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

Assets and liabilities directly attributable to each segment are allocated to the respective segments. Assets and liabilities, which are not directly attributable to a segment, are allocated on a reasonable basis wherever possible. Unallocated items comprise mainly interest-bearing loans, borrowings, investments, consumer biological assets, receivable/payable which cannot be directly allocated and expenses.

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

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

### 3.6. Statement of Cash Flows

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

### 3.7. Related Party Transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether or not a price is being charged. A detailed Related Party Transaction analysis is presented in Note 31.

### 3.8. Earnings per share

The Company presents Basic Earnings per Share (EPS) data 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, adjusted for own shares held.

### 3.9. Events occurring after the reporting date

Events after the reporting period are those events favorable and unfavorable occurring between the end of the reporting period and the date when the Financial Statements are authorized for issue. The materiality of the events occurring after the reporting period is considered and appropriate adjustments or disclosures are made in the Financial Statements, where necessary.

## 4. NEW STANDARDS AND CHANGES TO ACCOUNTING STANDARDS NOT EFFECTIVE AS AT THE REPORTING DATE

A number of new standards are effective for annual periods beginning on or after 1st January 2024 and earlier application is permitted. However, the Company has not early adopted the new or amended standards in preparing these financial statements.

### 4.1. Classification of Liabilities as Current or Non- Current (Amendments to LKAS 1)

The amendments, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current, and apply for annual reporting periods beginning on or after 1st January 2023. However, the IASB has subsequently proposed further amendments to LKAS 1 and the deferral of the effective date of the 2020 amendments to no earlier than 1st January 2024. Due to these ongoing developments, the Company is unable to determine the impact of these amendments on the financial statements in the period of initial application. The Company is closely monitoring the developments.

### 4.2. Supplier Finance Arrangements (Amendments to LKAS 7 and SLFRS 7)

The amendments introduce new disclosures relating to supplier finance arrangements that assist users of the financial statements to assess the effects of these arrangements on an entity's liabilities and cash flows and on an entity's exposure to liquidity risk. The amendments apply for annual periods beginning on or after 1 January 2024.

### 4.3. Other accounting standards

The following new and amended accounting standards are not expected to have a significant impact on the financial statements.

- Lease Liability in a Sale and Leaseback (Amendments to SLFRS 16)
- Lack of Exchangeability (Amendments to LKAS 21)
- SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information
- SLFRS S2 – Climate Related Disclosures

## Notes to the Financial Statements

For the year ended 31st December		2023	2022
		Rs. 000	Rs. 000
	Note		
<b>5.1. Revenue</b>			
<b>Revenue Streams</b>			
Revenue from Contracts with customers		5,120,166	5,127,380
<b>Total Revenue</b>		<b>5,120,166</b>	<b>5,127,380</b>
<b>5.1.1 Disaggregation of revenue from contracts with customers</b>			
In the following table, revenue from contracts with customers is disaggregated by major products and timing of revenue recognition.			
<b>Major products</b>			
Rubber		759,516	1,397,850
Tea		2,284,864	2,208,367
Oil palm		1,226,785	1,217,935
Other revenue		849,001	303,228
<b>Total Revenue</b>		<b>5,120,166</b>	<b>5,127,380</b>
<b>Timing of Revenue Recognition</b>			
Services transferred at point in time		5,120,166	5,127,380
<b>Total Revenue</b>		<b>5,120,166</b>	<b>5,127,380</b>
Revenue classified as 'other revenue' above, mainly comprise revenue generated from Labookellie Tea Centre.			
<b>5.1.2. Contract Balances</b>			
The following table provides information about receivables from contracts with customers and contract liabilities.			
Receivables, which are included in "trade and other receivables"	20	13,068	21,222
Contract Liabilities	29	-	-
For the year ended 31st December		2023	2022
		Rs. 000	Rs. 000
<b>5.2 COST OF SALES</b>			
<b>Industry segment</b>			
Rubber		(1,135,583)	(1,197,909)
Tea		(2,211,533)	(1,773,711)
Oil palm		(472,672)	(345,636)
Others		(589,193)	(220,172)
		<b>(4,408,981)</b>	<b>(3,537,428)</b>



For the year ended 31st December		2023	2022
		Rs. 000	Rs. 000
<b>5.3</b>	<b>GROSS PROFIT/(LOSS)</b>		
	<b>Industry segment</b>		
	Rubber	<b>(376,067)</b>	199,941
	Tea	<b>73,331</b>	434,656
	Oil palm	<b>754,113</b>	872,299
	Others	<b>259,808</b>	83,056
		<b>711,185</b>	1,589,952

For the year ended 31st December		2023	2022
		Rs. 000	Rs. 000
			Restated

<b>6</b>	<b>OTHER INCOME</b>		
	Amortization of Government grants	28	3,548
	Gain on sale of rubber/firewood trees		<b>299,876</b>
	Gain on disposal of Property, Plant and Equipment		<b>7,691</b>
	Restaurant income	6.1	<b>19,047</b>
	Write back other payables		<b>72,918</b>
	Sundry income		<b>23,802</b>
			<b>426,882</b>

6.1 Restaurant income is recorded after charging all the relevant expenses incurred in order to generate the sales.

For the year ended 31st December		2023	2022
		Rs. 000	Rs. 000

<b>7</b>	<b>GAIN/(LOSS) ON CHANGES IN FAIR VALUE OF BIOLOGICAL ASSETS</b>		
	Consumable biological assets	16.1	<b>157,825</b>
	Produce on Bearer Biological Assets	18	<b>(5,664)</b>
			<b>152,161</b>

<b>8</b>	<b>OTHER EXPENSES</b>		
	Write-off of trade and other receivables		-
	Write off of obsolete inventories		-
	Other expenses		<b>9,028</b>
			<b>9,028</b>

			2,121
			5,342
			13,526
			20,989

## Notes to the Financial Statements

For the year ended 31st December		2023	2022
		Rs. 000	Rs. 000
	Note		
<b>9</b>	<b>NET FINANCE COSTS</b>		
<b>9.1</b>	<b>Finance Income</b>		
	Interest income	86	67
		<b>86</b>	67
<b>9.2</b>	<b>Finance Costs</b>		
	Interest expense on lease	25	79,124
	Interest expense on bank overdrafts and bank loan		60,202
		<b>51,357</b>	49,017
		<b>130,481</b>	109,219
	Net Finance Costs	<b>(130,395)</b>	(109,152)
<b>10</b>	<b>PROFIT BEFORE TAXATION</b>		
	Profit before taxation is stated after charging all the expenses including the followings;		
	Directors' remunerations	5,700	5,700
	Auditors' remunerations - Audit Fees	5,347	4,650
	- Non Audit Fees	441	308
	Depreciation / Amortization		
	- Right to use Assets	13	26,551
	- Immovable Leased Assets		19,229
	- Property, Plant and equipment	14	57,486
	- Bearer Biological Assets	15	113,964
			119,513
	Personnel Costs		
	- Salaries and Wages	1,291,351	1,311,933
	- Defined benefit plan costs - Retiring gratuity	27.2	133,557
	- Defined contribution plan cost - EPF / CPPS / ESPS and ETF		87,087
		<b>268,308</b>	284,790
<b>11</b>	<b>INCOME TAX EXPENSES</b>		
<b>11.1</b>	<b>Amounts recognised in profit or loss</b>		
	Income tax expense on current year's profit	11.3	-
	Deferred tax charge	26.3	612,925
	<b>Total tax expense recognised in the Statement of profit or loss</b>		158,113
		<b>612,925</b>	158,113
<b>11.2</b>	<b>Amounts recognised in OCI</b>		
	Deferred Tax on other comprehensive income	24,267	24,315

For the year ended 31st December		2023	2022
	Note	Rs. 000	Rs. 000
<b>11.3</b>	<b>Reconciliation between the Taxable Income and the Accounting Profit</b>		
	<b>Accounting profit before tax</b>	<b>1,143,618</b>	1,923,565
	Other sources of income and exempt income	(97,148)	12,047
	Share of profit from equity accounted investee	(131,542)	(230,595)
		<b>914,928</b>	1,705,017
	Aggregate disallowable expenses	525,725	406,794
	Aggregate allowable expenses	(885,623)	(768,330)
		<b>555,030</b>	1,343,481
	Other sources of income liable for tax	86	100,660
	Exempt profit from Agro farming	-	(1,095,097)
	Total Statutory Income	<b>555,116</b>	349,044
	Tax losses claimed during the year	11.4 (555,116)	(349,044)
	Taxable Income	-	-
	Income tax @ 30% ( 2022 - 14%, 24% & 30%)	-	-
	Effective tax rate	<b>53.6%</b>	8.2%
<b>11.4</b>	<b>Tax Losses Carried Forward</b>		
	Tax Losses Brought Forward	<b>2,125,431</b>	2,555,133
	Adjustment in respect of previous years	(34,792)	(80,658)
	Tax losses claimed during the year	(555,116)	(349,044)
	Tax losses carried forward	<b>1,535,523</b>	2,125,431

**11.5 Applicable Rates of Income Tax**

In accordance with the provisions of the Inland Revenue (Amendment) Act No. 45 of 2022, the Company has calculated its income tax on profits from both the “Agro processing” and “Investment income” at the standard tax rate of 30%.

Profits from Agro Farming will continued to be exempt from income tax up to 31st March 2024 under the Inland Revenue Act.

## Notes to the Financial Statements

### 12 EARNINGS PER SHARE

#### 12.1 Basic earning Per Share

The computation of the Basic earning per share is based on profit attributable to ordinary shareholders for the year divided by the weighted average number of ordinary shares outstanding during the year and calculated as follows;

For the year ended 31st December	2023	2022
		Restated
Profit for the year, attributable to the owners of the Company (Rs.000)	530,693	1,765,452
Weighted Average Number of Ordinary Shares in Issue (Nos '000)	156,250	156,250
Basic Earnings Per Ordinary Share (Rs.)	3.40	11.30

#### 12.2 Diluted Earning Per Share

The calculation of diluted Profit per share is based on Profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding after adjusting for the effect of all dilutive potential ordinary shares.

There were no potential dilutive ordinary shares outstanding at any time during the period/previous year. Hence, diluted earnings per share is same as basic earnings per share.

As at 31st December	2023	2022
	Rs. 000	Rs. 000
<b>13 RIGHT OF USE ASSETS</b>		
<b>JEDB/SLSPC Lands</b>		
As at 1st January	659,561	621,569
Remeasurement during the year	251,148	37,992
As at 31st December	910,709	659,561
<b>Accumulated amortization</b>		
As at 1st January	211,472	192,243
Charge for the year	26,551	19,229
As at 31st December	238,023	211,472
	672,686	448,089

### 13.1 Right To Use of Land

Lease agreements of all JEDB/SLSPC estates handed over to the Company have been executed to date. All of these lease are retroactive to 22nd June 1992, the date of formation of the Company. The leasehold rights to the bare land on all of these estates have been taken into the books of the Company on 22nd June 1992, immediately after formation of the Company, in terms of the ruling obtained from the Urgent Issue Task Force (UITF) of the Institute of Chartered Accountants of Sri Lanka. For this purpose, the Board of Directors of the Company decided at its meetings that lease bare land would be revalued at the value established for this land by Valuation Specialist Dr.Wickramasinghe just prior to the formation of the Company. The fair value as at 22nd June 1992 was taken into the books of the Company.

- (a) The Company has obtained 17 estates on lease from Janatha Estates Development Board (JEDB) and Sri Lanka State Plantations Corporation (SLSPC). Some important terms under which these leases have been obtained are as follows:
  - (i) The period of the leases is 53 years from 22nd June 1992 to 21st June 2045.
  - (ii) The effective total lease rental for any twelve-month period is the previous twelve-month period's lease rental escalated by the applicable Gross Domestic Product (GDP) deflator. The lease rental is payable quarterly in advance.
- (b) The present value of future lease rentals (excluding the portion arising from the annual escalation of the amount due by using the GDP deflator) is shown as a liability.

The Company remeasured its right-of-use asset relating to the estate lands in line with the requirements of SLFRS 16 - "Leases" and the application guidance issued by the Institute of Chartered Accountants of Sri Lanka w.e.f. 1st January 2019. The value of the Right of Use Asset has been considered as the deemed cost as at the transition date of SLFRS 16.

### 13.2 Leasehold Rights to Bare Land of JEDB/SLSPC Estate Assets and Immovable (JEDB/SLSPC) Estates Assets on Finance Lease

The Government of Sri Lanka has initiated actions under provisions of the Land Acquisition act to acquire land from lands leased to the Company in Peenkande, Kiribathgalla, Doloswella, Niriella and Noragalla estates located in Ratnapura district; Ambetenna, Mohamedi, Culloden, Clyde, Pimbura and Kiriwanaketiya located in Kalutara district and Labookellie, Weddamulla and Frotoft located in Nuwara Eliya district. The total extent of land in question is approximately 289.46 Hectare which has been taken over. As per the lease agreement, the Company is entitled to the compensations of any lands acquired. The details are given below.

## Notes to the Financial Statements

### 13.2.a Land Acquired by the Government

The details of lands acquired by the government are given below.

District	Estate	Purpose of acquisition	Extent (Hectares)
<b>Kaluthara</b>	Pimbura	Provide land for war heros and to construct a Police station	10.39
	Kiriwanaketiya	Provide land for war heros	4.59
	Mohamadi	Provide land and houses for war heros and construct a bridge	14.23
	Clyde	Southern Highway and Provide land for Soldiers	36.02
	Culloden	Southern Highway and Provide land for Soldiers	6.99
<b>Rathnapura</b>	Noragalla	Village expansion and construct a school and for Flood victims	20.64
	Peenkanda	Village expansion	71.62
	Niriella	Village expansion and construct houses for Flood victims	28.63
	Doloswella	Landside Victims and Village expansion	31.68
	Kiribathgala	Village expansion and contract hospital	44.19
	Watapotha	Construct houses for Flood victims	9.90
<b>Nuwara Eliya</b>	Labookellie	Gampola Highway	6.50
	Weddamulla	Gampola Highway and construct School	2.47
	Frotoft	Construct hospital and School	1.61
			289.46

No adjustments have been made to the Financial statements in respect of the lands acquired as the compensation receivable on these acquisitions are not known and the transactions pertaining to those acquisitions have been incomplete as at 31st December 2023.

As at 31st December		2023	2022
	Note	Rs. 000	Rs. 000
<b>14</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Immovable (JEDB/SLSPC) assets on finance lease (other than bare land)	14.1	-
	Tangible assets other than biological assets	14.2	670,052
		<b>650,711</b>	<b>670,052</b>

**14.1 Immovable (JEDB/SLSPC) assets on finance lease (other than bare land)**

As more fully explained in Note 13 to financial statements, all JEDB/SLSPC estate lease deeds have been executed to date. In terms of the ruling of the UITF of the Institute of Chartered Accountants of Sri Lanka, all immovable assets in the JEDB/SLSPC estates under finance leases have been taken into the books of the Company as at 22nd June 1992. These assets are taken into the statement of financial position of Company as at 22nd June 1992 and the amortization of immovable lease assets as at 31st December 2023 are as follows.

	Vested improvements to land	Buildings	Machinery	Other vested assets	Total
	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
<b>Capitalized value (22nd June 1992)</b>					
As at 31st December 2022	14,275	46,430	11,259	4,282	76,246
As at 31st December 2023	14,275	46,430	11,259	4,282	76,246
<b>Accumulated Amortization</b>					
As at 31st December 2022	14,275	46,430	11,259	4,282	76,246
As at 31st December 2023	14,275	46,430	11,259	4,282	76,246
<b>Written down value</b>					
As at 31st December 2022	-	-	-	-	-
As at 31st December 2023	-	-	-	-	-

## Notes to the Financial Statements

## 14.2. Tangible assets other than biological assets

As at 31st December	2023					
	Land and buildings	Plant and machinery	Motor Vehicles	Sanitation, water and electricity	Equipment	Furniture & Fittings
	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
<b>Cost</b>						
<b>Freehold assets</b>						
As at 1st January	727,545	343,008	375,833	31,866	90,866	31,234
Additions during the year	-	4,302	12,828	2,644	4,454	2,293
Transfers from CWIP	1,838	370	1,546	1,762	-	-
Disposal during the year	-	-	(15,950)	-	-	-
As at 31st December	729,383	347,680	374,257	36,272	95,320	33,527
<b>Accumulated Depreciation</b>						
<b>Freehold assets</b>						
As at 1st January	(257,198)	(193,386)	(365,137)	(29,315)	(70,479)	(17,349)
Charge for the year	(14,554)	(19,239)	(10,106)	(320)	(10,996)	(2,271)
Disposal during the year	-	-	15,321	-	-	-
As at 31st December	(271,752)	(212,625)	(359,922)	(29,635)	(81,475)	(19,620)
<b>Written down value</b>						
<b>As at 31st December</b>	<b>457,631</b>	<b>135,055</b>	<b>14,335</b>	<b>6,637</b>	<b>13,845</b>	<b>13,907</b>

## 14.2.1 Property, plant and equipment under construction

Capital Work-in-Progress include the Work-in-Progress pertaining to Improvements to Building and Plant and Machinery.

## 14.2.2 Title restriction on property, plant and equipment

There are no restrictions that existed on the title of the PPE of the Company as at the reporting date except assets disclosed under note 14.2.7.

## 14.2.3 Acquisition of property, plant and equipment during the year

During the financial year, the Company acquired PPE to the aggregate value of Rs. 38.7 million (2022 - Rs. 14.1 million) by means of cash.

## 14.2.4 Capitalisation of borrowing cost

There were no capitalised borrowing costs related to the acquisition of property, plant and equipment during the year 2023 (2022 - Nil).

## 14.2.5 Temporarily Idle property, plant and equipment

There are no temporarily idle property, plant or equipment as at the reporting date. (2022 - Nil)



		2022							
Capital work in progress	Total	Land and buildings	Plant and machinery	Motor Vehicles	Sanitation, water and electricity	Equipment	Furniture & Fittings	Capital work in progress	Total
Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
<b>2,564</b>	<b>1,602,916</b>	725,592	333,807	374,465	30,257	86,569	30,679	7,392	1,588,761
<b>12,253</b>	<b>38,774</b>	-	5,012	1,368	972	2,956	555	3,292	14,155
<b>(5,516)</b>	<b>-</b>	1,953	4,189	-	637	1,341	-	(8,120)	-
	<b>(15,950)</b>	-	-	-	-	-	-	-	-
<b>9,301</b>	<b>1,625,740</b>	727,545	343,008	375,833	31,866	90,866	31,234	2,564	1,602,916
-	<b>(932,864)</b>	(242,050)	(177,346)	(335,138)	(29,062)	(62,123)	(15,193)	-	(860,912)
-	<b>(57,486)</b>	(15,148)	(16,040)	(29,999)	(253)	(8,356)	(2,156)	-	(71,952)
-	<b>15,321</b>	-	-	-	-	-	-	-	-
-	<b>(975,029)</b>	(257,198)	(193,386)	(365,137)	(29,315)	(70,479)	(17,349)	-	(932,864)
<b>9,301</b>	<b>650,711</b>	470,347	149,622	10,696	2,551	20,387	13,885	2,564	670,052

#### 14.2.6 Fully depreciated property, plant and equipment in use

The Initial cost of the fully depreciated items of Property, Plant and Equipment which are still in use as at 31st December 2023 are as follows,

As at 31st December	2023	2022
	Rs. 000	Rs. 000
Buildings	<b>10,348</b>	10,348
Plant and machinery	<b>78,888</b>	78,888
Motor Vehicles	<b>302,705</b>	293,379
Sanitation, water and electricity	<b>21,963</b>	21,808
Equipment	<b>37,228</b>	34,778
Others	<b>8,192</b>	8,192
	<b>459,324</b>	447,393

#### 14.2.7 Property, plant and equipment pledged as security for liabilities

The value of the property, plant and equipment pledged as security against borrowings are disclosed in Note 24.3.

## Notes to the Financial Statements

## 15 BEARER BIOLOGICAL ASSETS

As at 31st December	2023					2022				
	Tea Rs. 000	Rubber Rs. 000	Oil palm Rs. 000	Others Rs. 000	Total Rs. 000	Tea Rs. 000	Rubber Rs. 000	Oil palm Rs. 000	Others Rs. 000	Total Rs. 000
On lease (Note 15.1)	-	-	-	-	-	-	-	-	-	-
Investments after formation of the company (Note 15.2)	842,218	2,420,191	303,454	3,848	3,569,711	680,353	1,914,499	342,045	4,121	2,941,018
	842,218	2,420,191	303,454	3,848	3,569,711	680,353	1,914,499	342,045	4,121	2,941,018
<b>On Finance Lease</b>										
Balance as at 1st January	80,925	203,448	-	-	284,373	80,925	203,448	-	-	284,373
Balance 31st December	80,925	203,448	-	-	284,373	80,925	203,448	-	-	284,373
<b>Accumulated Amortization</b>										
Balance as at 1st January	(80,925)	(203,448)	-	-	(284,373)	(79,576)	(199,689)	-	-	(279,265)
Amortization for the year	-	-	-	-	-	(1,349)	(3,759)	-	-	(5,108)
Balance 31st December	(80,925)	(203,448)	-	-	(284,373)	(80,925)	(203,448)	-	-	(284,373)
<b>Carrying Amount</b>										
	-	-	-	-	-	-	-	-	-	-
<b>As at 31st December</b>										
<b>Investments after Formation of the Company</b>										
Immature plantations (Note 15.2.1)									2,200,089	1,514,987
Mature plantations (Note 15.2.2)									1,264,877	1,341,328
Growing Crop Nurseries (Note 15.2.3)									104,745	84,703
									3,569,711	2,941,018

## 15.2

As at 31st December	2023					2022				
	Tea	Rubber	Oil palm	Others	Total	Tea	Rubber	Oil palm	Others	Total
	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
<b>15.2.1</b>	<b>Immature plantations</b>									
Balance as at 1st January	383,403	1,127,143	3,622	819	1,514,987	240,011	760,079	66,992	713	1,067,795
Additions during the year	174,779	548,357	962	-	724,098	154,805	397,902	4,908	106	557,721
Transfer out during the year	(30,248)	(4,502)	(4,246)	-	(38,996)	(11,413)	(30,838)	(65,609)	-	(107,860)
Write-off during the year	-	-	-	-	-	-	-	(2,669)	-	(2,669)
Balance 31st December	527,934	1,670,998	338	819	2,200,089	383,403	1,127,143	3,622	819	1,514,987
<b>15.2.2</b>	<b>Mature plantations</b>									
Balance as at 1st January	480,722	1,457,329	791,046	8,388	2,737,485	469,309	1,450,047	725,437	8,388	2,653,181
Transfer during the year	30,248	4,502	4,246	-	38,996	11,413	30,838	65,609	-	107,860
Disposal during the year	-	(47,854)	-	-	(47,854)	-	(23,556)	-	-	(23,556)
Balance 31st December	510,970	1,413,977	795,292	8,388	2,728,627	480,722	1,457,329	791,046	8,388	2,737,485
<b>Accumulated Depreciation</b>										
Balance as at 1st January	(208,433)	(730,015)	(452,623)	(5,086)	(1,396,157)	(194,475)	(688,945)	(414,323)	(4,815)	(1,302,558)
Charge for the year	(14,746)	(59,392)	(39,553)	(273)	(113,964)	(13,958)	(61,875)	(38,300)	(271)	(114,404)
Disposal during the year	-	46,371	-	-	46,371	-	20,805	-	-	20,805
Balance 31st December	(223,179)	(743,036)	(492,176)	(5,359)	(1,463,750)	(208,433)	(730,015)	(452,623)	(5,086)	(1,396,157)
<b>Carrying Amount Mature Plantations</b>	287,791	670,941	303,116	3,029	1,264,877	272,289	727,314	338,423	3,302	1,341,328
<b>15.2.3</b>	<b>Growing Crop Nurseries</b>									
Balance as at 1st January	24,661	60,042	-	-	84,703	20,966	26,222	-	-	47,188
Net Addition / (Transfer) during the year	1,832	18,210	-	-	20,042	3,695	33,820	-	-	37,515
Balance 31st December	26,493	78,252	-	-	104,745	24,661	60,042	-	-	84,703
Total	842,218	2,420,191	303,454	3,848	3,569,711	680,353	1,914,499	342,045	4,121	2,941,018

## Notes to the Financial Statements

These are investments in bearer biological assets carried at cost (Tea, Rubber, Palm Oil and Mixed Crop) which comprises of immature/mature plantations since the formation of the Company. The assets (including plantations assets) taken over by way of estate leases are set out in the Notes 15.1 to the Financial Statements. Investment in immature plantations taken over by way of leases are shown in this note. When such plantations become mature, the additional investments since, taken over to bring them to maturity will be moved from immature to mature under this note. A corresponding movement from immature to mature of the investment undertaken by JEDB/SLSPC on the same plantation prior to the lease will also be carried out under this note.

### 15.3 Bearer Biological Assets - Capital Expenditure

As at 31st December	2023		2022	
	Extent - Ha	Rs. 000	Extent - Ha	Rs. 000
<b>Uprooting</b>				
- Tea	7.07	9,726	-	-
<b>Planting</b>				
- Tea	99.21	83,129	73.56	71,457
- Rubber	297.62	181,518	262.24	167,563
<b>Upkeep</b>				
- Tea	108.57	81,884	88.06	83,347
- Rubber	1,097.99	366,866	923.16	230,340
- Oil Palm	4.90	962	22.76	4,908
- Mixed Crop	0.61	13	8.20	106
	<b>1,616</b>	<b>724,098</b>	1,378	557,721

As at 31st December		2023	2022
	Note	Rs. 000	Rs. 000

### 16 CONSUMEABLE BIOLOGICAL ASSETS

Mature Plantations	16.1	809,067	653,759
Immature Plantations	16.2	4,785	3,401
		<b>813,852</b>	657,160

#### 16.1 Mature Plantations - at fair value less cost to sell

As at 1st January		653,759	677,333
Harvested Trees During the Year		(2,517)	(6,084)
		<b>651,242</b>	671,249
Gain/(Loss) Arising from Changes in Fair Value	16.3	157,825	(17,490)
Fair value as at 31st December		<b>809,067</b>	653,759

#### 16.2 Immature Plantation - at cost

As at 1st January		3,401	3,345
Additions during the year		1,384	56
As at 31st December		<b>4,785</b>	3,401

**16.3 Measurement of Fair value**

The valuation of consumable biological assets was carried by Mr.W.M. Chandrasena, an independent Chartered Valuation Surveyor, using Discounted Cash Flows (DCF) methods. The Valuation Report dated 31st December 2023 has been prepared based on the physically verified timber statistics provided by the Company.

The future cash flows are determined by reference to current timber prices without considering the future increase of timber price. Trees have been valued as per the current timber prices per cubic feet net of expenditure based on the market prices timber trees.

The fair value measurement for the consumable biological assets has been categorized as Level 3 fair value based on the inputs to the valuation technique used.

**Valuation techniques and significant unobservable inputs**

Following table shows the valuation techniques used in measuring Level 3 fair value of consumable biological asses as well as the significant unobservable inputs used for the valuation as at 31st December 2023.

Type	Valuation technique used	Significant Unobservable Inputs	Inter-relationship between key unobservable inputs and fair value measurement
<b>Standing timber</b>	<b>Discounted cash flows</b>	<b>Determination of Timber Content</b>	The estimated fair value would increase/(decrease) if;
Standing timber older than 4 years.	The valuation model considers present value of future net cash flows expected to be generated by the plantation from the timber content of managed timber plantation on a tree-per-tree basis .  Expected cash flows are discounted using a risk-adjusted discount rate.	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.  <b>Determination of Price of Timber</b>  Trees have been valued as per the current timber prices per cubic feet based on the price list of the State Timber Corporation and prices of timber trees sold by the estates and prices of 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  Accordingly, prices falling within the range of Rs. 300 - 1000 per cubic ft. has been considered in the valuation.  <b>Risk-adjusted discount rate.</b>  2023- 16.4% (Risk Premium - 3.5%) 2022- 22% (Risk Premium - 3.5%)	<ul style="list-style-type: none"> <li>- the estimated timber content were higher/(lower).</li> <li>- the estimated timber prices per cubic feet were higher/(lower).</li> <li>- the estimated selling related costs were lower/(higher).</li> <li>- the estimated maturity age were higher/(lower).</li> <li>- the risk-adjusted discount rate were lower/(higher).</li> </ul>

## Notes to the Financial Statements

Managed trees which are less than four years old considered to be immature consumable biological assets amounting Rs.4.8 million as at 31st December 2023 (2022: Rs.3.4 million). The cost of immature trees is treated as approximate to fair value particularly on the ground that little biological transformation has taken place and impact of the biological transformation on price is not material. When such plantation becomes mature, additional investments to bring them to maturity are transferred from immature to mature.

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

### 16.4 Risk management strategy related to agricultural activities

The Company is exposed to the following risks relating to its timber plantations:

#### Regulatory and environmental risks

The Company is subject to laws and regulations in Sri Lanka. The Company has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

#### Supply and demand risk

"The Company is exposed to risks arising from fluctuations in the price and sales volume of timber. When possible the Company manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analyses to ensure that the Company's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

#### Climate change and other risks

The Company's timber plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Company has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry pest and disease surveys.

### 16.5 Sensitivity Analysis

#### Sensitivity Analysis - Price changes

Values as appearing in the statement of financial position are sensitive to price changes with regard to the average sales prices applied. Simulations made for timber show that an increase or decrease by 10% of the estimated future selling price has the following effect on the net present value of biological assets:

	-10%	2023	+10%
	Rs. 000	Rs. 000	Rs. 000
Timber	728,161	809,067	889,974
<b>Total</b>	<b>728,161</b>	<b>809,067</b>	<b>889,974</b>

#### Sensitivity Analysis on Discount Rate

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

	-1%	2023	+1%
	Rs. 000	Rs. 000	Rs. 000
Timber	856,549	809,067	766,105
<b>Total</b>	<b>856,549</b>	<b>809,067</b>	<b>766,105</b>

**17 INVESTMENT IN JOINT VENTURE**

	Percentage of holding		31 December	31 December	1 January
	2023	2022	2023	2022	2022
			Rs. 000	Rs. 000	Rs. 000
				Restated	Restated
AEN Palm Oil Processing (Private) Limited	<b>33.33%</b>	33.33%	<b>497,191</b>	424,857	<b>294,922</b>
			<b>497,191</b>	424,857	<b>294,922</b>
As at 1st January			<b>424,857</b>	294,922	<b>223,735</b>
Share of profit of equity accounted investee, net of tax			<b>131,542</b>	230,595	<b>196,313</b>
Dividend received from investee			<b>(59,208)</b>	(100,660)	<b>(125,126)</b>
As at 31st December			<b>497,191</b>	424,857	<b>294,922</b>

**17.1 Summarized information of the Joint Venture**

**17.1.1 AEN Palm Oil Processing (Private) Limited**

The Company has invested in 33.33% of stated capital of AEN Palm Oil Processing (Pvt) Ltd, a Joint Venture involved in the business of processing crude Palm Oil. The Company's interest in AEN Palm Oil Processing (Pvt) Ltd is accounted for by using the equity method in the financial statements. Summarised financial information of this Joint Venture are set out below.

Summarised statement of financial position of AEN Palm Oil Processing (Pvt) Ltd

As at 31st December	2023	2022
	Rs. 000	Rs. 000
Current assets, including cash and cash equivalents	<b>736,772</b>	842,885
Non current assets	<b>1,202,842</b>	1,010,104
Current liabilities, including tax payable	<b>(348,822)</b>	(435,361)
Non current liabilities, including deferred tax liabilities	<b>(99,219)</b>	(143,058)
<b>Total Equity</b>	<b>1,491,573</b>	1,274,570
<b>Carrying amount of the investment</b>	<b>497,191</b>	424,857

## Notes to the Financial Statements

## 17.1.2 Summserised statement of Profit or Loss of AEN Palm Oil Processing (Pvt) Ltd

For the year ended 31st December	2023	2022
	Rs. 000	Rs. 000
Revenue	8,704,292	9,074,973
Cost of sales	(8,034,887)	(8,133,050)
Other income	42,066	23,588
Administration expenses including depreciation	(262,718)	(185,898)
Selling & distributions expenses	(1,468)	(2,014)
Finance cost	(6,881)	(11,156)
<b>Profit before taxation</b>	<b>440,404</b>	<b>766,443</b>
Income tax expense	(45,777)	(74,658)
<b>Profit for the year</b>	<b>394,627</b>	<b>691,785</b>
<b>Total comprehensive income for the year</b>	<b>394,627</b>	<b>691,785</b>
Company's share of profit before tax	146,801	255,481
Company's share of profit after tax	131,542	230,595
Number of shares invested (Nos)	698,997	698,997
Dividend received	59,208	100,660

## 18 PRODUCE ON BEARER BIOLOGICAL ASSETS

As at 31st December	2023	2022
	Rs. 000	Rs. 000
Balance as at 1st January	22,421	16,979
Change in fair value of growing crops	(5,664)	5,442
Balance as at 31st December	16,757	22,421

Produce that grows on mature bearer plantations are measured at fair value less cost to sell. Value of the unharvested green leaves is measured using the bought leaf formula recommended by the Tea Board 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. Rubber crop is fair valued using RSS prices.The Volume of Produce growing on bearer plants are measured using the estimated crop of the harvesting cycle of the year as follows,

Tea- Three days crop (50% of 6 days Cycle), Oil palm- Five days Crop (50% of 10 days Cycle ) Rubber- one day's Crop.



**19 INVENTORIES**

As at 31st December	2023	2022
	Rs. 000	Rs. 000
Input materials	223,898	304,429
Inventory in Labookellie tea centre	23,321	12,624
Harvested crops :		
- Tea	210,682	361,162
- Rubber	44,180	46,141
Consumables and spares	1,604	4,223
	<b>503,685</b>	<b>728,579</b>

**20 TRADE AND OTHER RECEIVABLES**

As at 31st December	2023	2022
	Rs. 000	Rs. 000
Produce trade receivables	13,068	21,222
Advances, deposits and prepayments	70,866	67,272
WHT receivables	8,882	-
	<b>92,816</b>	<b>88,494</b>

**21 AMOUNT DUE FROM RELATED COMPANIES**

As at 31st December	2023	2022
	Rs. 000	Rs. 000
D R Industries (Pvt) Ltd	2,112	39,731
D R Investment (Pvt) Ltd	45,060	-
D.R.Home Appliances (Pvt) Ltd	4,449	234
D.R.Wooden Furniture (Pvt) Ltd	1,591	-
Damro Exports (Pvt) Ltd	-	56,408
D.R Rubber Products (Pvt) Ltd	267	-
Mackply Industries (Private) Limited	604	3,987
D.R. Manufacturing (Pvt) Ltd	2,596	-
D R Export (Pvt) Ltd	1,898	1,119
D R Management Services (Pvt) Ltd	-	936
Damro Leisure (Pvt) Ltd	10,137	17
Glenco Company (Pvt) Ltd	31	-
Damro Holdings (Pvt) Ltd	-	789
Pussellawa Plantation Ltd	-	79,277
Piyestra Furniture (Pvt) Ltd	-	2,366
AEN Palm Oil Processing (Pvt) Ltd	34,438	33,984
Marino Leisure Holdings (Pvt) Ltd	4,534	164
	<b>107,717</b>	<b>219,012</b>

## Notes to the Financial Statements

As at 31st December	2023	2022
	Rs. 000	Rs. 000
<b>22 CASH AND CASH EQUIVALENTS</b>		
<b>Favorable balances</b>		
Cash in hand	6,003	6,553
Cash at banks	153,580	49,126
	<b>159,583</b>	55,679
<b>Unfavorable balances</b>		
Bank overdrafts	-	(213,069)
<b>Cash and cash equivalents for the purpose of Statement of cash flows</b>	<b>159,583</b>	(157,390)

As at 31st December	No of Shares		Value	
	2023	2022	2023	2022
			Rs.000	Rs.000
<b>23 STATED CAPITAL</b>				
Balance as at 1st January	156,250,000	156,250,000	2,258,125	2,258,125
Balance as at 31st December	156,250,000	156,250,000	2,258,125	2,258,125

**23.1 Golden Shareholder**

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

The Golden Share has been allotted to the Secretary to the Treasury by capitalization of revaluation reserve on 1st August 1995. Articles of Association of the Company embodies the specific rights assigned to the Golden Shareholder on behalf of the State of Democratic Socialist Republic of Sri Lanka. In addition to the rights of the normal ordinary shareholders, in terms of the Articles of the Company, following special rights are vested with the Golden Shareholder..

The Golden share of Rs. 10/- held by the Secretary to the Treasury, enjoys the following special rights:

- The concurrence of the Golden Shareholder should be obtained to amend the definition of the words Golden Share and Golden Shareholder and Articles 2A, 2B, 3c (i), 3c (ii), 25A, 127A, 127B, 127C and 128 of the Company in which the Golden Shareholder's rights are given (Articles 2A).
- The Golden Share may be converted into an ordinary share with the concurrence of the Golden shareholder and the concurrence of a majority of the shareholders (Articles 2B).
- The Company shall obtain the written consent of the Golden Shareholder prior to sub-leasing, ceding or assigning its rights in part or all of the lands set out in the Articles of Association of the Company (Articles 3c (i)).
- The Golden Shareholder shall be entitled to call upon the Board of Directors once in every three month period if desired to meet the Golden Shareholder and or his nominees, and the Directors if so called upon shall meet with the Golden Shareholder and or his nominees to discuss matters of the Company of interest to the State of the Democratic Socialist Republic of Sri Lanka (Articles 3c (ii)).
- "The Golden Share shall only be held by the Secretary to the Treasury in his official capacity and not in his own name, for and on behalf of the State of the Democratic Socialist Republic of Sri Lanka, or by a Company in which the State of the Democratic Socialist Republic of Sri Lanka owns, Ninety-Nine (99) per centum or more of the issued share capital (Articles 25A)."
- The Golden Shareholder and or his nominee shall be entitled to inspect the books of accounts of the Company after giving two weeks written notice to the Company (Articles 127A).

- (g) The company shall submit to the Golden Shareholder, within 60 days of the end of each quarter, a quarterly report relating to the performance of the Company during the said quarter in a pre- specified format agreed to by the Golden Shareholder and the Company (Articles 127B).
- (h) The Company shall submit to the Golden Shareholder, within 90 days of the end of each fiscal year, information related to the company in a pre-specified format agreed to by the Golden Shareholder and the Company (Articles 127C).
- (i) The Directors shall from time to time determine whether and to what extent and at what extent and what times and places and under what conditions or regulations the accounts and books of the company or any of them shall be open to the inspection of members not being directors, and no member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by statute or authorized by the Directors or by the company in general meeting. This rule shall have no application to the Golden Shareholder (Articles 128).

Definition of the 'Golden share' - a share allotted to the Secretary to the Treasury in his official capacity and not in his own name, for and on behalf of the state of the Democratic Socialist Republic of Sri Lanka, and or by any transferee permitted in terms of the Articles.

Definition of 'Golden shareholder' - the holder of the 'Golden Share'.

As at 31st December		2023	2022
		Rs. 000	Rs. 000
	Note		
<b>24</b>	<b>LOANS AND BORROWINGS</b>		
	Term loans	24.2	-
			300,391
			-
			300,391
As at 31st December		2023	2022
		Rs. 000	Rs. 000
<b>24.1</b>	<b>MATURITY ANALYSIS</b>		
	Amount payable within one year		
	Term loans		-
			300,391
			-
			300,391
As at 31st December		2023	2022
		Rs. 000	Rs. 000
<b>24.2</b>	<b>TERM LOANS</b>		
	<b>(a) Summary</b>		
	As at 1st January	<b>300,391</b>	612,400
	Loans obtained during the year	-	300,391
	Repayments during the year	<b>(300,391)</b>	(612,400)
	As at 31st December	-	300,391
	<b>(b) Lender-wise summary</b>		
	Sampath Bank PLC	-	300,391
		-	300,391

## Notes to the Financial Statements

Name of financial institution	Nature of facility	Interest rates and repayment term	Facility granted / rescheduled	Balance as at 31.12.2023	Balance as at 31.12.2022	Securities pledged
			Rs. 000	Rs. 000	Rs. 000	
<b>24.3 Assets pledged as collaterals by the Company</b>						
Sampath Bank PLC	Revolving loan	Payable within 30 days from the date of grant		-	300,000	<p>1. Primary Mortgage Bond for Rs. 160,000,000/-, Secondary Mortgage Bond for Rs. 10,000,000/-, Tertiary Mortgage Bond for Rs. 70,000,000/- &amp; Additional Mortgage Bond for Rs. 50,000,000/- over Lease hold rights (Lease hold rights up to 2045) together with factory building therein of Frotoft Estate at Nuwara Eliya.</p> <p>2. Primary Mortgage Bond for Rs. 50,300,000/- over Leasehold rights (Lease hold rights up to 2045) together with factory building therein of Delgoda Estate at Kalawana.</p> <p>3. Primary Mortgage Bond for Rs. 88,000,000/-, Secondary Mortgage Bond for Rs. 54,100,000/- and Tertiary Mortgage Bond for Rs. 20,400,000/- over Leasehold rights (Lease hold rights up to 2045) together buildings of Pimbura Estate at Agalawatta.</p> <p>4. Primary Mortgage Bond for Rs. 171,500,000/- over Lease hold rights (Lease hold rights up to 2045) together with buildings there in of Peenkande Estate in Nivithigala.</p>
				-	300,000	

As at 31st December		2023	2022
		Rs. 000	Rs. 000
<b>25</b>	<b>LEASE LIABILITY</b>		
	Net liability to lessor of JEDB / SLSPC	<b>745,520</b>	505,592
		<b>745,520</b>	505,592
<b>25.1</b>	<b>Net liability to lessor of JEDB / SLSPC</b>		
	As at 1st January	<b>505,592</b>	472,325
	Remeasurement during the year	<b>251,148</b>	37,992
		<b>756,740</b>	510,317
	Repayments during the year	<b>(90,344)</b>	(64,927)
	Interest Charge for the year	<b>79,124</b>	60,202
	As at 31st December	<b>745,520</b>	505,592
<b>25.2</b>	<b>Analysis of net lease liability</b>		
	Current liability	<b>7,400</b>	4,570
	Non current liability	<b>738,120</b>	501,022
		<b>745,520</b>	505,592
<b>25.3</b>	<b>Maturity analysis of undiscounted cash flows</b>		
	Amount payable within one year	<b>98,413</b>	66,137
	Amount payable after one year and less than five years	<b>393,650</b>	264,550
	Amount payable after five years	<b>1,623,806</b>	1,157,405
		<b>2,115,869</b>	1,488,092
<b>25.4</b>	<b>Leases as lessee</b>		
<b>i)</b>	<b>Amount recognised in the profit or loss</b>		
	Lease interest for the year	<b>79,124</b>	60,202
	Amortization of Right to use Assets	<b>26,551</b>	19,229
		<b>105,675</b>	79,431
<b>ii)</b>	<b>Amount recognised in the statement of cash flows</b>		
	Lease rental paid	<b>90,344</b>	64,927
		<b>90,344</b>	64,927

## Notes to the Financial Statements

As at 31st December	2023	2022		
	Rs. 000	Rs. 000		
<b>26 DEFERRED TAX LIABILITIES</b>				
As at 1st January	<b>391,498</b>	257,699		
<b>Recognised in profit or loss</b>				
Deferred tax Charged during the year	<b>612,925</b>	158,113		
<b>Recognised in other comprehensive income</b>				
Deferred tax Reversal during the year	<b>(24,267)</b>	(24,314)		
As at 31st December	<b>980,156</b>	391,498		
<b>As at 31st December</b>	<b>2023</b>	<b>2022</b>		
	<b>Temporary Difference</b>	<b>Tax Effect</b>	<b>Temporary Difference</b>	<b>Tax Effect</b>
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
<b>26.1 Reconciliation of Deferred tax effect on temporary differences</b>				
Property, plant and equipment	<b>353,365</b>	<b>106,010</b>	352,293	105,689
Right of use assets	<b>672,686</b>	<b>201,806</b>	448,089	134,427
Bearer biological assets	<b>3,569,711</b>	<b>1,070,913</b>	2,800,318	840,095
Consumable biological assets	<b>813,852</b>	<b>244,156</b>	477,805	143,342
Retirement benefit obligation	<b>(714,545)</b>	<b>(214,364)</b>	(606,659)	(181,998)
Lease Liabilities	<b>(745,520)</b>	<b>(223,656)</b>	(505,592)	(151,678)
Tax losses carried forward	<b>(682,364)</b>	<b>(204,709)</b>	(1,661,262)	(498,379)
	<b>3,267,185</b>	<b>980,156</b>	1,304,992	391,498
<b>As at 31st December</b>	<b>2023</b>	<b>2022</b>		
	Rs. 000	Rs. 000		
<b>26.2 Deferred tax originated/(reversed) to Other comprehensive income</b>				
Due to change in effective tax rate			-	(15,805)
Due to change in temporary differences			<b>(24,267)</b>	(8,510)
			<b>(24,267)</b>	(24,315)
<b>26.3 Deferred tax originated/(reversed) to Profit or (Loss)</b>				
Due to change in effective tax rate			-	270,278
Due to change in temporary differences			<b>612,925</b>	(112,165)
			<b>612,925</b>	158,113

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes based on the provision of the Inland Revenue (Amendment) Act, No. 45 of 2022. The deferred tax liability is calculated at the effective tax rate of 30% (2022- 30%) for the Company as at 31st December 2023.

**26.4 Deferred Tax Asset / Assessment of Recoverability**

The Management carefully analyzed the availability of the future taxable profits against which the unused tax losses can be utilised. In this assessment the Company estimated the profitability using the internal budgets and plans in a conservative manner.

The unutilized tax losses of Rs. 682 Mn (2022 -Rs. 1,661 Mn) Mn out of total tax losses of Rs. 1,536 Mn (2022-Rs. 2,125) Mn have been considered for the deferred tax based on the probable future taxable profits available. Hence a deferred tax asset of Rs. 256 Mn (2022-Rs. 139 Mn) has not been recognized in respect of unutilized tax losses of Rs. 853 Mn (2022- Rs. 464 Mn) as at 31st December 2023.

Deferred tax is an estimate computed based on the assumptions and available information as at the reporting date. Hence these estimates are subject to change based on further developments, for which assumptions have been considered at the time of estimation (i.e. further clarifications to the new IRD act). Such changes to the estimates will be adjusted during the period the change occurs.

As at 31st December	2023	2022
	Rs. 000	Rs. 000
<b>27 RETIREMENT BENEFIT OBLIGATIONS</b>		
<b>27.1 Movement in the present value of the retirement benefit obligations</b>		
<b>Provision for Gratuity</b>		
As at 1st January	548,188	473,810
Expenditure recognized in the Profit or Loss for the year	133,557	87,087
Actuarial Loss in Other Comprehensive income	80,891	81,051
	<b>762,636</b>	641,948
Benefits paid during the year	<b>(87,337)</b>	(62,604)
Transfer of unsettled gratuity claimed during the year	<b>(30,751)</b>	(31,156)
As at 31st December	<b>644,548</b>	548,188
<b>Unsettled Gratuity Payable</b>		
As at 1st January	58,471	50,756
Unsettled gratuity claimed during the year	30,751	31,156
Adjustment to under provision of gratuity payable	3,894	4,540
Benefits paid during the year	<b>(23,119)</b>	(27,981)
As at 31st December	<b>69,997</b>	58,471
<b>Grand Total</b>	<b>714,545</b>	606,659

The provision for retirement benefits obligations as at 31 December 2023 is based on the actuarial valuation carried out by Actuarial & Management Consultants (Private) Limited, using the "Projected Unit Credit" (PUC) method, the method recommended by the Sri Lanka Accounting Standard – LKAS 19 on "Employee Benefits".

## Notes to the Financial Statements

As at 31st December	2023	2022
	Rs. 000	Rs. 000
<b>27.2 Expenses recognized in the Profit or Loss and Other Comprehensive income.</b>		
<b>Statement of Profit or Loss</b>		
Current service costs	32,142	32,125
Interest Costs	101,415	54,962
	133,557	87,087
<b>Other Comprehensive Income</b>		
Actuarial loss for the year	80,891	81,051
	80,891	81,051

As at 31st December	2023	2022
<b>27.3 Key Assumptions used by actuary include following:</b>		
a) Rate of Discount	12.9%	18.5%
A Long-term treasury bond rate 12.9% p.a. (2022 - 18.5% p.a.) was used to discount future liabilities taking into consideration remaining working life of employees.		
b) Retirement Age	60 years	60 years
c) Mortality - Staff	A 1967/70 Mortality Table	
- Worker	A 1949/52 Mortality Table	
d) Turnover Rate (Age 20-55)	2% - 7%	2% - 7%
e) Weighted average duration of defined benefit obligation - Staff	10.5 years	13.3 years
- Worker	9.0 years	10.8 years
f) The Company will continue as a going concern.		

**27.4 Sensitivity Analysis**

The sensitivity analysis on the total Comprehensive income and financial position based on the assumed rate on salary increment and discount rate as at 31st December 2023 is given below,

Discount Rate	Salary Escalation Rate	2023		2022	
		Present value of defined benefit obligation	Change	Present value of defined benefit obligation	Change
		Rs. 000	Rs. 000	Rs. 000	Rs. 000
	One percentage point increase	595,164	(49,384)	513,978	(34,210)
	One percentage point decrease	701,337	56,789	586,797	38,609
	One percentage point increase	703,957	59,409	589,973	41,784
	One percentage point decrease	592,098	(52,449)	510,717	(37,471)



As at 31st December	2023		2022	
	Defined Benefit Obligation		Defined Benefit Obligation	
	Staff	Workers	Staff	Workers
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
<b>27.5 Maturiy Analysis</b>				
Within the next 12 months	4,677	71,771	3,842	87,125
Between 2-5 years	30,598	151,497	19,747	155,273
Beyond 5 years	59,298	326,707	15,831	266,370
<b>Total</b>	<b>94,573</b>	<b>549,975</b>	<b>39,420</b>	<b>508,768</b>

As at 31st December	2023	2022
	Rs. 000	Rs. 000
<b>28 DEFERRED INCOME</b>		
<b>Capital grants</b>		
As at 1st January	<b>257,573</b>	210,821
Grants received during the year	<b>66,338</b>	46,752
As at 31st December	<b>323,911</b>	257,573
<b>Accumulated Amortization</b>		
As at 1st January	<b>69,466</b>	66,082
Amortization for the year	<b>3,548</b>	3,384
As at 31st December	<b>73,014</b>	69,466
<b>Total unamortized capital grants at the end of the year</b>	<b>250,897</b>	188,107

The above represents the following;

- (a) The funds received from the Plantation Housing and Social Welfare Trust (PHSWT), Plantation Development Project (PDP) and Plantation Human Development Trust (PHDT) for the development of workers' welfare facilities and improvements to institutional facilities.
- (b) The funds received from the plantation reform project for the development of forestry plantations.
- (c) The amount spent is capitalized under the relevant classification of property, plant and equipment and corresponding grant component is reflected under deferred grants and subsidies and is amortized over the useful life span of the related assets.

**Notes to the Financial Statements**

As at 31st December	2023	2022
	Rs. 000	Rs. 000
<b>29 TRADE AND OTHER PAYABLES</b>		
Trade creditors	<b>60,359</b>	121,545
Employee related payables	<b>95,065</b>	121,489
Dividends payable	-	811
Other creditors	<b>223,722</b>	215,333
	<b>379,146</b>	459,178

As at 31st December	2023	2022
	Rs. 000	Rs. 000
<b>30 AMOUNTS DUE TO RELATED PARTIES</b>		
F L M C Plantations (Pvt) Ltd	-	5,385
D.R Rubber Products (Pvt) Ltd	-	83
Melfort Green Teas (Pvt) Ltd	-	118
D.R. Manufacturing (Pvt) Ltd	-	10
D R Investment (Pvt) Ltd	-	44,895
	-	50,491

**31 RELATED PARTY DISCLOSURES****31.1 Substantial Shareholding and Ultimate Parent Company**

The immediate and ultimate parent company is Damro Holdings (Pvt) Ltd which holds 73% of shares at Agalawatte Plantations PLC.

**31.2 Transactions with Key Management Personnel (KMP)**

According to Sri Lanka Accounting Standard (LKAS) 24 – Related Party Disclosures, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, key management personnel include members of the Board of Directors of the Company, the Ultimate Parent Damro Holdings (Pvt) Ltd.

**Compensations to Key Management Personnel of the Company**

Emoluments to the directors of the Company are disclosed in Note 10 to the Financial Statements.

Other than those disclosed on Note 10 to the financial statements, there are no transactions with the key management personnel of the Company and its Parent Company.

Name of the Company	Nature of Relationship	Name of the Directors	Nature of the Transactions	Transaction Amount		Balance as at 31st December	
				2023	2022	2023	2022
				Rs. 000	Rs. 000	Rs. 000	Rs. 000
<b>Transactions with Related Companies</b>							
Mackply Industries (Private) Limited	Affiliated Company	Mr.R.P.L.Ramanayake Mr.W.A.A.Asanga Mr.G.P.N.A.G.Gunathilaka Mr.L.R.W.S.Rajasekara	Funds Given Sales Invoice	<b>(6,412)</b> <b>3,029</b>	(2,262) 6,249	<b>604</b>	3,987
Melfort Green Teas (Pvt) Ltd	Affiliated Company	Mr.R.P.D. Ramanayake Mr.R.P.L.Ramanayake Mr.W.A.A.Asanga Mr.G.P.N.A.G.Gunathilaka Mr.L.R.W.S.Rajasekara	Purchases Purchase Settlement	<b>(692)</b> <b>810</b>	(484) 366	-	(118)
AEN Palm Oil Processing (Private) Limited	Joint venture	Mr.G.P.N.A.G.Gunathilaka	Palm oil sales Cash Received	<b>1,349,293</b> <b>(1,348,839)</b>	1,361,236 (1,355,541)	<b>34,438</b>	33,984
D R Industries (Pvt) Ltd	Affiliated company	Mr. G.P.N.A.G.Gunathilake Mr. W.A.A.Asanga Mr. L.R.W.S.Rajasekara	Funds received Purchase Invoices Settlements Current account balance	<b>(94,699)</b> <b>(47,704)</b> <b>103,220</b>	(1,292,596) (20,302) 1,352,629	<b>2,112</b>	39,731
D R Export (Pvt) Ltd	Affiliated company	Mr. R.P.L.Ramanayake	Sales Sales Invoices	<b>1,564</b> <b>7,799</b>	- 9,061	<b>1,898</b>	1,119
Piyestra Furniture (Pvt) Ltd	Affiliated company	Mr. W.A.A.Asanga Mr. R.P.L.Ramanayake	Settlements Purchase Invoices Settlement	<b>(7,020)</b> - <b>(2,366)</b>	(7,975) 34 -	-	2,366
Damro Holdings (Pvt) Ltd	Parent company	Mr. W.A.A.Asanga Mr. R.P.L.Ramanayake	Sales Invoice Settlements Purchase Invoices	- <b>(789)</b> -	- 4,046 (3,257)	-	789

31.3

## Notes to the Financial Statements

Name of the Company	Nature of Relationship	Name of the Directors	Nature of the Transactions	Transaction Amount		Balance as at 31st December	
				2023	2022	2023	2022
				Rs. 000	Rs. 000	Rs. 000	Rs. 000
<b>31.3 Transactions with Related Companies (Continued)</b>							
D R Home Appliances (Pvt) Ltd	Affiliated company	Mr. R.P.L.Ramanayake	Purchases	(10,041)	(10,120)	4,449	234
		Mr. A.N. Pathirawasam	Settlement	13,562	4,732		
		Mr. W.A.M.S.H. Hemantha	Sales	694	5,616		
Damro Exports (Pvt) Ltd	Affiliated company	Mr. R.P.D. Ramanayake	Rubber Sales	-	602,204	-	56,408
		Mr. R.P.L.Ramanayake	Funds Received	(118,109)	(748,168)		
		Mr. W.A.A.Asanga	Tea Purchase & Packing Cost	(658,165)	(274,494)		
			Settlements	719,866	476,853		
D R Wooden Furniture (Pvt) Ltd	Affiliated company	Mr. W.A.A.Asanga	Sale of Firewood , log	33,658	55,785	1,591	-
		Mr. R.P.L.Ramanayake	Funds Received	(32,067)	(55,785)		
D R Manufacturing (Pvt) Ltd	Affiliated company	Mr. W.A.A.Asanga	Sale of rubber trees	14,886	18,512	2,596	(10)
		Mr. R.P.L.Ramanayake	Settlement	(12,280)	(17,535)		
			Purchase of furnitures	-	(1,114)		
DR Management Services (Pvt) Ltd	Affiliated Company	Mr. R.P.D. Ramanayake	Settlements	(936)	(36)	-	936
		Mr. R.P.L.Ramanayake	Purchase	-	(4,611)		
		Mr. W.A.A.Asanga	Settlements	-	5,582		
		Mr. G.P.N.A.G.Gunathilaka					
		Mr. L.R.W.S.Rajasekara					
Marino Leisure Holdings (Pvt) Ltd	Affiliated company	Mr. W.A.A.Asanga	Settlement	8,031	329	4,532	164
		Mr. R.P.L.Ramanayake	Expenses Incurred on behalf of company	(3,661)	(46)		
			Funds received	-	(119)		

Name of the Company	Nature of Relationship	Name of the Directors	Nature of the Transactions	Transaction Amount		Balance as at 31st December	
				2023	2022	2023	2022
				Rs. 000	Rs. 000	Rs. 000	Rs. 000
F L M C Plantations (Pvt) Ltd	Affiliated company	Mr. G.P.N.A.G.Gunathilake	Funds Provided for Settlement of related party balances	(95,994)	(31,359)	-	(5,385)
		Mr. W.A.A.Asanga	Settlement	101,379	25,974		
		Mr. L.R.W.S.Rajasekara					
		Mr. R.P.L.Ramanayake					
Pusellawa Plantations Ltd	Affiliated company	Mr.A .S Amarasuriya	Funds provided for working capital requirements	-	41,440	-	79,277
		Mr. G.P.N.A.G.Gunathilake	Fertilizers	-	20,020		
		Mr. W.A.A.Asanga	Settlement	(79,265)	117,186		
		Mr. L.R.W.S.Rajasekara	Sale/ purchase of green leaf (net)	-	(16,670)		
		Mr. R.P.L.Ramanayake	Sale of refuse tea	-	25,453		
			Fuel granted	-	26,705		
			Sales of firewood	-	659		
			Purchase of Latex	(12)	(98,570)		
			Purchase of Firewood & Rubber Log	-	(12,609)		
			Vehicle Repair By Helboda Work shop	-	(20,896)		
			Sales Invoice	-	1,952		
			Sale of Plants	-	2,983		
D R Investment (Pvt) Ltd	Affiliated Company	Mr. R.P.D. Ramanayake	Settlement	(372,763)	(435)	45,060	(44,895)
		Mr.R.P.L.Ramanayake	Purchase invoice	-	(40,508)		
		Mr.W.A.A.Asanga	Funds Given	462,718	662,632		
Damro Investment (Pvt) Ltd	Affiliated Company	Mr. R.P.D. Ramanayake	Sales	-	315,450	-	-
		Mr. R.P.L.Ramanayake	Settlements	-	(315,450)		
		Mr. S.Samarasinghe					

## Notes to the Financial Statements

Name of the Company	Nature of Relationship	Name of the Directors	Nature of the Transactions	Transaction Amount		Balance as at 31st December	
				2023	2022	2023	2022
				Rs. 000	Rs. 000	Rs. 000	Rs. 000
D R Rubber Products (Pvt) Ltd	Affiliated Company	Mr. R.P.D. Ramanayake	Sales Invoice	-	(471)	267	(83)
		Mr.W.A.A.Asanga	Settlement purchase invoice	-	274		
		Mr. G.P.N.A.G.Gunathilake	Funds Given	350	-		
Damro Leisure (Pvt) Ltd	Affiliated Company	Mr. R.P.D. Ramanayake	Funds Received	(52,557)	(100,000)	10,137	17
		Mr. R.P.L. Ramanayake	Funds Given	62,677	100,000		
		Mr.W.A.A.Asanga					
Glenco Company (Pvt) Ltd	Affiliated Company	Mr.R.P.L.Ramanayake	Sales	31	-	31	-
		Mr.W.A.A.Asanga					
		Mr.G.P.N.A.G.Gunathilake					
		Mr.L.R.W.S.Rajasekara					

**31.4 Major transactions with related parties**

The following recurrent related party transactions were taken place during the financial year 2023 in the ordinary course of business where the aggregate value of series of recurrent transactions exceeds 10% of gross revenue as per the financial statements for the year ended 31st December 2022.

Name of the Related Party	Relationship	Nature of the transactions	Aggregate value of related party transactions entered into during the financial year	Aggregate value of related party transactions as a % of group revenue
			Rs 000	
AEN Palm Oil Processing (Private) Limited	Joint venture	Palm oil sales	1,349,293	26%

**32 EVENTS OCCURRING AFTER REPORTING DATE**

Subsequent to the reporting date, no material circumstance have arisen which require adjustments to or disclosure in the financial statements except following:

**Revision to the daily wage rate**

The Wages Board through its Extraordinary Gazette No 2385/14 dated 21st May 2024 revised the minimum daily wage to Rs. 1,700/- comprising of a minimum daily wage of Rs. 1,350/- and a daily special allowance of Rs. 350/- for workers in tea and rubber growing and manufacturing trade. Since the Gazette was issued subsequent to the financial reporting period, the Company did not consider the increased wage rate in determining the retirement benefit obligation as at 31st December 2023.

**33 COMMITMENTS**

There are no material commitments as at the reporting date where require disclosures in the financial statements.

**34 CONTINGENT LIABILITIES**

There are no material contingent liabilities as at the reporting date that require adjustment to or disclosure in the financial statements.

**35 FINANCIAL RISK MANAGEMENT**

**35.1 Overview**

The Company has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk
- Operational Risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risks, and the Company's management of capital.

**35.2 Risk management framework**

The Company's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company. Financial risk management is carried out through risk reviews, internal control systems, insurance programmes and adherence to the Company's financial risk management policies. The Board of Directors regularly reviews these risks and approves the risk management policies, which covers the management of these risks.

## Notes to the Financial Statements

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

### 35.2.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations, and this principally arises from the Company's receivables from customers. The Company is exposed to credit risk from its operating activities (primarily trade receivables), other receivable including advances to staff/workers, and from its financing activities, including deposits with banks.

#### Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows;

As at 31st December		2023	2022
	Note	Rs. 000	Rs. 000
Produce trade receivables	20	13,068	21,222
Amounts due from related parties	21	107,717	219,012
Cash at bank	22	153,580	49,126
<b>Total Credit Risk Exposure</b>		<b>274,365</b>	289,360

#### Management of Credit Risk

##### Trade and other receivables

The Company'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 the customer operates.

More than 85% of the Company's customers have been transacting with the Company for over four years, and none of these customers' balances have been written off or are credit impaired at the reporting date. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or end-user customer, their geographic location, industry, trading history with the Company and existence of previous financial difficulties.

The Company trades only with recognised, credit-worthy third parties. It is the Company's policy that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables balances are monitored on an ongoing basis with the results that the Company's exposure to bad debts is not significant. The Company does not require collateral in respect of most trade and other receivables.

A analysis of the credit quality of trade receivables that were neither past due nor impaired and the ageing of trade receivables that were past due but not impaired as at 31st December 2023 is as follows,

As at 31st December		2023	2022
		Rs. 000	Rs. 000
Neither past due not impaired		13,068	21,222
Past due but not impaired			
1-30 days		-	-
Over 30 days		-	-
<b>Total trade receivables</b>		<b>13,068</b>	21,222



**Amounts due from related parties**

The Company's amounts due from related parties mainly consist of balances due from companies under common control and from affiliate companies. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each related party. The Company does not require a provision for impairment in respect of amounts due from related parties.

**Cash and Cash Equivalents**

The Company held balances with banks of Rs. 154 Mn As at 31st December 2023 (2022 : 49 Mn) which represents its maximum credit exposure on these assets.

As at 31st December	2023	2022
	Rs. 000	Rs. 000
<b>Cash at Bank having credit ratings</b>		
AAA to A-	<b>152,040</b>	47,586
BBB	<b>1,540</b>	1,540
	<b>153,580</b>	49,126

**35.2.2 Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's policy is to hold cash and undrawn committed facilities at a level sufficient to ensure that the company has available funds to meet its short and medium term capital and funding obligations, including organic growth and acquisition activities, and to meet any unforeseen obligations and opportunities. The company holds cash and undraws committed facilities to enable the company to manage its liquidity risk.

The Company monitors its risk to a shortage of funds using a daily cash management process. This process considers the maturity of both the Company's financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected capital cash flows from operations.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of multiple sources of funding including bank loans and overdrafts.

**35.2.2.1 Net (debt)/ Cash ratio**

As at 31st December		2023	2022
	Note	Rs. 000	Rs. 000
Cash in hand and at bank	<b>22</b>	<b>159,583</b>	55,679
<b>Liquid assets</b>		<b>159,583</b>	55,679
Current portion of borrowings	<b>24</b>	-	300,391
Bank overdrafts	<b>22</b>	-	213,069
<b>Liquid liabilities</b>		-	513,460
<b>Net (debt)/ Cash</b>		<b>159,583</b>	(457,781)

## Notes to the Financial Statements

### 35.2.2.2 Liquidity risk management

The mixed approach combines elements of the cash flow matching approach and the liquid assets approach. The business units attempt to match cash outflows in each time bucket against a combination of contractual cash inflows plus other inflows that can be generated through the sale of assets or other secured borrowings.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

<b>As at 31 December 2023</b>		<b>Carrying</b>		<b>Less than 3</b>	<b>3 to 12</b>	<b>More than</b>
	<b>Note</b>	<b>Amount</b>	<b>Total</b>	<b>months</b>	<b>Months</b>	<b>12 Months</b>
		<b>Rs.000</b>	<b>Rs.000</b>	<b>Rs.000</b>	<b>Rs.000</b>	<b>Rs.000</b>
Lease liability	25	<b>745,520</b>	<b>2,115,869</b>	<b>24,603</b>	<b>73,809</b>	<b>2,017,457</b>
Trade and other payables	29	<b>379,146</b>	<b>379,146</b>	<b>94,787</b>	<b>284,360</b>	-
		<b>1,124,666</b>	<b>2,495,015</b>	<b>119,390</b>	<b>358,169</b>	<b>2,017,457</b>
<b>As at 31 December 2022</b>						
Lease liability	25	505,592	1,488,092	16,534	49,603	1,421,955
Trade and other payables	29	459,178	459,178	114,795	344,383	-
Amounts due to related Companies	30	50,491	50,491	-	50,491	-
Interest bearing borrowings	24	300,391	300,391	75,098	225,293	-
Bank overdrafts	22	213,069	213,069	213,069	-	-
		1,528,721	2,511,221	419,496	669,770	1,421,955

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

**35.2.3 Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company'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 optimizing the return.

Market risk comprise of the following types of risk:

- (a) Interest rate risk
- (b) Currency risk
- (c) Commodity price risk
- (d) Equity price risk

**a) Currency risk**

The Company is exposed to currency risk mostly on purchases that are denominated in a currency other than Sri Lankan Rupees (LKR). The foreign currencies in which these transactions primarily denominated are United States Dollars (USD). Since the frequency of the transaction done in foreign currency is very low, the company is not exposed to a higher degree of currency risk.

**b) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the deposits and borrowings.

**Profile**

At the reporting date the interest rate profile of the Company's interest bearing financial instruments were,

As at 31st December	Note	Carrying Amounts	
		2023	2022
		Rs. 000	Rs. 000
<b>Variable rate Instruments</b>			
Financial Liabilities	<b>22 &amp; 24</b>	-	513,460
		-	513,460

**Sensitivity Analysis**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax (through the impact on floating rate borrowings).

As at 31st December	Effect on Profit before Tax	
	100 bp increase	100 bp decrease
	Rs. 000	Rs. 000
31st December 2023	-	-
31st December 2022	<b>5,135</b>	(5,135)

## Notes to the Financial Statements

### 35.2.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified"
- Requirements for the reporting of operational losses and proposed remedial actions
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance when this is effective

Compliance with Company standards is supported by a programme of periodic reviews undertaken by Internal Audit and also finance team. The results of Internal Audit reviews are discussed with the Management, summaries submitted to the senior Management of the Company.

### 35.2.5 Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong financial position and healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and make adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may or may not make dividend payments to shareholders, return capital to shareholders or issue new shares or other instruments.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings by total equity. Total borrowings including non-current and current borrowings as shown in the statements of financial position. Total equity is calculated as 'Total equity' in the statements of financial position.

The Company's Debt to Equity ratio at the end of the reporting periods is as follows:

As at 31st December		2023	2022
	Note	Rs. 000	Rs. 000
Total Liabilities		3,070,264	2,714,985
Less: Cash and cash equivalents	22	(159,583)	(55,679)
Net debts		2,910,681	2,659,306
Total Equity		4,014,445	3,540,376
<b>Debt to Equity ratio (Gearing Ratio)</b>		<b>0.73</b>	0.75

**36 FAIR VALUES OF FINANCIAL INSTRUMENTS**

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced liquidation or sale.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements. However the company does not have any financial instruments carried at fair values as at the reporting date.

Level I: Quoted market price (unadjusted) in an active market for an identical instrument.

Level II: Valuation techniques based on observable inputs, either directly – i.e. as prices or indirectly – i.e. derived from prices. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level III: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Company determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates. The objective of the valuation technique is to arrive at a fair value determination that reflect the price of the financial instrument at the reporting date, that would have determined by the market participants acting at the arms length.

## Notes to the Financial Statements

### 36.1 Fair values versus the Carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follow;

As at 31st December	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Produce trade receivables	<b>13,068</b>	<b>13,068</b>	21,222	21,222
Amounts due from related parties	<b>107,717</b>	<b>107,717</b>	219,012	219,012
Cash & Cash Equivalents	<b>159,583</b>	<b>159,583</b>	55,679	55,679
<b>Total</b>	<b>280,368</b>	<b>280,368</b>	295,913	295,913

As at 31st December	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
<b>Liabilities carried at amortised cost</b>				
Loans and Borrowings	-	-	300,391	300,391
Trade and other payables	<b>379,146</b>	<b>379,146</b>	459,178	459,178
Amounts due to related parties	-	-	50,491	50,491
Lease Liability	<b>745,520</b>	<b>745,520</b>	505,592	505,592
Bank overdrafts	-	-	213,069	213,069
	<b>1,124,666</b>	<b>1,124,666</b>	1,528,721	1,528,721

**36.2 Financial assets and liabilities by fair value hierarchy**

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorized. The fair values of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows,

It does not include fair value information of financial assets & liabilities not measured at fair value, if the carrying amount is reasonable approximation of fair value.

	Carrying Amount	Level I	Level II	Level III	Total Fair value
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
<b>As at 31st December 2023</b>					
<b>Assets carried at amortised cost</b>					
Produce trade receivables	13,068	-	-	13,068	13,068
Amounts due from related parties	107,717	-	-	107,717	107,717
Cash & Cash Equivalents	159,583	-	-	159,583	159,583
	<b>280,368</b>	-	-	<b>280,368</b>	<b>280,368</b>
<b>Other Financial liabilities</b>					
Trade and other payables	379,146	-	-	379,146	379,146
Lease Liability	745,520	-	-	745,520	745,520
	<b>1,124,666</b>	-	-	<b>1,124,666</b>	<b>1,124,666</b>
<b>As at 31st December 2022</b>					
<b>Assets carried at amortised cost</b>					
Produce trade receivables	21,222	-	-	21,222	21,222
Amounts due from related parties	219,012	-	-	219,012	219,012
Cash & Cash Equivalents	55,679	-	-	55,679	55,679
	<b>295,913</b>	-	-	<b>295,913</b>	<b>295,913</b>
<b>Other Financial liabilities</b>					
Loans and Borrowings	300,391	-	-	300,391	300,391
Trade and other payables	459,178	-	-	459,178	459,178
Amounts due to related parties	50,491	-	-	50,491	50,491
Lease Liability	505,592	-	-	505,592	505,592
Bank overdrafts	213,069	-	-	213,069	213,069
	<b>1,528,721</b>	-	-	<b>1,528,721</b>	<b>1,528,721</b>

## Notes to the Financial Statements

### 37 CHANGE IN ACCOUNTING POLICY

The Company elected to voluntarily change its accounting policy relating to the measurement of investment in Joint venture in separate financial statements from cost method to equity method in accordance with SLFRS 11 – “Joint Arrangements” from 1 January 2023.

The Company changed its accounting policy relating to the measurement of investment in joint venture in order to improve the presentation of the overall financial statements.

#### 37.1 Statement of financial position

1 January 2022	Impact of Accounting policy change		
	As previously reported	Adjustments	As restated
	Rs. 000	Rs. 000	Rs. 000
Investment in joint venture	6,990	287,932	294,922
Others	4,907,071	-	4,907,071
<b>Total assets</b>	<b>4,914,061</b>	<b>287,932</b>	<b>5,201,993</b>
<b>Total liabilities</b>	<b>3,370,333</b>	<b>-</b>	<b>3,370,333</b>
Retained earnings	(714,397)	287,932	(426,465)
Others	2,258,125	-	2,258,125
<b>Total equity</b>	<b>1,543,728</b>	<b>287,932</b>	<b>1,831,660</b>
31 December 2022	Impact of Accounting policy change		
	As previously reported	Adjustments	As restated
	Rs. 000	Rs. 000	Rs. 000
Investment in joint venture	6,990	417,867	424,857
Others	5,830,504	-	5,830,504
<b>Total assets</b>	<b>5,837,494</b>	<b>417,867</b>	<b>6,255,361</b>
<b>Total liabilities</b>	<b>2,714,985</b>	<b>-</b>	<b>2,714,985</b>
Retained earnings	864,384	417,867	1,282,251
Others	2,258,125	-	2,258,125
<b>Total equity</b>	<b>3,122,509</b>	<b>417,867</b>	<b>3,540,376</b>



**37.2 Statement of profit or loss and OCI**

31 December 2022	Impact of Accounting policy change		
	As previously reported	Adjustments	As restated
	Rs. 000	Rs. 000	Rs. 000
Dividend Income	100,660	(100,660)	-
Share of profit of equity accounted investee, net of tax	-	230,595	230,595
Others	1,534,857	-	1,534,857
<b>Profit for the year</b>	<b>1,635,517</b>	<b>129,935</b>	<b>1,765,452</b>
<b>Total comprehensive income</b>	<b>1,578,781</b>	<b>129,935</b>	<b>1,708,716</b>

**37.3 Basic earning Per Share**

31 December 2022	Impact of Accounting policy change		
	As previously reported	Adjustments	As restated
Profit for the year, attributable to the owners of the Company (Rs.000)	1,635,517	129,935	1,765,452
Weighted Average Number of Ordinary Shares in Issue (Nos '000)	156,250	-	156,250
Basic Earnings Per Ordinary Share (Rs.)	10.47	-	11.30

**37.4 Statement of cash flows**

There is no material impact on the total operating, investing or financing cash flows for the year ended 31 December 2022.

**37.5 Presentation of the comparative amounts**

The Company has previously presented financial statements under the headings of “Company” and “Company and equity accounted investee” up to 31st December 2022 with the only difference being the method of accounting for equity accounted investee in its separate financial statements. Consequent to the change in the accounting policy relating to the measurement of equity accounted investee in separate financial statements, amounts presented under these two headings becomes identical. Therefore, amounts presented as “Company and equity accounted investee” during the year ended 31st December 2022 are not re-presented as comparative amounts in the financial statements for the year ended 31st December 2023.

## Notes to the Financial Statements

### 38 SEGMENTAL ANALYSIS

For management purposes, the Company is organized into business units based on their products and services and has three reportable operating segments as follows. The following table presents the revenue, profit information and other disclosures regarding Company's business segments.

Statement of Profit or Loss	Tea		Rubber	
	2023	2022	2023	2022
	Rs.000	Rs.000	Rs.000	Rs.000
Revenue	<b>2,284,864</b>	2,208,367	<b>759,516</b>	1,397,850
Cost of sales	<b>(2,211,533)</b>	(1,773,711)	<b>(1,135,583)</b>	(1,197,909)
<b>Gross profit/(loss)</b>	<b>73,331</b>	434,656	<b>(376,067)</b>	199,941
Other income	-	-	<b>299,876</b>	302,580
Other income	-	-	-	-
Gain/(Loss) on changes in fair value of biological assets	-	-	-	-
Administration expenses	-	-	-	-
Other expenses	-	-	-	-
<b>Results from operating activities</b>	-	-	-	-
Finance costs	-	-	-	-
<b>Profit before taxation</b>	-	-	-	-
<b>Share of profit of equity accounted investee, net of tax</b>	-	-	-	-
Income tax expenses	-	-	-	-
<b>Profit for the Year</b>	-	-	-	-

Oil Palm		Other		Unallocated		Total	
2023	2022	2023	2022	2023	2022	2023	2022
Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
							Restated
<b>1,226,785</b>	1,217,935	<b>849,001</b>	303,228	-	-	<b>5,120,166</b>	5,127,380
<b>(472,672)</b>	(345,636)	<b>(589,193)</b>	(220,172)	-	-	<b>(4,408,981)</b>	(3,537,428)
<b>754,113</b>	872,299	<b>259,808</b>	83,056	-	-	<b>711,185</b>	1,589,952
-	-	-	-	-	-	<b>299,876</b>	302,580
-	-	-	-	<b>127,006</b>	36,937	<b>127,006</b>	36,937
-	-	-	-	<b>152,161</b>	(12,048)	<b>152,161</b>	(12,048)
-	-	-	-	<b>(138,729)</b>	(94,310)	<b>(138,729)</b>	(94,310)
-	-	-	-	<b>(9,028)</b>	(20,989)	<b>(9,028)</b>	(20,989)
-	-	-	-			<b>1,142,471</b>	1,802,122
-	-	-	-	<b>(130,395)</b>	(109,152)	<b>(130,395)</b>	(109,152)
-	-	-	-			<b>1,012,076</b>	1,692,970
-	-	-	-	<b>131,542</b>	230,595	<b>131,542</b>	230,595
-	-	-	-	<b>(612,925)</b>	(158,113)	<b>(612,925)</b>	(158,113)
-	-	-	-	-	-	<b>530,693</b>	1,765,452

## Notes to the Financial Statements

Statement of Financial Position	Tea		Rubber	
	2023	2022	2023	2022
	Rs.000	Rs.000	Rs.000	Rs.000
Non-current assets	<b>1,064,823</b>	835,661	<b>2,556,993</b>	2,259,494
current assets	<b>168,183</b>	184,290	<b>403,863</b>	498,291
Total assets	<b>1,233,006</b>	1,019,951	<b>2,960,856</b>	2,757,785
Non-current liabilities	<b>584,023</b>	347,363	<b>1,402,431</b>	939,213
Current liabilities	<b>84,118</b>	139,337	<b>201,998</b>	376,746
Total liabilities	<b>668,141</b>	486,700	<b>1,604,429</b>	1,315,959
<b>Capital Expenditure</b>				
Field development	<b>174,779</b>	154,805	<b>548,357</b>	397,902
Property, plant and equipment	<b>11,400</b>	7,128	<b>27,374</b>	7,027
Total	<b>186,179</b>	161,933	<b>575,731</b>	404,929
Total Depreciation/Amortization	<b>32,495</b>	32,358	<b>102,013</b>	111,626

Oil Palm		Other		Unallocated		Total	
2023	2022	2023	2022	2023	2022	2023	2022
Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
					Restated		Restated
<b>1,271,292</b>	964,003	-	-	<b>1,311,043</b>	1,082,018	<b>6,204,151</b>	5,141,176
<b>200,795</b>	212,593	-	-	<b>107,717</b>	219,011	<b>880,558</b>	1,114,185
<b>1,472,087</b>	1,176,596	-	-	<b>1,418,760</b>	1,301,029	<b>7,084,709</b>	6,255,361
<b>697,264</b>	400,710	-	-	-	-	<b>2,683,718</b>	1,687,286
<b>100,430</b>	160,734	-	-	-	350,882	<b>386,546</b>	1,027,699
<b>797,694</b>	561,444	-	-	-	350,882	<b>3,070,264</b>	2,714,985
<b>962</b>	4,908	-	106	<b>1,384</b>	56	<b>725,482</b>	557,777
-	-	-	-	-	-	<b>38,774</b>	14,155
<b>962</b>	4,908	-	106	<b>1,384</b>	56	<b>764,256</b>	571,932
<b>60,745</b>	59,526	-	-	<b>2,748</b>	7,523	<b>198,001</b>	211,033

## Shareholders' information

### 01. PUBLIC SHARE HOLDINGS

As at 31st December	2023	2022
The percentage of shares held by the public (%)	20.00	20.00
Number of public shareholders	14,957	15,472
Number of shares	31,250,000	31,250,000
<b>Minimum public holding requirement</b>		
Float adjusted market capitalisation as at 31.12.2023 (Rs.)	1,018,750,000	

### 02. DISTRIBUTION OF SHAREHOLDING

	Residents				Non-Residents				Total	
	No of share holders	(%)	"No of Shares"	(%)	No of share holders	(%)	"No of Shares"	(%)	Local %	Foreign %
1 To 1000 Shares	13,012	87%	2,628,053	2%	7	39%	1,130	0%	1.68%	0.00%
1001 To 10000 Shares	1469	10%	5,271,432	3%	5	28%	17,962	0%	3.37%	0.01%
10001 To 100000 Shares	422	3%	11,764,298	8%	4	22%	155,105	4%	7.53%	0.10%
100001 to 1000000	36	0%	7,621,920	5%	1	6%	220,000	6%	4.88%	0.14%
Over 1,000,000 Shares	2	0%	125,000,000	82%	1	6%	3,570,100	90%	80.00%	2.28%
	14,941	100%	152,285,703	100%	18	100%	3,964,297	100%	97.46%	2.54%

### 03. CATEGORIES OF SHAREHOLDERS

	Institutional				Non Institutional				Total			
	No of share holders	(%)	"No of Shares"	(%)	No of share holders	(%)	"No of Shares"	(%)	No of share holders	(%)	"No of Shares"	(%)
<b>Shareholding</b>												
1 To 1000 Shares	49	22%	18,883	0%	12,970	88%	2,610,300	10%	13,019	87%	2,629,183	2%
1001 To 10000 Shares	83	38%	352,723	0%	1,391	9%	4,936,671	20%	1,474	10%	5,289,394	3%
10001 To 100000 Shares	72	33%	2,512,812	2%	354	2%	9,406,591	38%	426	3%	11,919,403	8%
100001 to 1000000	15	7%	3,340,220	3%	22	0%	4,501,700	18%	37	0%	7,841,920	5%
Over 1,000,000 Shares	2	1%	125,000,000	95%	1	0%	3,570,100	14%	3	0%	128,570,100	82%
	221	100%	131,224,638	100%	14,738	100%	25,025,362	100%	14,959	100%	156,250,000	100%

### 04. MARKET VALUE ANALYSIS

For the year ended 31st December	2023	2022
Highest	39.00	83.00
Lowest	27.20	15.10
Closing price	32.60	31.90

**05. TWENTY (20) LARGEST SHAREHOLDERS AS AT 31ST DECEMBER 2023**

Name	No of Shares held	% of the holding
DAMRO HOLDINGS (PRIVATE) LIMITED	114,062,500	73.00
F L M C PLANTATIONS (PRIVATE) LIMITED	10,937,500	7.00
MISS SONIA WIN-YEN NG	3,570,100	2.28
SEYLAN BANK PLC/MOHAMED MUSHTAQ FUAD	506,830	0.32
MR. AKARAVITAGE OSHAN SAMITHA KUMARA	457,481	0.29
SEYLAN BANK PLC/SENTHILVERL HOLDINGS (PVT) LTD	423,753	0.27
MR. KARUNA RANARAJA EKANAYAKE MUDIYANSELAGE DHARSHAN MADURANGA BANDARA JAYASUNDARA	398,593	0.26
MR. AJITH HARINDRA WEERASURIYA	376,094	0.24
MR. SUGATH WEERARATNE	341,894	0.22
MR. MOHAMED RIYAAZ RASHEED	322,091	0.21
RAVI EXPORTS PRIVATE LIMITED	270,000	0.17
DFCC BANK PLC/B. SUTHARSHAN	255,000	0.16
HATTON NATIONAL BANK PLC/MUSHTAQ MOHAMED FUAD	227,933	0.15
MR. MOHAMED ZAREEN RASHEED	226,800	0.15
MERCHANT BANK OF SRI LANKA & FINANCE PLC/A.C.SENANKA	224,548	0.14
DEUTSCHE BANK AG SINGAPORE A/C 2 (DCS CLT ACC FOR DEUTSCHE BANK AG SINGAPORE- PWM WM CLIENT)	220,000	0.14
MR. VASHI CHANDIRAM MAHTANI	208,829	0.13
DR. ATHUGODAGE ARUNA MAHESH DHARMADASA	206,103	0.13
MR. GEETH THINETH MAPALANA	200,000	0.13
MR ANTON VASANTHAKUMAR EMMANUEL	199,300	0.13
	133,635,349	85.53
Balance Held by 14,939 shareholders	22,614,651	14.47
	156,250,000	100.00

**THE GOLDEN SHARE HOLDER**

The Golden share of Rs 10/- is currently held by the Secretary of 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 shareholder, the Golden Shareholder has specific rights according to the Articles of Association of the company which are specified in note 23.

## Information on Estates and Factories

Estate	Crop	Total Extent Ha	Area in Tea		Area in Rubber		Area in Oil Palm		Area in Others		Total revenue extent Ha
			Immature	Mature	Immature	Mature	Immature	Mature	Immature	Mature	
RATNAPURA DISTRICT											
Peenkande	Rubber	1,328			251.34	601.20			0.61	8.62	609.82
	Oil Palm							141.31			141.31
Doloswella	Tea	871	36.29	66.24							66.24
	Rubber				155.59	269.94					269.94
Kiribathgala	Rubber	819			208.7	279.21			0.26	9.72	288.93
	Oil Palm							53.67			53.67
Noragalla	Tea	133	13.61	61.95							61.95
Watapotha	Tea	365	11.53	33.68							33.68
	Rubber				21.44	54.43					54.43
Niriella	Tea	932	1.00	8.08							8.08
	Rubber				97.53	325.99				47.94	373.93
	Oil Palm							35.52			35.52
Delgoda	Tea	7									-
	Rubber					2.02					2.02
KALUTARA DISTRICT											
Culloden	Rubber	1,232			171.09	307.71				6.65	314
	Oil Palm							393.6			394
Ambetenna	Rubber	613			74.88	135.53					136
	Oil Palm							285.96		0.16	286
Clyde	Rubber	616			183.60	198				14	212
Kiriwanaketiya	Rubber	768			99.89	247.50				3	251
	Oil Palm						5	41.86			42
Mohamedi	Tea	724	1.00	9.80						8.8	19
	Rubber				42.49	158.64					159
	Oil Palm							197.18			197
Pimbura	Rubber	370			51.71	72.7				5	78
	Oil Palm							169.86			170
NUWARA ELIYA DISTRICT											
Labookellie	Tea	539	27	280					0.5	66	346
Protoft	Tea	1,016	28	379						184	563
Weddemulle	Tea	771	46	266					2	168	434
		11,104	164	1,105	1,358	2,653	5	1,319	3	522	5,598

	Tea	Rubber	Oil palm	Other
Total Mature Extent (Ha)	1,105	2,653	1,319	522
Total Immature Extent (Ha)	164	1,358	5	3
Total Planted Extent (Ha)	1,269	4,011	1,324	525
<b>Total Extent (Ha)</b>	<b>11,104</b>			



No. of Workers		Crop (KG)			Yield Kg/Ha	Factory Elevation m	Made Tea Production KG	Factory Capacity Kg	Building Information		
Staff	Workers	Tea	Rubber	Oil					No of Buildings	Buildings/ Bungalow Gardens/ Roads/ other etc., (Ha)	Value of the Buildings (Rs.) as per books
42	373		291,874		485	318	7,000	114	176.16	20,267,721	
				1,613,186	11,416						
		344,170			5,196	150-300	441,620	13,500	17	247.03	50,023,767
29	282		106,470		394				15		19,939,342
19	237		122,281		437.95			2,000	90	177.65	5,111,605
				297,134	5,536						
6	94	283,759			4,580				45	36.18	8,338,258
5	108	117,068			3,476				21	25.01	5,800,407
			31,260		574						
13	182	33,573			4,155.07				187	326.58	6,396,177
			137,633		422						
				460,650	12,969						
	1					180-252	213,649	12,500	17	3.89	10,233,560
17	257		181,518		562	46		2,000	138	291.55	26,889,295
				5,169,380	13,134						
9	111		49,851		352				17	98.14	1,328,894
				2,141,130	7,488						
11	137		115,614		511	30-100		1,600	37	135	4,199,160
14	129		139,680		504	90-122		2,500	67	291.99	6,364,795
				335,950	8,026						
8	153	32,887			3,356						
			78,744		446				9	253.53	2,123,855
				2,146,230	10,885						
8	55		28,635		380				17	66.24	1,211,113
				2,171,350	12,783						
26	464	1,425,798			5,088	1535	512,367	12,500	480	166	37,574,877
25	556	1,720,946			4,544	1525	471,594	15,000	439	154	24,197,564
24	457	1,101,428			4,141	1327	296,392	11,000	773	245	29,573,767
256	3,596	5,059,629	1,283,560	14,335,010			1,935,622	79,600	2,483	2,694	259,574,157

	Tea	Rubber	Oil palm
Total Crop (kg)	5,059,629	1,283,560	14,335,010
Total NSA (Rs/kg)	1,063	605	86
Tota COP ( Rs /kg)	1,120	734	33

Tea Production ( Made Tea )	
Estate Crop (Kg)	1,070,079
Bought Crop (Kg)	865,543
	1,935,622

## Glossary

### FINANCIAL TERMS

#### Accounting Policies

The specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting Financial Statements.

#### Agricultural Activity

Is the management by an entity of the biological transformation and harvest of biological assets for sale or for conversion into agricultural produce or into additional biological assets.

#### Agricultural Produce

Is the harvested product of the entity's biological assets.

#### AGM

Annual General Meeting.

#### Amortization

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

#### Associate

An associate is an entity, including an unincorporated entity such as a partnership, over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

#### AWDR

Average Weighted Deposit Rate.

#### AWPLR

Average Weighted Prime Lending Rate.

#### Basic Earnings per Share

Profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the period.

#### Bearer Biological Assets

Biological assets those are not to be harvested as agricultural produce or sold as biological assets. The biological assets other than the consumable biological assets.

#### Biological Assets

Is a living animal or plant.

#### Biological Transformation

It comprises the process of growth, degeneration, production, and procreation that cause qualitative or quantitative change in biological assets.

#### Borrowings

All interest-bearing liabilities.

#### Capital Employed

Total equity, minority interest and interest-bearing borrowings.

#### Capital Reserves

Reserves identified for specific purposes and considered not available for distribution.

#### Cash Equivalents

Liquid investments with original maturity periods of three months or less.

#### CEA

Central Environment Authority.

#### Contingent Liability

A possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise.

#### Consumable Biological Assets

The biological assets those that are to be harvested as agricultural produce or sold as biological assets.

#### CSR

Corporate Social Responsibility.

#### Current Ratio

Current assets divided by current liabilities. A measure of liquidity.

#### DCF Method

Discounted Cash Flow method.

#### Deferred Taxation

The tax effect of timing differences deferred to/ from other periods, which would only qualify for inclusion on a tax return at a future date.

#### Derivative

Is a financial instrument or other contracts whose prices are dependent upon or derived from one or another underline asset.

#### Dividends

Distribution of profits to holders of equity investments.

#### Dividend Cover

Profit attributable to ordinary shareholders divided by dividend. Measures the number of times dividend is covered by distributable profit.

#### Dividend Yield

Dividend per share as a percentage of the market price. A measure of return on investment.

#### EBITDA

Abbreviation for Earnings Before Interest, Tax, Depreciation and Amortization.

#### Effective Tax Rate

Income tax expense divided by profit from ordinary activities before tax.

#### Equity

Shareholders' fund.

#### Equity Instruments

Is any contract that evidences a residual interest in the assets of a entity after deducting all its liabilities.

#### Equity Method

The equity method is a method of accounting whereby the investment is initially recognized at cost and adjusted thereafter for the post- acquisition changes in the investor's share of net assets of the investee. The profit or loss of the investor includes the investor's share of the profit or loss of the investee.

**ERP**

Enterprise Resources Planning.

**Financial Instrument**

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

**Fair Value**

Fair value is the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable willing seller in an arm's length transaction.

**Forward Currency Contract**

A forward contract in the forex market that locks in the price at which an entity can buy or sell a currency on a future date. Also known as 'outright forward currency transaction', 'forward outright' or 'FX forward'.

**FSC**

Forest Stewardship Council.

**Gearing**

Proportion of total interest-bearing borrowings to capital employed.

**HACCP**

Hazard Analysis Critical Control Point System. Internationally accepted food safety standard.

**IAS**

International Accounting Standards.

**ICASL**

The Institute of Chartered Accountants of Sri Lanka.

**IFRIC**

International financial Reporting Interpretations Committee.

**IFRS**

International Financial Reporting Standards.

**Key Management Personnel**

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

**LIBOR**

London Inter-Bank Offered Rate.

**Market Capitalisation**

Number of shares in issue multiplied by the market value of a share at the reported date.

**Net Assets per Share**

Shareholders' funds divided by the weighted average number of ordinary shares in issue. A basis of share valuation.

**Non-controlling interest**

Is the equity in a subsidiary not attributable, directly or indirectly, to a Parent.

**Price Earning Ratio**

Market price of a share divided by earnings per share as reported at that date.

**Related Parties**

Parties who could control or significantly influence the financial and operating policies of the business.

**Retirement Benefits**

**- Present Value of a Defined Benefit Obligation**

Is the present value of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

**- Current Service Cost**

Is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

**- Interest Cost**

Is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

**- Actuarial Gains and Losses**

Is the effect of difference between the previous actuarial assumptions and what has actually occurred and effects of changes in actuarial assumption.

**Return on Equity**

Attributable profits to the shareholders divided by shareholders' funds.

**Return on Capital Employed**

Profit before tax plus net interest cost divided by capital employed.

**Return on Assets**

Profit before tax plus net interest cost divided by total assets.

**Revenue Reserves**

Reserves considered as being available for distribution and investments.

**SIC**

Standing Interpretations Committee.

**Segments**

Constituent business units grouped in terms of similarity of operations and location.

**SLFRS/LKAS**

Sri Lanka Accounting Standards corresponding to International Financial Reporting Standards.

**SoRP**

Statement of Recommended Practice.

**Subsidiary**

A subsidiary is an entity y, including an unincorporated entity such as a partnership, that is controlled by another entity (known as the Parent).

## Glossary

### SLAS

Sri Lanka Accounting Standards. Also known as LKAS and SLFRS.

### UITF

Urgent Issue Tasks Force of The Institute of Chartered Accountants of Sri Lanka.

### Value Addition

The quantum of wealth generated by the activities of the Group measured as the difference between turnover and the cost of materials and services bought in.

### Working Capital

Capital required to finance day-to-day operations computed as the excess of current assets over current liabilities.

### VAT

Value Added Tax

### NON-FINANCIAL TERMS

#### Crop

The total produce harvested over a given period of time (usually during a financial year).

#### GRI

Global Reporting Initiatives

#### Immature Plantation

The extent of plantation that is under development and is not being harvested.

#### ISO

International Standards Organization.

#### Mature Plantation

The extent of plantation from which crop is being harvested.

### NSA

Net Sales Average. This is the average sale price obtained (over a period of time) after deducting brokerage fees, etc.

### RSS-1

Ribbed Smoked Sheet – Grade 1

### COP

The Cost of Production. This generally refers to the Cost of producing a kilo of produce (Tea/Rubber/Coconut)

### SLSPC

Sri Lanka Plantations Corporation.

### JEDB

Janatha Estate Development Board.

### TASL

Tea Association of Sri Lanka.

### Yield (YPH)

The average crop per unit extent of land over a given period of time (usually kgs. per hectare per year).

### Field

A unit extent of land. Estates are divided into fields in order to facilitate management.

### TRI

Tea Research Institute

### RRI

Rubber Research Institute

### HACCP

Hazard Analysis & Critical Control Point System. Internationally accepted food safety standard.

### Infilling

A method of field development whereby panting 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 existing trees/bushes and replanting with new trees/bushes.

### COS

Cost of sale. The cost incurred on preparation to salable condition of the good sold.





## Corporate Information

### Name of the Company

Agalawatte Plantations PLC (PQ 214)

### Legal Form

A Public Quoted Company with Limited Liability Incorporated in Sri Lanka on 22nd June 1992

### Registered Office

No. 361  
Kandy Road, Nittambuwa.  
Tel : 033 4 679 200/ 033 2 299 000  
Fax: 033 2 285 681  
Email: apl@sltnet.lk

### Directors

Mr. A.S. Amarasuriya -Chairman  
Mr. R.K.A. Ranaweera  
Mr. G.P.N.A.G. Gunathilake  
Mr. R.P.L. Ramanayake  
Mr. W.A.A. Asanga  
Mr. L.R.W.S. Rajasekara

### Auditors

KPMG  
No: 32A, Sir Mohamed Macan Markar Mawatha,  
P. O. Box 186, Colombo 03.  
Tel : +94 115 426426

### Secretaries

Nexia Corporate Consultants (Private) Limited  
No: 181, Nawala Road, Colombo 05.  
Tel - 0114-510709 / 0112-368154  
Fax -0112-368621

### Registrar

Business Intelligence Limited  
No: 08, Tickell Road, Colombo 08.  
Tel - 011 5579950  
Email : ms2@msl.lk

### Bankers

Sampath Bank PLC  
Commercial Bank of Ceylon PLC  
Hatton National Bank PLC  
People's Bank  
NDB Bank  
Bank of Ceylon

## Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 29th Annual General Meeting of the shareholders of AGALAWATTE PLANTATIONS PLC will be held on 28th June 2024 at 2.30 p.m. at the Main Hall of Hotel Sundale, No: 21/1/B, Attanagalla Road, Nittambuwa, for the following purposes,

1. **TABLING OF STATEMENT OF ACCOUNTS**

To receive and consider the Annual Report of the Directors and the Statement of Accounts for the year ended 31st December 2023 with the Report of the Auditors thereon. (Resolution 01)

2. **RE- ELECTION OF DIRECTORS**

To re-elect Mr. R.P.L.Ramanayake - Director who retires by rotation in terms of Article 92 of the Articles of Association of the Company and being eligible offers himself for re-election. (Resolution 02)

3. **RE -APPOINTMENT OF DIRECTORS**

To re-appoint Mr.A.S.Amarasuriya, Director who vacates office in terms of Section 210 of the Companies Act No. 07 of 2007 and for this purpose to pass the following resolution as an Ordinary Resolution.

"Resolved that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr.A.S.Amarasuriya, who is more than 70 years of age, and that he be appointed a Director of the Board in terms of Section 211 of the Companies Act No. 07 of 2007". (Resolution 03)

4. **RE- APPOINTMENT OF AUDITORS**

To re-appoint Messrs. KPMG, Chartered Accountants, who have consented to be re- appointed Auditors of the Company until the conclusion of the next annual general meeting and to authorize the Directors to determine their remuneration (Resolution 4)

5. **DONATIONS**

To authorize the Directors to determine donations for charities for the ensuing year. (Resolution 05)

6. **ANY OTHER BUSINESS**

**SPECIAL RESOLUTION** – Proposed amendments to the Articles of Association in line with the revised Listing Rules of the Colombo Stock Exchange.

On a recent perusal of the existing Articles of Association of the Company, it was identified that the entire Articles of Association need to be amended in order to align same with the provisions contained in the Companies Act No: 07 of 2007 and the applicable regulatory and procedural requirements of the Colombo Stock Exchange.

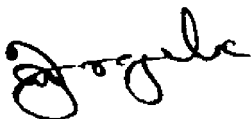
Accordingly, If thought fit to pass the following resolution as special resolution.

"Resolved that the Articles of Association of the Company be amended by deleting the existing Articles in its entirety and that the Articles of Association contained in the printed document submitted to this meeting which, for purpose of identification, have been signed, page by page, by the Chairman of this meeting, be and the same are hereby approved and adopted as the Articles of Association of the Company, in substitution for, and to the exclusion of the existing Articles of Association of the Company. (Resolution No: 06)

A copy of the proposed Articles of Association is available in the website of the CSE.

By order of the Board,

**Nexia Corporate Consultants (Private) Limited**



Secretaries to Agalawatte Plantations PLC

Colombo on this 29th May 2024

**Notes -**

1. A shareholder who is entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote on behalf of him/her.
2. A proxy need not be a shareholder of the Company.
3. A Form of Proxy accompanies this notice.



## Form of Proxy Voting shareholders

I/We .....

of ..... being a Shareholder/s of  
 AGALAWATTE PLANTATIONS PLC hereby appoint:

- |                            |                |
|----------------------------|----------------|
| Mr. A.S. Amarasuriya       | or failing him |
| Mr. R.P.L. Ramanayake      | or failing him |
| Mr. G.P.N.A.G. Gunathilake | or failing him |
| Mr. W.A. A. Asanga         | or failing him |
| Mr. L.R.W. S. Rajasekara   | or failing him |
| Mr. R.K.A. Ranaweera       | or failing him |

Mr/Mrs/Ms ..... of .....  
 ((address) as \*my /our Proxy to attend and \*vote for me/us on \*my/our behalf at the 29th Annual General Meeting of the Company to be held on 28th June 2024 and at any adjournment thereof.

Resolutions	For	Against
To receive and consider the Annual Report of the Directors and the Statement of Accounts for the year ended 31st December 2023 with the Report of the Auditors (Resolution No:01)	<input type="checkbox"/>	<input type="checkbox"/>
To re- elect Mr.R.P.L.Ramanayake , Director who retires by rotation in terms of Article 92 of the Articles of Association of the Company. (Resolution No:02)	<input type="checkbox"/>	<input type="checkbox"/>
To re-appoint Mr.A.S.Amarasuriya , Director who vacates office in terms of Section 210 of the Companies Act No. 07 of 2007 (Resolution No: 03)	<input type="checkbox"/>	<input type="checkbox"/>
To re-appoint Messrs. KPMG , Chartered Accountants ,who have consented to be re-appointed Auditors of the Company until the conclusion of the next annual general meeting and to authorize the Directors to determine their remuneration. (Resolution No:04)	<input type="checkbox"/>	<input type="checkbox"/>
To authorize the Directors to determine for charities for the ensuing year. (Resolution No:05)	<input type="checkbox"/>	<input type="checkbox"/>
To pass the Special Resolution to amend the Articles of Association of the Company as set out in the Notice. (Resolution No: 06)	<input type="checkbox"/>	<input type="checkbox"/>

Mark your preference with "X"

Signed on this ..... day of ..... 2024.

.....  
**Signatures**

**Form of Proxy**

Please furnish following details

CDS Account No of the Shareholder/s :	
Number of shares:	
Shareholder/s contact numbers/s	
Proxy Holder's NIC number	

**Instructions as to completion**

1. Kindly complete the Form of proxy with the information requested including the full name and address of the shareholder legibly and signing in the space provided and dating the same.
2. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of him/her.
3. If the Proxy Form is signed by an Attorney, the relative Power of Attorney should also accompany the completed form of proxy, if it has not already been registered with the Company.
4. The Shareholder shall indicate with an "X" in the space provided as to how the proxy is to vote on the resolution. If no indication is given, proxy shall exercise his/her discretion and vote as he/she thinks fit.
5. Shareholders who opt to appoint a proxy shall complete the Form of Proxy and the duly completed Form of Proxy should either be posted/ deposited at the registered office at No.361, Kandy Road, Nittambuwa or scanned and emailed to the email address agm@agalawatte.com with the subject title "APL AGM PROXY" to reach us not later than 48 hours prior to the time scheduled for the AGM.

This Annual Report is  
conceptualised, designed  
and produced by  
Redworks.

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