



Madulsima
PLANTATIONS PLC
A MEMBER OF MELSTACORP

ANNUAL REPORT 2024

Venture Estate, Norwood

CONTENT

Page

Vision, Mission and Historical Background	2
Corporate Information	3
Financial Highlights	4
Financial Calendar	4
Board of Directors	5 - 7
Management Team	8
Chairman's Review	9 - 10
Management Discussion & Analysis	11 - 19
Corporate Governance Statement	20 - 37
Report of the Board of Directors on the affairs of the Company	38 - 42
Board Audit Committee Report	43 - 44
Nominations and Governance Committee Report	45
Remuneration Committee Report	46
Related Party Transactions Review Committee Report	47
Risk Management	48 - 50
Statement by The Senior Independent Director	51
Statement of Directors' Responsibilities	52
Independent Auditors Report	53 - 57
Statement of Profit or Loss & Other Comprehensive Income	58
Statement of Financial Position	59
Statement of Changes in Equity	60
Statement of Cash Flows	61
Notes to the Financial Statements	62 - 126
Shareholder and Investor Information	127 - 128
Performance of Estates 2024 & 2023	129
Statement of Value Addition	129
Financial Information	130
Notice of Meeting	131 - 132
Form of Proxy	
Instructions for Completion of Form of Proxy	

OUR VISION

To be a trailblazer in the plantation industry by establishing ourselves as a dynamic and results-driven Tea plantation company, renowned for innovation, sustainability, and excellence.

OUR MISSION

- To manage our plantations as economically sustainable and environmentally responsible enterprises, continually enhancing their intrinsic and market value.
- To uplift the socio-economic standards of our workforce through fair employment practices, capacity building, and community development.
- To maximize value creation for our shareholders through operational excellence, strategic growth, and prudent financial stewardship.
- To evolve into a world-class Tea plantation company, recognized globally for superior quality, ethical practices, and industry leadership.

HISTORICAL BACKGROUND

The Company was originally incorporated as Madulsima Plantations Ltd on 22nd June 1992 by Certificate of Incorporation issued in terms of Section 15 (1) of the Company's Act No. 17 of 1982 read with Section 2 (2) of the Conversion of Public Corporation or Government owned business Undertakings into Public Company's Act No. 23 of 1987 and the order published in the Gazette Extra Ordinary of the Democratic Socialist Republic of Sri Lanka dated 22nd June 1992.

The Company was thereafter re-registered under the Company's Act No. 07 of 2007 as Company No PQ 184 and a new Certificate of Incorporation was issued under the provision of Section 485 (6) of the Company's Act No. 7 of 2007 with the corporate name changed by operation of law to Madulsima Plantations PLC.

The first tranche of 51% (10.2 million shares) of the issued share capital of the Company was sold by the Secretary to the Treasury through the Colombo Stock Exchange on an "all or nothing" basis and was purchased by Stassen Exports (Pvt) Limited in February 1996.

The convertible Debentures of Rs.90 million issued in February 1996 to Distilleries Company of Sri Lanka were converted to 9 million ordinary shares on 30th November 1998 and were issued to the holder. As per the decision of the Government, 10% (2 million shares) of the shares of the Company belonging to the Secretary to the Treasury on behalf of the Government were distributed among the employees of the Company.

20% (4 million shares) of the shares of the Company belonging to the Secretary to the Treasury on behalf of the Government were sold to the public through the Colombo Stock Exchange.

16,949,673 shares belonging to the main shareholder, Stassen Exports (Pvt) Limited were purchased by related party Melstacorp PLC on 22nd September 2017.

CORPORATE INFORMATION

Company	Madulsima Plantations PLC
Legal Form	Public Listed Company
Date of Incorporation	22nd June 1992
Company Registration No.	P Q 184
Registered Office	833, Sirimavo Bandaranayake Mawatha, Colombo 14.
Board of Directors	<p>Mr. D Hasitha S Jayawardena Executive Chairman</p> <p>Mr. D H S Jayawardena Deceased on 03rd February 2025</p> <p>Mr. C R Jansz Non-Independent Non-Executive Director</p> <p>Mr. M A N S Perera Executive Director</p> <p>Mr. K Dayaparan Non-Independent Non-Executive Director</p> <p>Dr. A Shakthevale Independent Non-Executive Director (resigned w.e.f. 01-10-2024)</p> <p>Mr. D S K Amarasekera Independent Non-Executive Director (resigned w.e.f. 01-10-2024)</p> <p>Mr. M R Mihular Senior Independent Non-Executive Director (appointed w.e.f. 01-10-2024)</p> <p>Dr. R A Fernando Independent Non-Executive Director (appointed w.e.f. 01-10-2024)</p> <p>Mr. P A Jayatunga Executive Director (appointed w.e.f. 17-02-2025)</p>
Secretary	<p>Mr. P A Jayatunga</p> <p>833, Sirimavo Bandaranayake Mawatha</p> <p>Colombo 14</p> <p>Telephone : 2524734/2522871</p>
Registrars	<p>Central Depository Systems (Pvt) Ltd</p> <p>Registrars Unit</p> <p>Ground Floor,</p> <p>M & M Center, # 341/5 Kotte Road</p> <p>Rajagiriya</p> <p>Telephone : +011 2356446</p>
Auditors	<p>Messrs KPMG (Chartered Accountants)</p> <p>32A, Sir Mohamed Macan Markar Mawatha</p> <p>Colombo 03.</p>
Bankers	<p>Hatton National Bank Plc</p> <p>City Office</p> <p>16, Janadhipathi Mawatha</p> <p>Colombo 01.</p>
Parent Company	<p>Melstacorp PLC</p> <p>110, Norris Canal Road</p> <p>Colombo 10.</p>

FINANCIAL HIGHLIGHTS

		2024	2023	Change %
Financial Performance				
Revenue	Rs. Million	4,685	4,039	16.0
Gross profit	Rs. Million	691	83	732.5
Operating profit	Rs. Million	1,005	651	54.4
Net finance cost	Rs. Million	(541)	(892)	(39.3)
Profit/(loss) before tax	Rs. Million	464	(242)	291.7
Income tax expense	Rs. Million	(220)	(796)	(72.4)
Profit / (loss) for the year	Rs. Million	244	(1,038)	123.5
Gross margin	%	15	2	650.0
Operating margin	%	21	16	31.3
Net profit margin	%	5	-26	119.2
Return on total assets	%	3	-12	125.0
Position / Key Ratio				
Total assets	Rs. Million	9,303	8,537	9.0
Long term interest-bearing borrowing	Rs. Million	4,660	4,021	23.4
Total equity	Rs. Million	(133)	(387)	65.6
Debt/total assets	Times	0.57	0.58	-3.4
Current ratio	Times	0.90	0.51	135.3
Shareholder Information				
Earning per share	Rs.	1.44	(6.13)	123.5
Net asset value per share	Rs.	(0.78)	(2.28)	65.8
Market price per share	Rs.	14.10	11.00	28.2
Market capitalization	Rs. Million	184	137	34.3
Value Addition				
To lenders of capital as interest	Rs. Million	541	892	-39.3
To employees as remuneration	Rs. Million	2,179	2,091	4.2
Provision for depreciation	Rs. Million	181	178	1.1
Profit/(loss) retained	Rs. Million	244	(1,038)	123.5

FINANCIAL CALENDAR

1st Quarter Interim Financial Report (Unaudited)	13th May 2024
2nd Quarter Interim Financial Report (Unaudited)	13th August 2024
3rd Quarter Interim Financial Report (Unaudited)	12th November 2024
4th Quarter Interim Financial Report (Unaudited)	25th February 2025
Annual Report for the Year 2024 (Audited)	22nd May 2025
32nd Annual General Meeting	24th June 2025

BOARD OF DIRECTORS

MR. D. HASITHA S. JAYAWARDENA

EXECUTIVE CHAIRMAN

Consequent to the demise of Deshamanya D. H. S. Jayawardena, Mr. D. Hasitha S. Jayawardena was appointed to the office of the Executive Chairman on 6th February 2025.

Mr. Jayawardena holds a Bachelor's Degree in Business Administration BBA (Hons) from the University of Kent in the United Kingdom.

He has also worked as an Intern at the Clinton Global Initiative Programme (CGI) in New York in 2007.

Mr. Jayawardena is the Chairman & Managing Director of Stassen Group of Companies and the Chairman of Melstacorp Group and DCSL Group. He is also a Director of Lanka Milk Foods Group, Zahra Exports (Pvt) Ltd., McSen Range (Pvt) Ltd. and several other companies.

MR C R JANSZ

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Jansz holds a Diploma in Banking and Finance from London Metropolitan University, UK. He is a Chevening Scholar and an UN-ESCAP Certified Training Manager on Maritime Transport for Shippers.

Mr Jansz specializes in the movement and finance of international trade.

He has been the Chairman of DFCC Bank the Sri Lanka Shippers Council.

Mr Jansz is the Chairman of Lanka Milk Foods Group, Melsta Hospitals Ragama (Pvt) Ltd, and the Deputy Chairman of Melstacorp Group. He is also a Director of Stassen Group, DCSL Group, Aitken Spence PLC and several other companies.

MR M A N S PERERA

EXECUTIVE DIRECTOR

Mr. M A N Sampath Perera holds an MBA from the prestigious University of Cambridge and is a Fellow of the Institute of Chartered Accountants of Sri Lanka. He is also a Certified Management Accountant and has other qualifications and exposure to investment and financial strategy, risk management, and international tax planning.

Mr. Perera has over 20 years of investment and banking experience. He specializes in the areas of financial and investment strategy, risk management, and financial technology solutions. He has extensive experience in corporate restructuring, turnaround, and mergers & acquisitions.

During the last two decades, Mr. Perera worked in the investment, banking, and fintech sectors in London. He started his UK chapter with PwC-London and was involved in several strategic projects with global top-tier banks including JP Morgan, ING, Bank of Montreal, National Australia Bank, and BNP Paribas. He was pivotal in setting up two London-based international investment banks and a FinTech banking institute. He served these institutions in various leadership capacities including Finance Director, Chief Financial Officer, Head of Strategy, and part-time Chief Risk Officer. Mr. Perera has led strategic and economic research initiatives at a corporate level. He has over 25 years of international experience spanning Europe, Asia, the Americas, the Middle East, and Southern Africa.

BOARD OF DIRECTORS (CONTINUED)

Mr. M.A.N.S. Perera is the Managing Director of Melstacorp PLC and a director of Distilleries Company of Sri Lanka PLC, DCSL Breweries Lanka Ltd, Balangoda Plantations PLC, Melsta Health (Pvt) Ltd, Periceyl (Pvt) Ltd and several other companies.

MR K DAYAPARAN

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr K Dayaparan holds a Diploma in Marketing from The Chartered Institute of Marketing (UK).

Mr Dayaparan is a Per-Pro of Stassen Exports (Pvt) Ltd., and he is a Director of Balangoda Plantations PLC and Bogo Power (Pvt) Ltd.

Mr Dayaparan has been a Past Chairman of The Coconut Products Manufacturers' & Exporters' Association and a past Committee Member of the Exporters' Association of Sri Lanka. He has more than 40 years of experience in the export sector.

MR M R MIHULAR

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Mihular served as the Managing Partner of KPMG Sri Lanka & Maldives from 1st April, 2012 to 31st March, 2022 and was the Chairman of KPMG's Middle East & South Asia (MESA) Regional Cluster during the period 1st October 2018 to 30th September 2021. Mr Mihular previously served a term as the Chief Operating Officer of the MESA regional office. He also served on KPMG's Europe Middle East & Africa (EMA) Board and on the Global Council of KPMG International.

Mr Mihular is a Past President and Fellow Member of the Institute of Chartered Accountants of Sri Lanka and is a Fellow Member of the Chartered Institute of Management Accountants (CIMA) – UK. He also served as the Chairman of the CIMA Sri Lanka. Mr Mihular has completed International Executive Education programmes at INSEAD, France, Harvard Business School and the London Business School, UK.

Mr Mihular served as a Board Member of the International Accounting Standards Committee (IASC) from 1996 to 2000. Subsequently he served on the IASC's Standing Interpretations Committee and as a Member of the IFRS Advisory Council of the International Accounting Standards Board. He also served as a Member of the International Ethics Standards Board for Accountants (IESBA) from 2021 to 2018.

Mr Mihular presently serves as Chairman of Watawala Plantations PLC and Bairaha Farms PLC and as an Independent Non-Executive Director of Sunshine Holdings PLC, Melstacorp PLC, Sunshine Teas (Pvt) Ltd, Aitken Spence PLC, Aitken Spence Hotel Holdings PLC, Browns Beach Hotels PLC, Lonach Dairy Ltd, Agility Innovation (Pvt) Ltd, DAMRO Holdings Ltd, LTL Holdings Ltd and as the Senior Independent Non-Executive Director of Madulsima Plantations PLC. He also serves as a Member of the Stakeholder Engagement Committee of the Central Bank of Sri Lanka.

DR R A FERNANDO

INDEPENDENT - NON-EXECUTIVE DIRECTOR

Dr R A Fernando is an Alumni of the University of Cambridge having completed both a Post Graduate Certificate in Sustainable Business in 2008 and Master of Studies in Sustainability Leadership in 2014. He has an MBA from the University of Colombo. He holds a Doctor of Business Administration Degree from the European Business School in 2016. He completed the Advanced Management Program at the INSEAD Business School (France) and is an Executive in Residence since 2010.

BOARD OF DIRECTORS (CONTINUED)

In April 2010, he created the 21st Century Board Leadership Model-Masterclass for the Institute of Directors of Luxembourg which is running in Luxembourg and Sri Lanka. Dr Fernando published '21st Century Leadership to fight the code red for Business' in 2023 (Archway Publishing).

Dr Fernando is the Chairman/CEO of Global Strategic Corporate Sustainability Pvt Ltd, which operates in Sri Lanka. His career multinationals spanned 1981-2007 with Unilever, Reckitt Benckiser, SmithKline Beecham International covering Africa, Middle East and Asia. He was the first CEO of the Sri Lanka Institute of Nanotechnology 2008-2011 and Operations Director of the Malaysia Blue Ocean Strategy Institute 2011 – 2016. He was the first UN Global Compact focal point 2007 and set up the UNGC Sri Lanka Network. He serves on the Boards of Melstacorp PLC, Aitken Spence PLC, Distilleries Company of Sri Lanka PLC, Aitken Spence Hotel Holdings PLC, Browns Beach Hotels PLC, Elpitiya Plantations PLC, Balangoda Plantations PLC, UNGC Sri Lanka Network, Ceylon Graphene Technologies and Dilmah Ceylon Tea Company.

In 2007 "Global Strategy Leadership award" was presented to Dr Fernando by Professor Renee Aubergine of INSEAD at the World Strategy summit.

MR P A JAYATUNGA

EXECUTIVE DIRECTOR

(Appointed w.e.f. 17th February 2025)

Mr Jayatunga has been serving as the Company Secretary of Madulsima Plantations PLC and heading the Legal and Company Secretarial Department of Stassen Group of Companies for over 26 years.

He is an Attorney at Law with over 35 years of experience. He is also a Non-Independent Non-Executive Director of DFCC Bank PLC and an Executive Director of Balangoda Plantations PLC.

MANAGEMENT TEAM

Head office - Badulla

Chief Executive Officer	Mr. M A Fernando
Finance Manager	Mr. N Jayasinghe

Head office - Colombo

Director Operations	Maj. Gen. (Retd). D Fernando
General Manager Finance (Plantations)	Mr. D S Heenatigalage
General Manager – Plantations Audit	Mr. T Ratnam

Company Secretarial & Legal Division

Company Secretary/Legal Officer	Mr. P A Jayatunga
---------------------------------	-------------------

Estate Managers

General Manager	Mr. L G S Wijerathne
-----------------	----------------------

Madulsima Region

Name of the Estate	Name of the Superintendent
Battwatte Estate	Mr. S S Narayanan
Cocogalla Estate	Mr. A Padmanadan (w.e.f. 20th January 2025)
El-teb Estate	Mr. M A Rathnadason (w.e.f. 20th January 2025)
Galloola Estate	Mr. C A Jayarathne (w.e.f. 20th January 2025)
Mahadowa Estate	Mr. W M H E Wijerathne (w.e.f. 20th January 2025)
Roeberry Estate	Mr. T S M Wickramasinghe
Uvakellie Estate	Mr. S J Mudannayake
Verellapatna Estate	Mr. D T Gunarathne

Bogawantalawa Region

Kew Estate	Mr. C M Senevirathne (w.e.f. 20th January 2025)
Kirkoswald Estate	Mr. L G S Wijerathne (General Manager)
Theresia Estate	Mr. I A Bogahawatte
Venture Estate	Mr. R K Naotunna (w.e.f. 20th January 2025)

CHAIRMAN'S REVIEW

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Audited Financial Statements for the year ended 31st December 2024.

I begin this review with profound sorrow as I reflect on the passing of my beloved father, Deshamanya D. H. S. Jayawardena, our former Chairman of Madulsima Plantations PLC. His loss has left an irreplaceable void. A visionary leader and a towering figure in the corporate world, his legacy remains a source of inspiration for us all.

On behalf of the Board of Directors and the entire team at Madulsima Plantations, I extend our heartfelt gratitude for his exceptional service, unwavering commitment, and remarkable contributions despite the challenges, both to the company and to the nation. His contribution of over 30 years to the company has had a lasting impact from the development and progress of Madulsima Plantations PLC. As we move forward, we do so with renewed determination to uphold the values and standards he championed. We remain firmly committed to driving Madulsima Plantations towards continued growth, resilience, and excellence in the years ahead.

Company Performance: Strategic Growth

2024 has been a landmark year for Madulsima Plantations, as we recorded our highest profit in over two decades. This exceptional achievement is a testament to the unwavering commitment and dedication of our entire team, despite ongoing global economic uncertainties and industry-specific challenges.

Our strong performance was underpinned by favorable market conditions for tea and our continued emphasis on operational efficiency while pursuing best management practices. Throughout the year, we remained focused on our core crop tea, while also exploring diversification opportunities to strengthen long-term sustainability and profitability.

Total revenue increased to Rs. 4.7 billion, reflecting a notable growth of Rs. 646 million compared to 2023. Operating profit before finance costs and taxation reached Rs. 1 billion, while profit for the year stood at Rs. 244 million. These results highlight our ability to effectively manage inflationary pressures on key inputs such as fertilizers, fuel, and electricity, while continuing to invest in sustainable, future-focused initiatives.

Production Excellence

Estate Tea production of the Company surged to 3.5 million kg, 8% year-on-year increase, significantly outpacing national growth. Key estates such as Verellapatna (+20%), El-Teb (+17%), and Galloola (+33%) led this expansion through enhanced agronomic practices, soil health management, and mechanization. Yield per hectare rose by 8% to 1,069 kg per hectare, with the Madulsima Region achieving an 11% and Bogawantalawa by 5% productivity boost. Our workforce development programs further strengthened operational efficiency, fostering a culture of innovation.

Challenges

- **Climate Volatility:** Erratic rainfall disrupted yields in Sri Lanka's tea-growing regions, necessitating adaptive farming practices.
- **Cost Pressures:** Rising labor wages and input costs, particularly fertilizers and energy, strained margins industry wide.
- **Currency Fluctuations:** Depreciation of the SLR impacted export revenues, though auction prices in USD terms remained competitive globally.

Innovations & Strategic Priorities

Madulsima prioritized initiatives aligned with Sri Lanka's agricultural and economic landscape:

CHAIRMAN'S REVIEW (CONTINUED)

As a Sri Lankan tea plantation company rooted in the island's rich agro-climatic heritage, Madulsima Plantations PLC has embraced innovations tailored to the unique opportunities and challenges of our local industry:

- **Sustainable Tea Cultivation:** Aligning with Sri Lanka's vision for eco-friendly agriculture, we implemented regenerative farming practices such as organic composting, intercropping with native species, and water-efficient irrigation systems. These efforts not only meet stringent EU eco-certification standards but also rejuvenate soil health, ensuring long-term productivity in Sri Lanka's central highlands.
- **Digitization for Competitive Edge:** To counter fragmented pricing mechanisms and manual inefficiencies, we integrated AI-driven crop forecasting tools and adopted Colombo Tea Auction's digital platforms. This shift enhances real-time price transparency, reduces dependency on traditional brokerage systems, and positions Madulsima to respond swiftly to global market shifts while supporting Sri Lanka's push for a tech-driven plantation sector.

By harmonizing Sri Lanka's traditional tea-growing wisdom with modern innovation, we aim to fortify the island's global reputation as a producer of premium, ethically sourced teas.

Outlook for 2025: Strengthening Sri Lanka's Legacy

While climate risks and trade barriers persist, Sri Lanka's tea sector is poised to leverage premium and sustainable product demand. Madulsima will focus on:

- **Value-Added Products:** Scaling production of Organic Teas, Single Origin Garden Marks, and Ready-to-Drink (RTD) innovations.
- **Operational Resilience:** Advancing field mechanization and renewable energy adoption to reduce costs and environmental impact.

Dividends

To sustain growth investments, the Board has decided not to recommend a dividend for 2024. This prudent approach ensures resources are channeled toward modernization and debt reduction, securing long-term stability.

Gratitude

We extend our deepest appreciation to Sri Lanka's tea brokers, buyers, and suppliers for their partnership. Our heartfelt thanks go to our dedicated employees, whose unwavering efforts drive our success. To all stakeholders, we reaffirm our commitment to advancing Sri Lanka's tea industry through innovation, sustainability, and excellence.

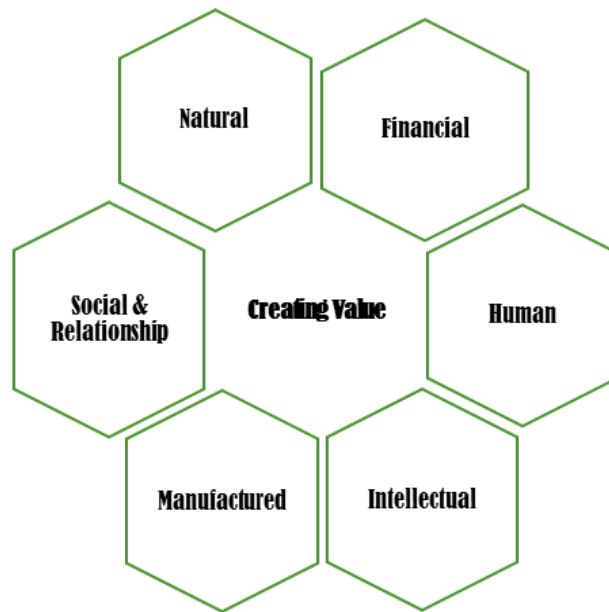
Together, we will navigate challenges and uphold our legacy as a cornerstone of Sri Lanka's economy.

Sgd.
D Hasitha S Jayawardena
Chairman
Madulsima Plantations PLC
22nd May 2025

MANAGEMENT DISCUSSION & ANALYSIS

Managing Our Resources

Our long-term success is built on a balanced and sustainable use of multiple forms of capital. These resources are not only essential inputs to our business model but also the foundation for delivering value to our stakeholders. In line with integrated thinking, we recognize that value is created through the transformation of six key capitals, each playing a distinct role in our strategy, operations, and creates long term impact.



By actively managing and developing these capitals, we strive to create sustainable value — not only in financial terms but also for people, society, and the planet.

1. Financial Capital

Madulsima Plantations maintained strong performance during the year, despite challenging economic conditions both in Sri Lanka and globally. This resilience highlights the Company's ability to navigate economic fluctuations, improve operational efficiency, and preserve its presence in the Plantation industry.

Earnings

Revenue - Rs.4,685 Mn

EBIT - Rs.1,005 Mn

PBT - Rs.464 Mn

PAT - Rs.244 Mn

Profitability

Gross Profit Margin - 15%

Operating Margin - 21%

Net Profit Margin - 5%

Assets Turnover - 0.53

Liquidity

Debt to Equity Ratio - (71)

Interest Cover - 1.8

Current Ratio - 0.90

Quick Asset Ratio - 0.47

Value to Shareholders

Earnings per Share - Rs.1.44

Net Assets per Share - Rs.(0.78)

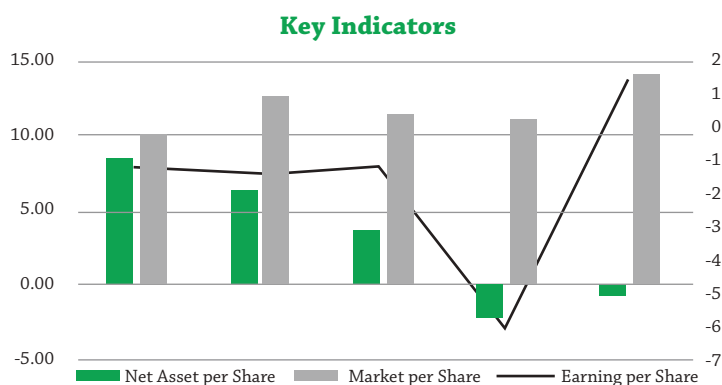
Market Price per Share - Rs.14.10

PE Ratio - Rs.9.8

MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)

Value to Shareholders

In the year 2024, Madulsima Plantations significantly enhanced shareholder value, evidenced by a notable increase in Earnings Per Share (EPS) to Rs. 1.44, up from (Rs. 6.13) in the previous year. Net Assets per Share also rose to (Rs. 0.78), compared to (Rs. 2.28) while the Market Price per Share climbed to Rs. 14.10 from Rs. 11.



Revenue

Madulsima Plantations achieved a total gross revenue of Rs. 4,685million for the year, representing an increase of 16% compared to Rs. 4,039 million in the previous year. This increase reflects the positive impact of improved market conditions, higher crop yields, and continued operational efficiencies across our estates.

Operating Expenses

For the fiscal year 2024, the Company's total operational expenses amounted to Rs.4,171million, reflecting a Rs. 100 million increase from Rs. 4,071 million in 2023. This stability in expenses was achieved despite the challenges, such as 35% increase in plantations wages in September 2024.

Profit Before and After Tax

For the year 2024, the profit before tax increased to Rs.464 million from a loss of Rs.242 million in 2023 and reported a profit after tax of Rs.244 million, a substantial increase of Rs.1,282 million from a loss of Rs. 1,038 million in 2023.

Total Assets

Total assets increased to Rs. 9,303 Mn in 2024, Rs.766 Mn up from Rs.8,537 million in 2023. This growth in assets reflects the company's strategic efforts, underscoring its commitment to enhancing operational capabilities and market presence.

Cash Flow

For the fiscal year 2024, the Company reported net cash flows generated from operating activities of Rs.819 million, an increase of Rs.657 Mn from Rs.162 million in 2023. This improvement reflects the company's enhanced operational efficiency which has contributed to stronger cash flow performance.

Future Outlook

Company's future outlook, is cautiously optimistic despite the challenges faced by the plantations industry. The Company's focus will be the product quality to harness the full potential of the good agricultural practices implemented in our Estates in the recent past.

MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)

2. Human Capital

At Madulsima Plantations, we are committed to fostering a positive and inclusive work culture that aligns with our vision and mission. We believe our employees are our most valuable asset and are central to the Company's progress and sustainability. Accordingly, we continuously invest in enhancing their capabilities, well-being, and professional development.

We promote employee welfare through a range of supportive initiatives including easy payment schemes for goods and equipment, distress loans, death benefits, welfare and medical insurance schemes, recreational and sports activities, and religious programs. These measures reflect our dedication to the holistic well-being of our workforce.

Learning and Development

Our approach to employee development is grounded in continuous learning. Training programmes are delivered through on-the-job, off-the-job, internal, external, and hands-on formats, designed to sharpen skills, expand knowledge, and build leadership capacity across the organization.

Training needs are identified through a structured process involving annual performance reviews, probation assessments, and evaluations linked to role changes or promotions. This ensures tailored development interventions that align with both individual career aspirations and organizational goals.

Employee Skill Development on Estates

During the review period, we placed a strong emphasis on upskilling our estate workforce through targeted training and capacity-building programmes.

Tea Sector Highlights:

Field and Factory Training: Regular training programmes were conducted in partnership with the Tea Research Institute of Sri Lanka, focusing on best practices in tea cultivation and manufacturing to meet quality and sustainability benchmarks.

Mechanized Harvesting: Specialized training was provided for mechanized tea plucking, supporting our modernization drive while improving labour efficiency and consistency in output.

Executive Leadership Programme: A leadership development programme was launched for estate executives, equipping them with competencies in strategic planning, team leadership, operational oversight, and innovation to drive estate performance.

Enhancing Employee Capabilities

Manufacturing

Training in production processes and techniques

Agricultural Best Practices

Education on Sustainable farming methods

Teamwork

Activities to improve collaboration and communication

Career Development

Programs to support professional growth and advancement



MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)

Tea Sector Initiatives

- Regular training sessions were conducted for both field and factory workers in collaboration with the Tea Research Institute, focusing on best practices in tea cultivation and processing.
- Specialized training was provided on mechanized harvesting operations to improve efficiency and modernize field practices.
- A strategic meeting was held at the Uva Management Training Centre, Passara, with the participation of leading tea brokering firms — Asia Siyaka Commodities PLC, John Keells PLC, Ceylon Tea Brokers, Mercantile Produce Brokers (Pvt) Ltd, and Forbes & Walker Tea Brokers (Pvt) Ltd. This meeting brought together Superintendents, Assistant Superintendents, and Factory Officers to focus on the following key objectives:
 - a. Surpass category elevation averages
 - b. Achieve targeted Gross Sales Averages (GSA) for each Processing Unit
 - c. Attain excellence in tea production management
 - d. Explore innovative avenues for business expansion, tap into new markets, and diversify the product portfolio
- Training on best nursery techniques and practices was conducted by the Tea Research Institute (TRI) for Executives, Field Staff, and Nursery Workers
- TRI provided training to Executives and Field Staff on soil, foliar, and root analysis techniques
- Training on Integrated Pest Management was delivered by the TRI for Executives and Field Staff.
- Training was provided to Assistant Superintendents on Employee Misconduct and Disciplinary Procedures by the Employer's Federation of Ceylon.
- A training session on Motivation, Team Building, and Collaboration was conducted for Plantation and Head Office Executives by Mr. Amithe Gamage – Corporate Trainer, Consultant, and Certified Coach.

Community welfare

Madulsima Plantations PLC is committed to enhancing the welfare of its surrounding communities through impactful Corporate Social Responsibility (CSR) projects. These initiatives not only address key social and environmental issues but also promote the well-being and development of local communities. Below is a summary of CSR activities undertaken in 2024 across various estates:

- Conducted health and safety awareness programmes for workers.
- Organized educational factory visits and sapling planting for children.
- Celebrated festive events like Christmas, Vesak, and Poson with community programmes.
- Distributed school uniforms and held Children's Day celebrations.
- Launched a home gardening project to promote sustainable food practices.
- Conducted health, nutrition, and disease prevention programmes.
- Facilitated bank account openings and improved access to financial services with a planned ATM installation.
- Organized staff get-togethers and recreational activities like cricket matches.
- Held spiritual events including Pirith and blessing ceremonies.

Future Outlook

Our commitment to investing in our employees will remain a top priority, ensuring we attract and retain top talent while supporting the Company's aspirations. We will continue to hone skills, build competencies, and pave the way for career progression, equipping our staff to perform effectively and contribute to our success.

MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)

3. Intellectual Capital

As a proud producer of Ceylon Tea, our Intellectual Capital embodied in our prestigious Tea Garden Marks, accumulated expertise, and well-established systems and processes continues to be a key driver of our competitiveness in a dynamic marketplace.

Our tea estates' unique geographical locations further contribute to this capital, imparting distinct qualities to our teas and reinforcing the heritage and global appeal of the Ceylon Tea brand.

To maintain and enhance this advantage, we remain committed to:

- Strategic investment in research and skills development
- Nurturing a culture of innovation and entrepreneurship
- Advancing digital transformation across the organization



Awards & Accolades

Our estates have continued to excel, earning recognition for outstanding performance in quality and innovation:

Madulsima Plantations achieved top prices for the following tea grades and 152 Top Prices obtained during the Season 2024:

BOP I-29, FBOP: 9, Pekoe I-1, BOP: 9, FBOPF:11, Pekoe: 13, OP I: 23, OP: 30, BOPS:3, BOPF:20, BOPFS: 4

Processes and Certifications

Madulsima Plantations has made significant investments in modern management systems to enhance the efficiency of agricultural processing, documentation, and information management. These systems undergo regular internal audits and assurance reviews. Additionally, we benchmark our operations against global best practices and have obtained the following internationally recognized certifications:

- Rainforest Alliance Certification (RA) – For sustainable agriculture and ethical practices
- FSC Certified Management – For responsible forest management
- ISO 22000 / HACCP: 2005 – Certified food safety management systems

These certifications reflect our commitment to quality, compliance, and continuous improvement in all areas of operation.

Investing in Digital

Our Estates operations seek to transition processes to digital platforms to drive process efficiencies and connect with stakeholders more effectively. Significant investments are being made in transforming our field and factory operations to digitalization, supporting our digital aspirations and integrating them into the workplace of the future.

MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)

4. Manufactured Capital

We continue to invest strategically in our physical infrastructure to expand capacity, support diversification, and enhance operational efficiency — ultimately creating long-term value for all stakeholders.

Our Manufactured Capital includes tea and rubber factories, tea, rubber, timber, and diversified crop plantations across estates located in the Uva and Central provinces, covering a total of 5,433 hectares.

Capital Investments and Value Addition

In the year under review, the Company invested a total of Rs.167 Mn in enhancing its manufactured capital. The breakdown is as follows:

Item	Rs. Mn
Field development	147
Factory	5
Vehicles	7
Systems and IT Infrastructure	5
Other investments	3
Total	167

As we look ahead, our focus remains on operational excellence, sustainability, and resilience. These principles will guide our future investments, ensuring the continued growth, efficiency, and long-term stability of the Company.

5. Social and Relationship Capital

At Madulsima Plantations PLC, our Social and Relationship Capital embodies the strength and depth of the relationships we cultivate with our diverse stakeholders — including our employees, estate communities, customers, suppliers, government entities, and industry partners. These relationships form the foundation of our business resilience and play a pivotal role in the long-term sustainability of our operations.

We are committed to fostering trust through open dialogue, ethical conduct, and inclusive practices. By engaging continuously and transparently with stakeholders, we proactively respond to emerging needs and maintain alignment with shared goals. This stakeholder-centric approach has enabled us to build a strong reputation both within Sri Lanka and across international markets.

Partnerships with Customers and Business Stakeholders

Our customer relationships are anchored in quality assurance, ethical sourcing, reliability, and mutual growth. We uphold rigorous standards across our operations and maintain compliance with both local and international certifications — including Rainforest Alliance and ISO — reinforcing confidence among our global clientele and value chain partners.

We also strive to build long-term relationships with our business partners, characterized by transparency, accountability, and shared value creation. By maintaining consistent product quality and timely delivery, we contribute to the success of our partners while ensuring the continued competitiveness of Madulsima tea in global markets.

Supplier Relationships

We believe that sustainable supply chain relationships are rooted in fairness and mutual respect. Our Supplier Policy ensures equal opportunities and a level playing field for all partners, regardless of scale. We encourage responsible practices, maintain open communication channels, and support supplier development, creating value for both parties. These collaborative efforts promote ethical business conduct, improve traceability, and enhance the resilience of our extended supply network.

MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)

Community Engagement and Development

Our commitment to social responsibility is reflected in the comprehensive development programmes we implement within our estate communities. These initiatives are aimed at uplifting living standards, enhancing health and education outcomes, and building long-term community capacity.

In collaboration with the Plantation Human Development Trust (PHDT) and other stakeholders, we have undertaken a number of impactful community initiatives, including:

- **Housing and Infrastructure Development:** Investments in modern housing facilities and improvements in estate infrastructure have significantly enhanced the living and working environment for our employees and their families.
- **Health and Nutrition:** We operate childcare centres and preschools across our estates, staffed with trained teachers and supported by nutritional feeding programmes. Regular immunisation drives, cancer awareness campaigns, dental clinics, and maternal nutrition education sessions further contribute to the well-being of estate communities.
- **Education and Youth Empowerment:** Through partnerships and targeted programmes, we support access to education, promote school attendance, and conduct skill development sessions aimed at empowering youth with knowledge and opportunities for a brighter future.
- **Disaster Preparedness:** In high-risk areas, we conduct disaster risk reduction programmes, including training and simulations for landslide preparedness, thereby enhancing community resilience in the face of environmental risks.
- **Environmental Stewardship:** Our community programmes also extend to environmental conservation, including awareness campaigns on sustainable practices, reforestation, and biodiversity protection, reinforcing our role as a responsible corporate citizen.

Our Commitment Moving Forward

As we continue to grow, Madulsima Plantations PLC remains deeply committed to nurturing strong, meaningful relationships with all stakeholders. Guided by integrity, empathy, and a long-term vision, we will continue to invest in partnerships that create inclusive value, strengthen community resilience, and ensure the sustained success of our business and those who depend on it.

6. Natural Capital

At Madulsima Plantations PLC, we recognize that our long-term success is inseparable from the health and vitality of the natural environment in which we operate. Our commitment to environmental stewardship is grounded in the understanding that sustainable land management and ecological conservation are critical not only for productivity but also for the well-being of future generations.

Environmental Governance and Compliance

We operate in strict adherence to the environmental standards set by the Central Environmental Authority and other regulatory bodies. Regular audits and assessments enable us to monitor our environmental footprint and drive continuous improvement in line with national and global sustainability frameworks. Our initiatives span across multiple domains — from energy and water management to waste reduction, forest conservation, and biodiversity protection — all designed to ensure responsible resource utilisation and minimise ecological impact.

Biodiversity Conservation

Operating across diverse geographies rich in flora and fauna, we are deeply committed to protecting the natural ecosystems within and around our estates. In partnership with the Rainforest Alliance, we have demarcated 376 hectares as dedicated Biodiversity Conservation Areas, which are actively managed to enhance ecological integrity. These zones are mapped with

MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)

GPS technology, clearly signposted in multiple languages, and safeguarded with 5-metre chemical-free buffer zones to protect habitats and engage the community in conservation awareness.

Our conservation areas encompass unique natural features such as lakes, swamps, waterfalls, and marshlands — all vital to ecological stability. Restoration planting and the protection of wildlife corridors are core elements of our biodiversity strategy, ensuring that we maintain and enhance the rich biodiversity that thrives within our plantations.

Biodiversity Conservation Measures



Crop Diversification and Sustainable Land Use

Madulsima Plantations has adopted a proactive crop diversification strategy to optimise land use and support income resilience. Low-yielding tea lands have been scientifically evaluated and selectively transitioned into high-value crops such as pepper, cinnamon, cardamom, coffee, and citrus, now cultivated across 30.9 hectares.

In parallel, we utilise marginal and degraded tea lands to grow fast-growing tree species for biomass energy. This contributes to our renewable energy portfolio and has potential applications in sustainable electricity generation, reducing dependence on fossil fuels while increasing land productivity.

Forestry Plantation Management Production Forests

Our production forests, spanning 1,685 hectares, are managed under sustainable silvicultural principles for fuelwood and timber production. These areas are primarily established on degraded or harvested tea lands and are aligned with our Five-Year Forestry Master Plan in collaboration with the Forest Department. Over the past five years, we have planted 175,000 high-quality Eucalyptus trees over 178 hectares, contributing to climate resilience, carbon sequestration, and long-term resource replenishment.

Protection Forests

We manage 376 hectares of protection forests across 12 estates in the Western and Uva regions, focusing on the preservation of critical habitats, catchment areas, and ecologically sensitive landscapes. Restoration planting, hydrological protection, and wildlife-friendly land management practices help preserve the integrity of these natural systems.

Sustainable Harvesting

Timber harvesting in our production forests adheres to the National Environmental Act. Felling, extraction, and clearing are conducted under strict environmental protocols to prevent soil erosion, protect water sources, and ensure replanting during the monsoon season. Activities such as clear felling in areas exceeding 2 hectares and tree removal in sensitive catchments or steep terrain are strictly prohibited.

MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)

Water Resource Management

We place a high priority on responsible water use and conservation. Our estates have initiated multiple water harvesting and retention projects, including the creation of micro-scale cascading reservoir systems and the planting of forest-like vegetation along streams and marginal lands to improve water retention and reduce runoff.

Key initiatives include:

- Shade stand enhancement to moderate ground temperature and improve soil moisture.
- Contour drains to capture rainwater and reduce erosion.
- Soil forking and burying practices to improve infiltration and groundwater recharge.

These efforts benefit both estate operations and surrounding communities, reinforcing our role in supporting regional water security and ecosystem health.

Sustainable Soil Development

Recognizing soil as a critical natural asset, we have made sustainable soil management a cornerstone of our agricultural policy. Through ongoing investments in soil rehabilitation, organic matter enhancement, and erosion control measures, we aim to preserve soil fertility and structure, ensuring productive capacity across our plantations. Our efforts align with national agronomic standards and support long-term tea quality and yield.

Energy and Emissions Management

To address the dual challenges of cost and environmental impact, we are actively transitioning away from fossil fuels. Our factories are being progressively optimized to incorporate biomass energy, derived from dedicated tree crops, and we are exploring solar power generation in the Uva region, where solar irradiance levels are favorable.

By reducing fossil fuel dependency, we lower our greenhouse gas emissions, contribute to national climate targets, and improve our energy resilience. These initiatives form a key part of our broader strategy to develop a low-carbon plantation economy.

Waste Management

Responsible waste management practices are integrated across our estates and factories. Our composting programme converts organic and non-usable plantation waste into high-quality compost, which is used in replanting programmes over three hectares of new tea. This not only reduces landfill burden but also supports circular resource use and soil health.

Future Outlook

Madulsima Plantations PLC remains unwavering in its commitment to environmental sustainability, climate resilience, and the responsible management of natural resources. Our initiatives reflect a holistic, systems-based approach that integrates biodiversity conservation, renewable energy, waste minimization, and sustainable land use.

Looking ahead, we will continue to:

- Expand our renewable energy capacity, especially solar and biomass.
- Scale biodiversity and reforestation projects in partnership with global and national institutions such as Rainforest Alliance and Biodiversity Sri Lanka.
- Strengthen climate-smart agricultural practices through training, innovation, and sustainable technology.
- Deepen community engagement on environmental stewardship to promote shared responsibility and impact.

As a steward of some of Sri Lanka's most ecologically sensitive plantation lands, Madulsima Plantations aims to set a benchmark for excellence in natural capital management ensuring that we protect, restore, and regenerate our environment while creating enduring value for our stakeholders.

CORPORATE GOVERNANCE STATEMENT

Corporate Governance is the system by which companies are managed and controlled. Madulsima Plantations PLC is committed to comply with the code of Best Practices of Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka (ICASL) & the Securities Exchange Commission of Sri Lanka (SEC) and the Listing Rules of the Colombo Stock Exchange. A comprehensive view of the Governance System in the Company is given below.

The Board of Directors and its Functions

The Company is governed by its Board of Directors who direct, lead, and supervise the business and affairs of the Company on behalf of its shareholders. The Board consists of the Executive Chairman, Senior Independent Director, two Executive Directors, two Non-Executive Directors and an Independent Director. The composition of the Company's Board has been structured in accordance with the principles of good governance and long-term strategy. Names of the members of the Board of Directors and their brief resumes are given on pages 5 - 7 and their roles are set out below.

Directors	Directorship Status	Attendance
Mr D Hasitha S Jayawardena	Executive Chairman	2/2
Mr. D H S Jayawardena - deceased on 03rd February 2025		
Mr. C R Jansz	Non-Independent Non-Executive Director	2/2
Mr. M A N S Perera	Executive Director	2/2
Mr. K Dayaparan	Non-Independent Non-Executive Director	2/2
Dr. A Shakthevale - resigned w.e.f. 01.10.2024	Independent Non-Executive Director	1/2
Mr. D S K Amarasekara - resigned w.e.f. 01.10.2024	Independent Non-Executive Director	1/2
Mr M R Mihular - appointed w.e.f. 01.10.2024	Senior Independent Non-Executive Director	1/2
Dr R A Fernando - appointed w.e.f. 01.10.2024	Independent Non-Executive Director	1/2
Mr. P A Jayatunga - appointed w.e.f. 17.02.2025	Executive Director/Company Secretary	-

The Board meets when required to make all major decisions. Prior to each meeting the Directors are provided with all relevant management information and Board papers are submitted in advance on new investments, capital projects, company performance, and other issues which require specific Board approval.

The main functions of the Board:

- Conducting the business and facilitating executive responsibility for the management of the Company's affairs,
- Formulate short and long term strategies and monitor implementation,
- Identify the principal risks of the business and ensure adequate risk management policies in place.
- Institute effective internal control systems to safeguard the assets of the Company.
- Ensure compliance with rules and regulations.
- Approve the financial statements of the Company.

Following the changes to the CSE Rules, the Company formally appointed its own Board Audit Committee, Remuneration Committee, Nominations and Governance Committee and the Related Party Transactions Review Committees effective from 1st October 2024. Until such time, the Board sub committees of the parent company, Melstacorp PLC, functioned as the Board sub committees of the Company.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Executive Chairman

Mr. D Hasitha S Jayawardena was appointed as Executive Chairman upon the demise of the late Chairman Deshamanya D H S Jayawardena. Mr Hasitha Jayawardena has vast experience in the Tea Trade including agriculture, production, trading and export. It is imperative that he holds an executive position in the Board of Madulsima Plantations PLC, so that he can leverage this experience to the benefit of the Company.

Chief Executive Officer

Mr. M P Fernando continues to function as the Chief Executive Officer of the Company oversees the day-to-day management affairs of the Company and is accountable to the Board for the exercise of authorities delegated by the Board and for the performance of the Company. CEO has oversight into the overall strategy formulation of the company, setting and executing the organization's strategy by driving the KPI's for delivery of sustainable returns.

Senior Independent Director

Given that the Chairman functions in an Executive capacity, the Company has appointed a Senior Independent Director (SID) as stipulated by the CSE Listing rules. The SID exercises independent judgement on Board related matters. The SID is also required to meet separately with all Non-Executive Directors at least once every year to discuss governance related matters without the presence of Executive Directors.

Audit Committee

The Audit Committee assists the Board by overseeing the entity's compliance with financial reporting requirements, the Company's internal controls, risk management of the independence, and performance of the external auditors. The Company has an Internal Audit Division, which submits its reports regularly to the Audit Committee. The guidelines for the Internal Audit ensure that the assets of the Company are protected against any unauthorized use or misappropriation, proper records are maintained and reliable information is received. The Audit Committee Report on page 43 to 44 describes the activities carried out during the financial year.

Remuneration Committee

The Remuneration Committee makes recommendations to the Board on the Company's framework of remunerating the key management personnel of the company. The Remuneration Committee Report appears on page 46.

Related Party Transactions Review Committee

All Related Party Transactions except for transactions set out in Rule 9.5 of the CSE Listing Rules are reviewed by the Related Party Transactions Review Committee. The Related Party Transactions Review Committee Report appears on page 47.

Plantations Executive Committee

Plantations Executive Committee, which consists of the Director of Operations, Chief Executive Officers, and General Manager of Finance (Plantations), is delegated with the responsibility of monitoring the progress and implementing the policies of the Company under the preview of the Executive Director. The Chief Executive Officer reports monthly on the progress of every estate and that of the Company to the Board of Directors.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Compliances

Disclosure in terms of rule 9.10.4(e) of the Listing Rules on Corporate Governance issued by the Colombo Stock Exchange: Companies in which the directors of Madulsima Plantations PLC serve as Directors;

Mr. D Hasitha S Jayawardena

Chairman

- Melstacorp PLC
- Distilleries Company of Sri Lanka PLC
- Balangoda Plantations PLC
- Stassen Exports (Pvt) Ltd.
- Milford Exports (Ceylon) (Pvt) Ltd.
- Stassen Natural Foods (Pvt) Ltd.
- Stassen Foods (Pvt) Ltd.
- Ceylon Garden Coir (Pvt) Ltd.
- C B D Exports (Pvt) Ltd.

Director

- Periceyl (Pvt) Ltd.
- Lanka Milk Foods (CWE) PLC – Non-Independent / Non -Executive Director
- Lanka Dairies (Pvt) Ltd.
- Ambewela Livestock Company Limited
- Pattipola Livestock Company Limited
- Ambewela Products (Pvt) Ltd.
- United Dairies Lanka (Pvt) Ltd.
- Zahra Exports (Pvt) Ltd.
- Mcsen Range (Pvt) Ltd.
- Melsta Health (Private) Limited
- Melsta Hospitals Ragama (Pvt) Ltd.
- Melsta Hospitals Colombo North (Pvt) Ltd.
- DCSL Brewery (Pvt) Ltd.
- DSCL Breweries Lanka Limited
- Melsta House (Private) Limited
- DCSL Group Marketing (Pvt) Ltd.

Alternate Director

- Melsta Gama (Private) Limited.

Mr. C R Jansz

Chairman

- Lanka Milk Foods (CWE) PLC
- Ambewela Livestock Company Limited
- Ambewela Products (Pvt) Ltd
- Lanka Dairies (Pvt) Ltd.
- Pattipola Livestock Company Limited
- United Dairies Lanka (Pvt) Ltd.
- Melsta Hospitals Ragama (Pvt) Ltd.
- Melsta Hospitals Colombo North (Pvt) Ltd.

Deputy Chairman

- Melstacorp PLC

Executive Director

- Distilleries Company of Sri Lanka PLC
- Lanka Power Projects (Pvt) Ltd.
- Milford Holdings (Pvt) Limited

Director

- Aitken Spence PLC
- Balangoda Plantations PLC
- Periceyl (Pvt) Limited
- Indo Lanka Exports (Pvt) Ltd.
- Stassen Exports (Pvt) Ltd.
- Milford Exports (Ceylon) (Pvt) Ltd.
- C B D Exports (Pvt) Ltd.
- Ceylon Garden Coir (Pvt) Ltd.
- Stassen Foods (Pvt) Ltd.
- Stassen Natural Foods (Pvt) Ltd.
- DCSL Brewery (Pvt) Ltd.
- Melsta Health (Pvt) Ltd.
- Bogo Power (Pvt) Ltd.
- DCSL Breweries Lanka Limited

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Mr. M A N S Perera

Managing Director

- Melstacorp PLC

Executive Director

- Distilleries Company of Sri Lanka PLC
- Balangoda Plantations PLC

Director

- Periceyl (Pvt) Ltd.
- DCSL Breweries Lanka Limited
- Melsta Health (Pvt) Ltd.
- Lanka Bell Limited
- Melsta Logistics (Private) Limited
- Melsta Tower (Private) Limited
- Bellvantage (Private) Limited
- Melsta Pharmaceuticals (Private) Limited
- Melsta Labs (Private) Limited
- Melsta Healthcare Colombo (Private) Limited
- Formula World (Private) Limited
- Melsta Hospitals Ragama (Private) Limited
- Bellactive (Private) Limited
- Bell Solutions (Private) Limited
- Melsta House (Private) Limited

Mr. M R Mihular

Chairman

- Watawala Plantation PLC
- Bairaha Farms PLC

Independent Non-Executive Director (Listed Companies)

- Sunshine Holdings PLC,
- Melstacorp PLC
- Aitken Spence PLC
- Aitken Spence Hotel Holdings PLC
- Browns Beach Hotels PLC
- Balangoda Plantations PLC

Independent Non-Executive Director

- Agility Innovation (Pvt) Ltd,
- Damro Holdings Ltd
- LTL Holdings Ltd.
- Sunshine Teas (Pvt) Ltd
- Lonach Dairy Ltd

Dr. R A Fernando

Non-Executive Director

- Dilmah Ceylon Tea Company
- Aitken Spence Hotel Holdings PLC
- Aitken Spence PLC
- Elpitiya Plantations PLC
- Distilleries Company of Sri Lanka PLC
- Melstacorp PLC
- Ceylon Graphene Technologies Ltd
- Balangoda Plantations PLC

Hon. Director

- UN Global Compact Sri Lanka Network
- Global Strategic Corporate Sustainability (Pvt) Ltd

Mr. K Dayaparan

Non-Executive Director

- Balangoda Plantations PLC
- Bogo Power (Pvt) Ltd

Mr. P A Jayatunga

Non-Executive Director

- DFCC Bank PLC

Executive Director

- Balangoda Plantations PLC

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Levels of Compliance:

COMPLIANCE WITH THE COMPANIES ACT NO. 7 OF 2007

Section	Requirement	Disclosure Reference for Compliance	Compliance status
168 (1)(a)	Any change during the accounting period in the nature of business of the Company and the classes of business in which the Company has an interest	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (b)	Financial Statements of the Company for the accounting period completed and signed	Refer Financial Statements and Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (c)	Auditors Report on Financial Statements of the Company	Refer Financial Statements of this Annual Report	Compliant
168 (1) (d)	Change of accounting policies during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (e)	Particulars of entries in the interest register made during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (f)	Remuneration and other benefits paid to the Directors during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (g)	Total amount of donations made by the Company during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (h)	Directorate of the Company and the Group as at the end of accounting period along with the changes occurred during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (i)	Amounts payable to the Auditors as audit fees and fees payable for other related services provided by them	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (j)	Relationship or interest of the Auditors with the Company	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (k)	Annual Report of the Board of Directors signed on behalf of the Board	Refer Annual Report of the Board of Directors of this Annual Report	Compliant

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

COMPLIANCE WITH THE CONTINUING LISTING REQUIREMENTS -

SECTION 7.6 ON THE CONTENT OF ANNUAL REPORT ISSUED BY THE COLOMBO STOCK EXCHANGE

CSE Rule	Requirement	Disclosure Reference for Compliance	Compliance status
7.6 i)	Names of Directors of the entity	Refer Corporate Information of this Annual Report	Compliant
7.6 ii)	Principal activities of the entity during the year under review	Refer Annual Report of the Board of Directors	Compliant
7.6 iii)	20 largest holders of voting and non-voting shares and the percentage of shares	Refer Investor Information of this Annual Report	Compliant
7.6 iv)	The float adjusted market capitalisation, Public Holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement	Refer Investor Information of this Annual Report	Compliant Except Minimum Public Holding Requirement
7.6 v)	Directors and CEO's holding in shares of the entity at the beginning and end of reporting year	Refer Investor Information of this Annual Report	Compliant
7.6 vi)	Information pertaining to material foreseeable risk factors	Refer Risk Management section of this Annual Report	Compliant
7.6 vii)	Details of material issues pertaining to employees and industrial relations	Refer Annual Report of the Board of Directors	Compliant
7.6 viii)	Extents, locations, valuations and the number of buildings of the entity's land holdings and investment properties	Refer Annual Report of the Board of Directors	Compliant
7.6 ix)	Number of shares representing the stated capital	Refer Investor Information of this Annual Report	Compliant
7.6 x)	Distribution schedule of the number of holders and the percentage of their total holding	Refer Investor Information of this Annual Report	Compliant
7.6 xi)	Ratios and market price information	Refer Investor Information of this Annual Report	Compliant
7.6 xii)	Significant changes in the entity's fixed assets and the market value of land	Refer Note 14, 15 and 16 to the Financial Statements of this Annual Report	Compliant
7.6 xiii)	Funds, (if any) raised either through a public issue, rights issue and private placement	The Company had no public issue, rights issue or private placement during the year under review	N/A
7.6 xiv)	Employee share option/purchase schemes	As at date, the Company has no share option/ purchase schemes made available to its Directors or employees	N/A
7.6 xv)	Corporate Governance Disclosures	Refer Corporate Governance Report of this Annual Report	Compliant
7.6 xvi)	Related Party Transactions	Refer Note 35 to the Financial Statements	Compliant

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

SECTION 9 – CORPORATE GOVERNANCE

COMPLIANCE WITH SECTION 9 OF THE LISTING RULES ISSUED BY THE COLOMBO STOCK EXCHANGE

CSE Rule	Requirement	Effective Date	How We Comply
9.1 Corporate Governance Rules			
9.1.1	Statement confirming the extent of compliance with the Corporate Governance Rules	01st October 2024	The extent of compliance with Section 9 of the Listing Rules of the Colombo Stock exchange on Corporate Governance Rules is tabulated in the table given below. Also refer 'Annual Report of the Board of Directors' of this Annual Report
9.2 Policies			
9.2.1	Listed Company shall establish and maintain the following policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Company on its website; a) Policy on the matters relating to the Board of Directors b) Policy on Board Committees c) Policy on Corporate Governance, Nominations and Re-election d) Policy on Remuneration e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities f) Policy on Risk management and Internal controls g) Policy on Relations with Shareholders and Investors h) Policy on Environmental, Social and Governance Sustainability i) Policy on Control and Management of Company Assets and Shareholder Investments j) Policy on Corporate Disclosures k) Policy on Whistleblowing l) Policy on Anti-Bribery and Corruption	01st October 2024	Compliant
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted	01st October 2024	N/A
9.2.3	i List of policies in place as per Rule 9.2.1, with reference to website ii Any changes to policies adopted	01st October 2024	Compliant
9.2.4	Listed Company shall make available all such policies to shareholders upon a written request being made for any such Policy	01st October 2024	Compliant

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

CSE Rule	Requirement	Effective Date	How We Comply
9.3 Board Committees			
9.3.1	Listed Company shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. The said Board committees at minimum shall include: (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee	01st October 2024	Compliant.
9.3.2	Listed Company shall comply with the composition, responsibilities and disclosures required in respect of the above-Board committees as set out in these Rules	01st October 2024	Refer 'How we Comply' under Rules 9.11, 9.12, 9.13 and 9.14 below
9.3.3	The Chairperson of the Board of Directors of the Company shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above	01st October 2024	Compliant
9.4 Principles of Democracy in Shareholder Dealings			
9.4.1	Listed Company shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Company. The Company shall provide copies of the same at the request of the Exchange and/or the Securities and Exchange Commission (SEC). a) The number of shares in respect of which proxy appointments have been validly made; b) The number of votes in favor of the resolution; c) The number of votes against the resolution; and d) The number of shares in respect of which the vote was directed to be abstained	01st October 2024	The Company Secretary maintains records of all resolutions of General Meetings and information related thereto
9.4.2			
	a) Listed Company should have a policy on effective communication and relations with shareholders and investors b) Listed Company should disclose the contact person for such communication c) The policy on relations with shareholders and investors on the process to make all Directors aware of major issues and concerns of shareholders	01st October 2024	Compliant

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

CSE Rule	Requirement	Effective Date	How We Comply
9.5 Policy on matters relating to the Board of Directors			
9.5.1	Listed Company shall establish and maintain a formal policy governing matters relating to the Board of Directors and such policy shall include the matters listed under this Rule	01st October 2024	Compliant with the establishment of the Policy on matters relating to Board of Directors
9.5.2	Confirmation on compliance with the requirements of the Policy on matters relating to the Board of Directors. If non-Compliant reasons for the same with proposed remedial action	01st October 2024	Compliant with the establishment of the Policy on matters relating to Board of Directors
9.6 Chairperson and CEO			
9.6.1	The Chairperson of every Listed Company shall be a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed by such Entity in terms of Rule 9.6.3 below	01st October 2024	Compliant Chairman is an Executive Director and SID has been appointed.
9.6.2	Where the Chairperson of a Listed Company is an Executive Director and/or the positions of the Chairperson and CEO are held by the same individual, such Entity shall make a Market Announcement within a period of one (1) month from the date of implementation of these Rules or an Immediate Market Announcement if such date of appointment and/or combination of the said roles falls subsequent to the implementation of these Rules	01st October 2024	Compliant Market announcement has been made following the appointment of an Executive Director as the Chairperson.
9.6.3	Report of Senior Independent Director demonstrating the effectiveness of duties	01st October 2024	Compliant. Refer Statement by The Senior Independent Director of this Annual Report
9.6.4	Rationale for appointing Senior Independent Director	01st October 2024	Compliant. Refer Corporate Governance Statement of this Annual Report
9.7 Fitness of Directors and CEOs			
9.7.1	Listed Company shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons as required in terms of the Listing Rules In evaluating fitness and propriety of the persons referred in these Rules, the Company shall utilise the 'Fit and Proper Assessment Criteria' set out in Rule 9.7.3 of the Listing Rules	01st October 2024	Compliant The Company Secretaries obtain annual declarations from the Directors of the Company to ensure that they are at all times be fit and proper persons as specified in the criteria given in Rule 9.7.3 of the Listing Rules of the CSE
9.7.2	Listed Company shall ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper as required in terms of these Rules before such nominations are placed before the shareholders' meeting or appointments are made	01st October 2024	Compliant

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

CSE Rule	Requirement	Effective Date	How We Comply
9.7 Fitness of Directors and CEOs (contd..)			
9.7.3	A Director or the CEO of a Listed Company shall not be considered as 'fit and proper' if he or she does not meet with the fit and proper assessment criteria specified under "Honesty, Integrity and Reputation", "Competence and Capability" and "Financial Soundness" as set out in Rule 9.7.3 (a), (b) and (c) respectively	01st April 2024	Refer 'How We Comply' under Rule 9.7.1 above
9.7.4	Listed Company shall obtain declarations from its Directors and CEO on an annual basis confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation	01st October 2024	Annual declarations from Directors confirming that each of them has continuously satisfied the fit and proper assessment criteria set out in the CSE revised Listing Rules were obtained as at 31st December 2024
9.7.5	(a) Statement on Directors and CEO satisfying Fit and Proper Assessment Criteria (b) Any non-compliance/s and remedial action taken	01st October 2024	Compliant Refer the 'Annual Report of the Board of Directors' of this Annual Report N/A
9.8 Board Composition			
9.8.1	The Board of Directors of a Listed Company shall, at a minimum, consist of five (05) Directors	01st October 2024	As of the date of the publication of this Annual Report, the Company consists of 7 Directors, thereby complying with the requirement stipulated under Rule 9.8.1 of the Listing Rules of the CSE
9.8.2	Minimum Number of Independent Directors: (a) The Board of Directors of a Listed Company shall include at least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors of the Company at any given time, whichever is higher (b) Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change	01st October 2024	Compliant
9.8.3	A Director shall not be considered independent if he/she does not meet the criteria for determining independence as set out in Rule 9.8.3 of the Listing Rules	Criteria 9.8.3 (i) to (viii) - 01st October 2023 Criteria 9.8.3 (ix) - 01st January 2025	Compliant in terms of Rule 9.1.4(3)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

CSE Rule	Requirement	Effective Date	How We Comply
9.8 Board Composition (contd..)			
9.8.5	<p>a) Each Independent Director to submit a signed and dated declaration annually of his or her “independence” or “non-independence” against the criteria specified in Rule 9.8.3 of the Listing Rules and in the format in Appendix 9A of the said Rules</p> <p>(b) Make an annual determination as to the “independence” or “non-independence” of each Independent Director based on the Directors’ declaration and other information available to it and shall set out the names of Directors determined to be ‘independent’ in the Annual Report</p> <p>(c) If the Board of Directors determines that the independence of an Independent Director has been impaired against any of the criteria set out in Rule 9.8.3, it shall make an immediate Market Announcement thereof</p>	01st October 2024	The Independent Directors submit signed declarations annually with regard to their independence/non-independence against the specified criteria stipulated under Rule 9.8.3 of the Listing Rules of the CSE.
9.9 Alternate Directors			
9.9	If a Listed Company provides for the appointment of Alternate Directors, it shall be required to comply with the requirements set out in Rule 9.9 of the Listing Rules and such requirements shall also be incorporated into the Articles of Association of the Company	01st January 2024	Compliant
9.10 Disclosures Relating to Directors			
9.10.1	Listed Company shall disclose its policy on the maximum number of directorships its Board members shall be permitted to hold in the manner specified in Rule 9.5.1. In the event such number is exceeded by a Director(s), the Company shall provide an explanation for such non-compliance in the manner specified in Rule 9.5.2 of the Listing Rules	01st October 2024	Compliant with the establishment of the Policy on matters relating to Board of Directors
9.10.2	Listed Company shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following: a brief resume of such Director; his/her capacity of directorship; and, Statement by the Company indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Company	01st October 2024	Compliant

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

CSE Rule	Requirement	Effective Date	How We Comply
9.10 Disclosures Relating to Directors (contd..)			
9.10.3	Listed Entities shall make an immediate Market Announcement regarding any changes to the composition of the Board of Directors or Board Committees referred to in Rule 9.3 above containing, at minimum, the details of changes including the capacity of directorship with the effective date thereof	01st October 2024	Would comply when the need arises
9.10.4	Directors details a) name, qualifications and brief profile b) nature of his/her expertise in relevant functional areas c) whether either the Director or Close Family Members has any material business relationships with other Directors d) whether Executive, Non-Executive and/or independent Director e) total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or KMP stating whether listed or unlisted, whether functions as executive or non-executive (If the directorships are within the Group names need not be disclosed) f) number of Board meetings attended g) names of Board Committees in which the Director serves as Chairperson or a member h) Attendance of board committee meetings i) Terms of Reference and powers of Senior Independent Directors	01st October 2024	a), b) and d) - Refer 'Board profiles' of this Annual Report c) - Based on the individual declarations obtained from the Directors, it was evident that none of the Directors or their close family members have material business relationships with other Directors of the Company. A Statement to this effect is included in the 'Annual Report of the Board of Directors' of this Annual Report e) - Refer 'Corporate Governance Report' of this Annual Report f) and g) - Refer 'Composition' and 'Details of Directors' Attendance at Board Meetings held during the financial year 2024 in the Corporate Governance Report of this Annual Report h) - Refer Committee Reports of this Annual Report i) - Refer Report of the SID of this Annual Report
9.11 Nominations and Governance Committee			
9.11.1	Listed Company shall have a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11 of the Listing Rules	01st October 2024	Compliant
9.11.2	Listed Company shall establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee	01st October 2024	Compliant
9.11.3	The Nominations and Governance Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	01st October 2024	Compliant

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

CSE Rule	Requirement	Effective Date	How We Comply
9.11 Nominations and Governance Committee (contd..)			
9.11.4	<p>(1) The members of the Nominations and Governance Committee shall;</p> <p>(a) comprise of a minimum of three (03) Directors of the Listed Company, out of which a minimum of two (02) members shall be Independent Directors of the Company</p> <p>(b) not comprise of Executive Directors of the Listed Company.</p> <p>(2) An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors</p> <p>(3) The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Company</p>	01st October 2024	Compliant
9.11.5	The functions of the Nominations and Governance Committee	01st October 2024	Refer 'Nomination and Governance Committee Report' of this Annual Report
9.11.6	<p>The Annual Report of a Listed Company shall contain a report of the Nominations and Governance Committee signed by its Chairperson</p> <p>Nominations and Governance Committee Report shall include the following:</p> <p>(a) Names of chairperson and members with nature of directorship (b) Date of appointment to the committee</p> <p>(c) Availability of documented policy and processes when nominating Directors</p> <p>(d) Requirement of re-election at regular intervals at least once in 3 years</p> <p>(e) Board diversity</p> <p>(f) Effective implementation of policies and processes relating to appointment and reappointment of Directors</p> <p>(g) Details of directors re-appointed</p> <p>Board Committees served</p> <p>Date of first appointment</p> <p>Date of last re-appointment Directorships or Chairpersonships and other principal commitments, present and held over the preceding three years</p> <p>Any relationships – close family member, more 10% shareholding</p> <p>(h) Performance of periodic evaluation of board</p>	01st October 2024	Refer 'Nomination and Governance Committee Report' of this Annual Report

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

CSE Rule	Requirement	Effective Date	How We Comply
9.11 Nominations and Governance Committee (contd..)	(i) Process adopted to inform independent directors of major issues. (j) Induction / orientation programs for new directors on corporate governance, Listing Rules, securities market regulations or negative statement (k) Annual update for all directors on corporate governance, Listing Rules, securities market regulations or negative statement (l) Compliance with independence criteria (m) Statement on compliance with corporate governance rules, if non-compliant reasons and remedial actions		
9.12 Remuneration Committee			
9.12.2	Listed Company shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of the Listing Rules	01st October 2024	Compliant
9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her own remuneration	01st October 2024	Refer 'Remuneration Committee Report' of this Annual Report
9.12.4	Remuneration for Non-Executive Directors should be based on a policy which adopts the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired	01st October 2024	Compliant Refer 'Remuneration Committee Report' of this Annual Report
9.12.5	Remuneration Committee shall have a written term of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	01st October 2024	Compliant Refer 'Remuneration Committee Report' of this Annual Report
9.12.6	(1) The members of the Remuneration Committee shall; (a) comprise of a minimum of three (03) Directors of the Listed Company, out of which a minimum of two (02) members shall be Independent Directors of the Company (b) not comprise of Executive Directors of the Listed Company (3) An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors	01st October 2024	Compliant Refer 'Remuneration Committee Report' of this Annual Report

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

CSE Rule	Requirement	Effective Date	How We Comply
9.12 Remuneration Committee (contd..)			
9.12.7	The functions of the Remuneration Committee	01st October 2024	Compliant Refer 'Remuneration Committee Report' of this Annual Report
9.12.8	Remuneration Committee Report shall contain the following: (a) Names of chairperson and members with nature of directorship (b) A statement regarding the Remuneration Policy (c) The aggregate remuneration of the Executive and Non-Executive Directors	01st October 2024	Compliant Refer 'Remuneration Committee Report' of this Annual Report Refer Note 09 to the Financial Statements of this Annual Report
9.13 Audit Committee			
9.13.1	Where Listed Company does not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Company shall additionally perform the Risk Functions set out in Rule 9.13 of the Listing Rules	01st October 2024	The Audit Committee of the Company also performs the risk functions
9.13.2	The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties	01st October 2024	Compliant
9.13.3	(1) The members of the Audit Committee shall; (a) comprise of a minimum of three (03) directors of the Listed Company, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors. (b) not comprise of Executive Directors of the Listed Company. (2) The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors. (3) The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market. (5) An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors. (6) Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of a Listed Company shall attend the Audit Committee meetings by invitation.	01st October 2024	Compliant Refer 'Audit Committee Report' of this Annual Report

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

CSE Rule	Requirement	Effective Date	How We Comply
9.13 Audit Committee (contd..)			
	(7) The Chairperson of the Audit Committee shall be a Member of a recognised professional accounting body		
9.13.4	The functions of the Audit Committee	01st October 2024	Refer 'Audit Committee Report' of this Annual Report
9.13.5	Disclosures in the Annual Report (1) Listed Company shall prepare an Audit Committee Report which shall be included in the Annual Report (2) The Audit Committee Report shall contain disclosures set out in Rule 9.13.5 (2)	01st October 2024	Compliant Refer 'Audit Committee Report' of this Annual Report
9.14 Related Party Transactions Review Committee			
9.14.1	Listed Company shall have a Related Party Transactions Review Committee that conforms to the requirements set out in Rule 9.14 of the Listing Rules.	01st October 2024	Compliant Refer 'Related Part Transactions Review Committee Report' of this Annual Report
9.14.2	(1) The Related Party Transactions Review Committee shall comprise of a minimum of three (03) Directors of a Listed Company, out of which two (02) members shall be Independent Directors of the Company. It may also include executive directors, at the option of the Company. An Independent Director shall be appointed as the Chairperson of the Committee	01st October 2024	Compliant Refer 'Related Part Transactions Review Committee Report' of this Annual Report
9.14.3	The functions of the Related Party Transactions Review Committee	01st October 2024	Compliant Refer 'Related Part Transactions Review Committee Report' of this Annual Report
9.14.4	1) The Related Party Transactions Review Committee shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors. 2) The members of the Related Party Transactions Review Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions and where necessary, should obtain appropriate professional and expert advice from an appropriately qualified person.	01st October 2024	Compliant Refer 'Related Part Transactions Review Committee Report' of this Annual Report

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

CSE Rule	Requirement	Effective Date	How We Comply
9.14 Related Party Transactions Review Committee (contd..)			
	<p>3) Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions which are under review by the Committee. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction.</p> <p>4) If a Director of a Listed Company has a material personal interest in a matter being considered at a Board Meeting to approve a Related Party Transaction as required in Rule 9.14.4(3), such Director shall not:</p> <p>(a) be present while the matter is being considered at the meeting; and,</p> <p>(b) vote on the matter</p>		
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	01st October 2024	<p>Compliant</p> <p>Refer 'Related Part Transactions Review Committee Report' of this Annual Report</p>
9.14.6	Listed Company shall obtain Shareholder approval for the Related Party Transactions set out in Rule 9.14.6 of the Listing Rules	01st October 2024	<p>There were no Related Party Transactions during the year which required shareholder approval</p> <p>The Company would comply with this Rule should a need arise</p>
9.14.7	Listed Company shall make an immediate Market Announcement to the Exchange for the Related Party Transactions as set out in Rule 9.14.7 (a) and (b)	01st October 2024	<p>There were no Related Party Transactions during the year which required an immediate Market Announcement</p> <p>The Company would comply with this Rule should a need arise</p>
9.14.8 (1)	Related Party Disclosures Non-recurrent RPT exceeding 10% of the Equity or 5% of the Total Assets, whichever is lower (in the specified format)	01st October 2024	<p>Compliant</p> <p>Refer 'Related Party Transactions Review Committee Report' and the 'Annual Report of the Board of Directors' of this Annual Report</p>
9.14.8 (2)	Recurrent Related Party Transactions exceeding 10% of the gross revenue/income (in the specified format)	01st October 2024	<p>Compliant</p> <p>Refer 'Related Party Transactions Review Committee Report' and the 'Annual Report of the Board of Directors' of this Annual Report</p>

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

CSE Rule	Requirement	Effective Date	How We Comply
9.14.8 (3)	Related Party Transactions Review Committee Report Names of the Directors comprising the Committee Statement that committee has reviewed RPTs and communicated comments/ observations to the Board Policies and procedures adopted by the Committee	01st October 2024	Compliant Refer 'Related Part Transactions Review Committee Report' of this Annual Report
9.14.8 (4)	Affirmative declaration by the Board of Directors on compliance with RPT Rules or negative statement to that effect	01st October 2024	Compliant Refer 'Annual Report of the Board of Directors' of this Annual Report
9.14.9	Acquisition and disposal of assets from/to Related Parties Except for transactions set out in Rule 9.14.10, Listed Company shall ensure that neither the Company nor any of its subsidiaries, acquires a substantial asset from, or disposes of a substantial asset to, any Related Party of the Company without obtaining the approval of the shareholders of the Company by way of a Special Resolution	01st October 2024	N/A The Company has not acquired or disposed of any assets from/to Related Parties during the year under review The Company would comply with this Rule should a need arise
9.16 Additional Disclosures	Additional disclosures by Board of Directors Declaration on the following: All material interests in contracts and have refrained from voting on matters in which they were materially interested Reviewed of the internal controls covering financial, operational and compliance controls and risk management and obtained reasonable assurance of their effectiveness and successful adherence and, if unable to make any of these declarations an explanation on why it is unable to do so; Made themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions; Disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations	01st October 2024	Compliant Refer 'Annual Report of the Board of Director' of this Annual Report

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

The Board of Directors of Madulsima Plantations PLC have the pleasure in presenting their Annual Report together with the Audited Financial Statement of the Company for the year ended 31st December 2024.

Principle activities

The Company's principal activities, which remained unchanged during the year were: the cultivation, and processing of tea, rubber, forestry products, and other crops.

The Company has 8 Tea Estates in Madulsima and 4 Tea Estates in Bogawantalawa regions consisting 3,262 hectares of Tea extent.

Parent company

The Company's parent undertaking and controlling party is Melstacorp PLC, which is incorporated in Sri Lanka as a Public Listed Company.

Going concern

Please refer note 41 to the Financial Statements in page 123.

Review of performance

The review of the Company's performance during the year 2024 is given in the Chairman's Review in pages 9 to 10 and Management Discussion & Analysis in pages 11 to 19 of the Annual Report.

Development and diversification

Development and Diversification are covered in the Chairman's Review on pages 9 to 10 and Management Discussion and Analysis Report on pages 11 to 19 in this Annual Report.

Financial statements

The Financial Statements of the Company are given in the pages 58 to 126 of this Annual Report.

Auditors' report

The Auditors' Report on the Financial Statements is given in pages 53 to 57 of this Annual Report.

Accounting policies

The Accounting Policies adopted in the preparation of the Financial Statements are given in pages 62 to 84.

Remuneration and other benefits of directors

The directors remuneration and other benefits are disclosed in Note 35.5 to the Financial Statements in page 114.

Donations

The company did not make any donations during the year.

REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY (CONTINUED)

Financial Results

	2024	2023
	Rs.'000	Rs.'000
Revenue	4,684,545	4,038,643
Gross Profit	691	82,769
Profit/Loss Before Tax	463,836	(241,804)
Income Tax Expense	(220,092)	(796,455)
Profit/(Loss) After Tax	243,744	(1,038,259)
Net Comprehensive Income	254,214	(998,168)
Accumulated Loss Brought Forward	(7,762,789)	(6,144,937)
Transferred to Timber Reserve	(392,343)	(619,426)
Transferred to Fair Value through OCI Reserve	(37)	256

Ratio Analysis

	2024	2023
Profitability Ratios		
Gross Profit Ratio (%)	15.00	2.05
Net Profit Ratio (%)	5.00	(25.71)
Asset Ratios		
Current Asset Ratio (Times)	0.90	0.51
Acid Ratio (Times)	0.36	0.01
Performance Ratios		
Return on Share Capital (%)	15.02	(63.88)
Leverage Ratios		
Debt Equity Ratio (%)	(70.95)	(23.06)
Interest Coverage (Times)	1.86	0.73
Investor Ratios		
Price Earnings Ratio (%)	9.79	(1.79)

Appropriation and dividend

The directors have not recommended a dividend payment for the year ended 31st December 2024 (2023: Nil).

Capital expenditure

The Company incurred a capital expenditure of Rs.167 Mn (2023: Rs. 171 Mn) of which Rs. 147 Mn (2023: Rs. 149 Mn) has been invested on field development and Rs.20 Mn (2023: Rs. 22 Mn) has been invested on upgrading factories, machinery, motor vehicles, and other capital assets.

REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY (CONTINUED)

Buildings and Investment Properties

The valuations, floor area and the number of buildings of the company are as follows:

Estate	Location	Extent (Ha.)	Total Number of Buildings	Revaluation (Rs.'000)
Battawatta	Madulsima	12.14	552	50,669
Cocogalla	Metigahatenne	3.89	303	49,419
El-Teb	Passara	32.44	1,030	78,230
Galloola	Madulsima	9.8	260	40,693
Mahadowa	Madulsima	34.9	737	84,413
Roeberry	Pitamaruawa	54.9	919	79,994
Uvakellie	Madulsima	8.49	303	12,145
Verellapathana	Madulsima	14.99	438	72,080
Kew	Bogawantalawa	57.35	613	52,075
Kirkoswald	Bogawantalawa	7.26	1,185	135,110
Theresia	Bogawantalawa	32.46	640	55,188
Venture	Norwood	28.95	573	77,859
Head office	Badulla	0.04	2	7,277
TOTAL		297.56	7,555	795,152

Capital commitments & contingent liabilities

Capital commitments and contingent liabilities are disclosed in Note 37 to the Financial Statements.

Directorate

The following Directors held office during the year under review. The brief profiles of the Board of Directors are given on pages 5 to 7 of this Annual Report.

Mr D Hasitha S Jayawardena	– Executive Chairman
Mr. D H S Jayawardena	– deceased on 03rd February 2025
Mr. C R Jansz	– Non-Independent Non-Executive Director
Mr. M A N S Perera	– Executive Director
Mr. K Dayaparan	– Non-Independent Non-Executive Director
Dr. A Shakthevale	– Independent Non-Executive Director, resigned w.e.f. 01.10.2024
Mr. D S K Amarasekara	– Independent Non-Executive Director, resigned w.e.f. 01.10.2024
Mr M R Mihular	– Senior Independent Non-Executive Director, appointed w.e.f. 01.10.2024
Dr R A Fernando	– Independent Non-Executive Director, appointed w.e.f. 01.10.2024
Mr P A Jayatunga	– Executive Director/Company Secretary, appointed w.e.f. 17.02.2025

REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY (CONTINUED)

Re-appointment & Re-election of Directors

In terms of Article, 92 of the Articles of Association Mr. M A N S Perera retires by rotation and is eligible to offer himself for re-election.

Directors' interests in shares

No shares of the Company were held by the Directors of the Company, their spouses, or dependents at the beginning and at the end of the financial year.

Related Party Transactions

The Directors hereby confirms that the Rules pertaining to Related Party Transactions in accordance with Section 9.14.8.4 of the Listing Rules of the Colombo Stock Exchange have been complied with by the Company.

Interest register

Directors' interests in the Company are disclosed in Note 35 to the Financial Statements and have been declared at meetings of the Directors. The Directors have no direct or indirect interest in any other contracts or proposed contracts of the company.

Shareholders and investor information

Distribution of Shareholdings as at 31st December 2024, Analysis Report of Shareholders, Market Statistics of Company's share and the list of 20 major shareholders are given on pages 127 and 128 of this Annual Report.

Employees and Industrial Relations

The number of persons employed by the Company as at 31st December 2024 was 4,214 (2023: 5,154)

Details of the Company's human resource initiatives are provided in the Human Capital section of the Management Discussion and Analysis section of the Annual Report.

There have been no material issues pertaining to employees and industrial relations of the Company.

Event occurring after the date of the statement of financial position

Please refer to Note 42 for events occurring after the date of the Statement of Financial Position, which would require disclosure in the Financial Statement.

Matters Pertaining to the Golden Share

The Golden Share shall only be held by the Secretary to the Treasury in his official capacity and not in his name, for and on behalf 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 99% or more of the issued share capital.

The Company shall obtain the written consent of the Golden Shareholders prior to sub-leasing, ceding, or assigning its rights in parts or all of the lands set out in Section 3A (1) of the Memorandum of Association.

The Articles of the Company as originally framed may from time be altered by special resolution, provided that the concurrence of Golden Shareholder in writing shall be first obtained to amend the definition of the words Golden Share and Golden Shareholder and Articles 2A, 2B, 3(C), 3(C)(1), 3(C)(2), 25A, 127A, 127B, 127C and 128.

REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY (CONTINUED)

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.

The Golden Shareholder shall be entitled to call upon the Board of Directors of the Company once every three months if desired to meet with 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.

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.

Auditors

The Financial Statements for the year have been audited by M/s KPMG, Chartered Accountants who offer themselves for reappointment. Fees paid to Auditors are disclosed on in Note 9 on page 86 in the Financial Statements.

As far as the Directors are aware, the auditors do not have any relationship (Other than that of an Auditor) with the company other than those disclosed above. The auditors do not have any interest in the Company.

Sgd.
C R Janzs
Director

Sgd.
M A N S Perera
Director

Sgd.
P A Jayatunga
Director/Company Secretary
22nd May 2025

BOARD AUDIT COMMITTEE REPORT

Committee

Following the changes to the CSE Rules, the Company formally appointed its own Board Audit Committee on 1st October 2024. Until such time, the Audit Committee of the parent company, Melstacorp PLC, functioned as the Audit Committee of the Company.

The Board Audit Committee appointed w.e.f. 1st October 2024 by and responsible to the Board of Directors is made up of two Independent Non-Executive Directors and one Non-Independent Non-Executive Director. The Chairman of the Audit Committee is Mr. M. Reyaz Mihular who is Fellow Member of Institute of the Chartered Accountant of Sri Lanka and is a Fellow Member of Chartered Institute of Management Accountants (CIMA)- UK. The other members of the Audit Committee comprise of Dr. R.A. Fernando, Independent Non-Executive Director, and Mr. K. Dayaparan, Non-Independent Non-Executive Director. Mr. P A Jayatunga functions as the Secretary to the Audit Committee. A brief profile of each member is given on pages 5 to 7.

Meetings

The Audit Committee met Four [04] times during the year 2024. The Attendance of the members at these meetings is as follows:

Name of the Director	Attendance
Mr. M R Mihular	3/4
Dr. A N Balasuriya	3/4
Mr D Hasitha S. Jayawardena	3/4
Mr N De S Deva Aditya	3/4
Dr. R A Fernando	1/4

The Managing Director of Melstacorp PLC and Group Financial Controller also attend these meetings by invitation when needed.

Terms of Reference

The Audit Committee Charter approved and adopted by the Board clearly sets out the terms of reference governing the Audit Committee ensuring the highest compliance with the Corporate Governance rules applicable to Listed Companies in accordance with the Rules of the CSE and the Code of Best practice on Corporate Governance.

Role of the Audit Committee

The Audit Committee in its role assists the Board in fulfilling their responsibility with regard to:

- Ensuring the integrity of the statements of the Company and that good financial reporting systems are in place and are managed in order to give accurate, appropriate and timely information to the management, regulatory authorities and shareholders in accordance with the financial reporting standards of the Institute of Chartered Accountants of Sri Lanka, Companies Act No: 07 of 2007, the Sri Lanka Accounting and Auditing Standards and the Continuing Listing Rules of the Colombo Stock Exchange.
- Assessing the independence and monitoring the performance of external auditors.
- Ensuring the Company's internal control and risk management process operates efficiently and effectively.
- Ensure compliance with applicable laws, regulations and policies of Melstacorp Group and Company.
- Assess the Company's ability to continue as a going concern in the foreseeable future.

BOARD AUDIT COMMITTEE REPORT (CONTINUED)

Risks and Controls

The Committee obtained and reviewed the major business risks and mitigatory action taken or contemplated for each business sector of the Company. In particular, the Committee deliberated on the financial implications to the Company arising from the world market prices for Tea, labor issues, wage increases etc., and appraised the Board as appropriate.

Internal Audit

The internal audit function of the company was carried out by the Internal Audit Division. The Committee reviewed the effectiveness of the internal audit plan to ensure that it has been designed to provide reasonable assurance that the financial reporting system adopted by the Company can be relied on in the preparation and presentation of the financial statements. The Committee also reviewed the findings of the Internal Auditors and their recommendations together with the management responses and regularly followed up the progress of the implementation of such recommendations in order to enhance the overall control environment.

External Audit

The Audit Committee met with the External Auditors to discuss the scope and the audit strategy. The Committee also reviewed and discussed the Report of the Auditors and Management Letters issued by them to ensure that no limitations have been placed on their scope of work and conduct of the audit.

The Committee carried out an annual evaluation of the External Auditors to establish their independence and objectivity and also obtained a written declaration from the Auditors in this regard.

The Audit Committee has recommended to the Board of Directors that Messrs KPMG be reappointed as the External Auditors for the financial year ending 31st December 2025.

Compliance with Laws and Regulations

The Committee reviews the quarterly compliance reports submitted by the relevant officers to ensure that the Company has complied with all statutory requirements.

Conclusion

The Audit Committee is satisfied that the Company's accounting policies, operational controls and risk management processes provide reasonable assurance that the affairs of the Company are managed in accordance with Company policies and that the Company's assets are properly accounted for an adequately safeguarded.

Sgd.

M R Mihular

Chairman - Audit Committee

22nd May 2025

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

Committee

The Nominations and Governance Committee of the Company was constituted by the Board of Directors w.e.f. 1st October 2024 in compliance with the new listing rules of the Colombo Stock Exchange consisting of three Non-Executive Directors and two of them are Independent. Non-Executive independent Director Dr. R A Fernando is the Chairman. Mr. Riyaz Mihular and Mr. K Dayaparan serve as its members. The Secretary to the Board functions as the Secretary of the Committee.

Terms of Reference

The function of the Committee is governed by the Nominations and Governance Committee Charter approved and adopted by the Board of Directors which have been developed in line with Rule 9.11.5 of the Listing Rules. Accordingly, the Committee is delegated with the authority by the Board to review the Board's composition and diversity, formulate and implement the policy for nominating Board candidates for election by Shareholders, make recommendations to the Board on the appointment of Directors and members to the Board committees, and assess Independent Non-Executive Director's independence and commitment. The Committee is also responsible for succession planning for Directors, CEO and senior executives, leadership training and development, and oversight of matters relating to corporate governance.

The Committee will perform its duties with responsibility, ethics and independence. The Nominations and Governance Committee shall ensure that the nomination and remuneration procedures are transparent and fair in accordance with the corporate governance rules. The Nominations and Governance Committee will help enhance efficiency of the Board of Directors in steering the operation of the Company forward in line with new strategies and help build confidence among the shareholders, investors and all stakeholders.

Sgd.

Dr. R A Fernando

Chairman - Nominations and Governance Committee

22nd May 2025

REMUNERATION COMMITTEE REPORT

Committee

Following the changes to the CSE Rules, the Company formally appointed its own Remuneration Committee on 1st October 2024. Until such time, the Remuneration Committee of the parent company, Melstacorp PLC, functioned as the Remuneration Committee of the Company.

The Remuneration Committee appointed by and is responsible to its Board of Directors. It consists of two Independent Non-Executive Directors, namely Dr. R.A. Fernando, Independent Non-Executive Director, Mr. M. Reyaz Mihular Senior Independent Non-Executive Director, and Mr. K. Dayaparan, Non-Independent Non-Executive Director. Brief profiles of these Directors are given on pages 5 to 7 Mr. P A Jayatunga functions as the Secretary to the Remuneration Committee.

Terms of Reference

The Remuneration Committee is governed by the Remuneration Committee Charter, which has been approved and adopted by the Board of Directors. It is responsible for determining the Remuneration Policy of the Key Management Personnel of the Company. The Remuneration Policy of the Company is based on the evaluation of individual performance. An annual assessment is carried out and increments and incentives are awarded based on the rating/ranking of each individual.

Meetings

The Board Remuneration Committee met Two (02) times during the year 2024. The attendance of the members at these meetings are as follows.

Name of the Director	Attendance
Dr. A N. Balasuriya	2/2
Mr. N. de. S. Deva Aditya	2/2
Mr D. Hasitha S. Jayawardena	1/2

The Managing Director of Melstacorp PLC and the Director Operations – Plantations & General Manager HR and Administration also attend these meetings by invitation when needed.

Sgd.

Dr. R A Fernando

Chairman - Remuneration Committee

22nd May 2025

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

Committee

Following the changes to the CSE Rules, the Company formally appointed its own Related Party Transactions Review Committee on 1st October 2024. Until such time, the Related Party Transactions Review Committee of the parent company, Melstacorp PLC, functioned as the Related Party Transactions Review Committee of the Company.

The Related Party Transactions Review Committee appointed by the Board of Directors comprises two Independent Non-Executive Directors and one Non-Independent Non-Executive Director. The Chairman of the Related Party Transactions Review Committee is Mr. M. Reyaz Mihular who is Fellow Member of the Institute of Chartered Accountants of Sri Lanka and is a Fellow Member of Chartered Institute of Management Accountants (CIMA) - UK. The other members of the Committee comprise of Dr. R. A. Fernando, Independent Non-Executive Director, Mr. K. Dayaparan, Non-Independent Non-Executive Director. A brief profile of each member is given on pages 5 to 7 Mr. P.A. Jayatunga functions as the secretary to this committee.

Purpose of the Committee

The Committee's key focus is to review all proposed related party transactions prior to entering into or completing the transaction according to the procedures laid down by Section 9 of the Listing Rules of the Colombo Stock Exchange.

Meetings

The Related Party Transaction Review Committee met Four (04) times during the year 2024. The attendance of the members at these meetings is as follows:

Name of the Director	Attendance
Mr. M R Mihular	3/4
Dr. A N Balasuriya	1/4
Mr. D Hasitha S Jayawardena	3/4
Dr. R A Fernando	3/4

The Managing Director of Melstacorp PLC and Group Financial Controller also attend these meetings by invitation when needed.

Key Functions Performed During the Year

- The Committee has reviewed all related party transactions of the Company in respect of the financial year and communicated the activities of the Committee to the Board of Directors on a quarterly basis.
- Reviewed the thresholds for Related Party Transactions which require either shareholders' approval or immediate market disclosure and confirmed that there were no non- recurrent or recurrent related party transactions that exceeded the respective thresholds mentioned in the Listing Rules of the Colombo Stock Exchange requiring immediate announcement.

Disclosures

Details of the related party transactions entered into by the Company during the year including recurrent and non-recurrent related party transactions are disclosed in Notes 24, 31 and 38 of the financial statements.

The Annual Report of the Board of Directors embodies a declaration confirming the compliance with the requirements stipulated in Section 9.14.8.4 of the Listing Rules of the Colombo Stock Exchange.

Sgd.

M R Mihular

Chairman -Related Party Transactions Review Committee

22nd May 2025

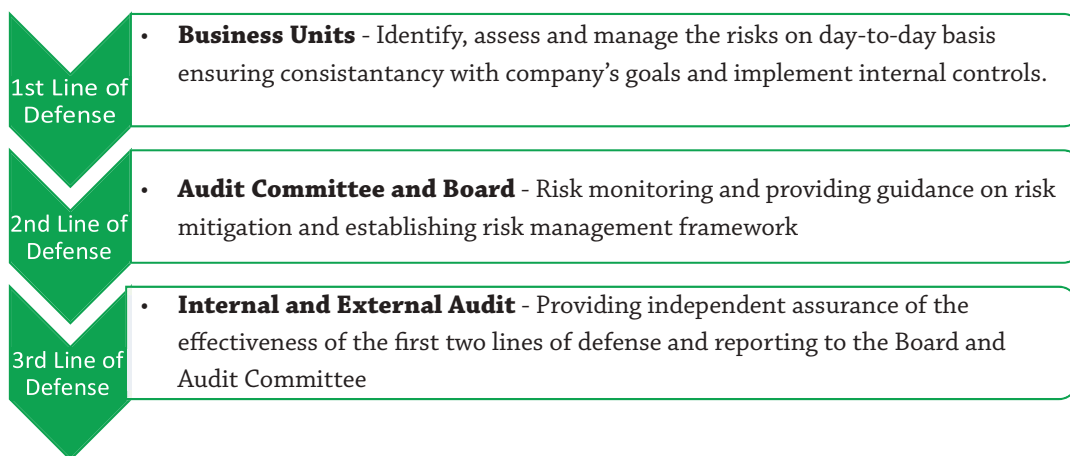
RISK MANAGEMENT

The Company operates in an evolving environment which exposes it to different types of risks especially being in the Agricultural Sector which is very sensitive to weather patterns. An effective risk management system is an important area of business management that would enable the company to proactively identify and address key risks to achieve an optimum balance between minimizing the risks and maximizing shareholder value. The Risk Management Process is designed to ensure the identification of any circumstances that would adversely affect the goals of the Company. Our Risk Management Process ensures that we accept or manage unavoidable risks and that uncertainties are minimized.



The Board of Directors holds responsibility for the risk management function of the Company, assisted by the board audit committee which has oversight responsibility for matters relating to risks and internal control.

The Company has identified the importance of having a proactive approach in managing risk while maintaining a comprehensive system of internal controls to track and monitor the subsequent effects of each risk on Company's performance. The Company has adopted "Three Lines of Defense Model" in managing its risks.



RISK MANAGEMENT (CONTINUED)

Following are the key risks that the company is exposed to while carrying out its business activities and mitigation measures implemented.

Risk	Risk Assessment	Mitigating Strategies	Threat Probability
Environmental Risk	The variability of weather conditions influences crop outcomes. Adverse weather, shifts in ambient temperature, and natural calamities can all disrupt crop growth and development. These factors impact the quantity, quality, market positioning, and financial performance of agricultural products.	<ul style="list-style-type: none"> • Monitoring weather patterns and their impact on crop harvests. • Adoption of sustainable agricultural practices. • Constant examination and review of soil nutrient contents • Undertaking effective soil conservation measures. • Reservation of forests and watersheds 	High
Human Resource	Low productivity, reduction in resident manpower, disruptions in achieving the targeted objectives.	<ul style="list-style-type: none"> • Providing welfare facilities and introducing participative housing projects to retain workers on plantations and improve their productivity. • Train and encourage Plantation Executives to acquire communication skills in resolving labour disputes. • Improve employee motivation, commitment, welfare, recognition and appreciation. 	Moderate
Product Quality Risk	Inconsistency in quality of end products and its negative impact on prices and market share.	<ul style="list-style-type: none"> • Ensure safety and ethical standards in providing a quality consumable product. • Upgrade manufacturing process and factories to cater to the fluctuating market demand. • Monitor quality assurance measures 	Moderate
Political Risk	The impact of political intervention, major industrial relations issues, regulatory changes, ad-hoc acquisitions of land etc. are constraints faced by the plantations industry.	<ul style="list-style-type: none"> • Maintaining a close engagement with the employees and other stakeholders. • Implementing human development policies 	High
Inflationary pressures	Cost of Production escalations from various factors, including government-imposed import restrictions, currency devaluation, wages and other macroeconomic measures enacted to navigate economic crises.	<ul style="list-style-type: none"> • Ongoing measures to improve cost efficiencies • Reducing reliance on high priced imported agrochemicals and nutrients • Crop diversification and value addition to improve margins 	Moderate

RISK MANAGEMENT (CONTINUED)

Risk	Risk Assessment	Mitigating Strategies	Threat Probability
Interest Rate Risk	Fiscal and monetary policy changes have a direct impact on liquidity and production costs.	<ul style="list-style-type: none"> • Close monitoring of interest rate developments and negotiating with funding partners • Capital development • Maintenance of biological assets in optimum condition to enhance productivity, turnover and cash-flows. 	Moderate
Technology & IT Risk	Lack of accurate and timely information due to ineffective IT systems. Increase in digitization of operations pose a threat of loss of data and hacking.	<ul style="list-style-type: none"> • Strengthen software development with internal controls and IT security. • Overlooking by the group IT Division of the parent company, Melstacorp PLC • Implement a sound backup system • Use Licensed Software 	Moderate
Inventory cycle	Liquidity is impacted as the industry is cyclical with long gestation periods.	<ul style="list-style-type: none"> • Produce stocks are monitored closely for speedy disposal. • Input stock levels are controlled to avoid obsolescence and theft. • High value input stocks such as fertilizer, firewood and packing materials are purchased on a need basis. 	Moderate
Risk of Competition	Competition from other major low cost producers.	<ul style="list-style-type: none"> • Monitoring market trends and fluctuations in supply and demand closely. • Regular check of tea samples to maximize market gains, • Adopting appropriate remedial measures to ensure market leadership of quality marks. • Rationalize manufacture during lean cropping months. • Close executive supervision on quality of leaf harvested. • Educating employees on the importance of their services 	Moderate
Company Reputation Risk	The reputation of the company could be damaged by noncompliance, unethical behavior, and inconsistent product quality.	<ul style="list-style-type: none"> • Compliance with statutory requirements • Compliance with the code of corporate governance by all employees • Protection of the environment and adoption of sustainability initiatives • Employee health and safety and food safety procedures. 	Moderate

STATEMENT BY THE SENIOR INDEPENDENT DIRECTOR

Profile of Mr. M Reyaz Mihular is given on page 6 of this report.

In order to comply with Section 9. 6. 3 of the Listing Rules of the Colombo Stock Exchange, the Board of Directors of the Company designated me as the Senior Independent Director (SID) of the Company with effect from 6th February 2025. Section 9.6.3 of the Listing Rules and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka provide that in situations where the Chairman is an Executive Director, a Senior Independent Director (SID) shall be appointed. The Chairman of Madulsima Plantations PLC, Mr. D Hasitha S Jayawardena is an Executive Director.

Role of the Senior Independent Director

The Senior Independent Director provides guidance to the Chairman on matters of governance of the Company. The role of the SID also provides emphasis to transparency on matters relating to governance and calls for a review of the effectiveness of the Board. The SID makes himself available to any Director or any employee to have confidential discussions on the affairs of the Company should the need arise.

In line with the regulatory requirements, SID is required to preside over meetings called for evaluation of Board Performance, evaluation of the performance of the Chairman and the Executive Directors, and hold meeting only with the Independent Directors on matters relating to effectiveness of Directors when making deliberation at meetings and maintenance of board balance in the decision-making process. The outcome of these meetings together with recommendations are duly informed to the Chairman and the Board.

Activities during the Year

As the appointment was made in February 2025, there were no significant activities during the year under review.

The Company follows a policy of strict compliance with mandatory requirements while embracing voluntary adherence. I am available for all key stakeholders to raise any concerns which they have. I believe such unbiased and independent engagements have made a positive impact on value creation. As such I believe that I have fulfilled the obligations entrusted to the SID in accordance with the Corporate Governance guidelines.

Sgd.

M R Mihular

Senior Independent Director

22nd May 2025

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible under the Companies Act No. 07 of 2007, to ensure compliance of the requirements set out therein to prepare Financial Statements for each financial year giving a true and fair view of the state of the affairs of the Company as at the Reporting date and the profit of the Company for the financial year. The Directors are also responsible for ensuring that proper accounting records are kept to disclose, with reasonable accuracy, the financial position and enable preparation of the Financial Statements.

The Board accepts the responsibility for the integrity and objectivity of the Financial Statements presented. The Directors confirm that proper accounting records have been maintained and appropriate accounting policies have been selected and applied consistently in the preparation of such Financial Statements which have been prepared and presented in accordance with Sri Lanka Accounting Standards and provide information required by the Companies Act and the Listing Rules of the Colombo Stock Exchange.

Further, the Directors confirm that the Financial Statements have been prepared on a going concern basis and are of the view that sufficient funds and other resources are available within the Company to continue its operations and to facilitate planned future expansions and capital commitments. The Directors have taken adequate measures to safeguard the assets of the Group and in this regard have established appropriate systems of internal control with a view to preventing and detecting fraud and other irregularities. The External Auditors were provided with all information and explanations necessary to enable them to form their opinion on the Financial Statements.

Compliance Report

The Directors confirm that to the best of their knowledge and belief that all statutory payments in relation to regulatory and statutory authorities that were due in respect of the Company as at the reporting date have been paid or where relevant, provided for.

By Order of the Board,

Sgd.

P A Jayatunga

Director/Company Secretary

22nd May 2025

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
 Fax +94 - 11 244 5872
 +94 - 11 244 6058
 Internet www.kpmg.com/lk

TO THE SHAREHOLDERS OF MADULSIMA PLANTATIONS PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Madulsima Plantations PLC ("the Company"), which comprise the statement of financial position as at 31st December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information set out on pages 58 to 126.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st December 2024, and of its 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 financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG, a Sri Lankan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

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. Abeyrathne 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), R. G. H. Raddella ACA, Ms. D Corea Dharmaratne

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

01. Management assessment of the Company's ability to continue as Going concern Refer to the explanatory Note 41 to the financial statements

Risk Description	Our Response
<p>The Company has recorded a Net profit of LKR 244 million during the year ended 31st December 2024 and as of that date, the accumulated losses amounted to LKR 7,901 million. As at the reporting date, the Company's, current liabilities exceeded its current assets by LKR 114 million. Further, the Company has loans and borrowings and an overdraft balance of LKR 607 million due within 12 months from 31st December 2024.</p> <p>However, the directors of the Company are of the opinion that the going concern assumption is valid in preparation of financial statements, due to future growth potential of the Company and continuous financial support from parent company.</p> <p>In assessing the Company's ability to continue to operate as a going concern the management prepared a cash flow forecast which required the exercise of significant management judgments.</p> <p>We identified the assessment of the Company's ability to continue as a going concern as a key audit matter because the assessment of going concern is dependent upon certain management assumptions and judgements, in particular in relation to future cash flow forecast and the ability of the Company to obtain external financing, which may be subject to management bias.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> Obtaining and evaluating the appropriateness of the management assessment of going concern. Obtaining the Company's cash flow projections covering period of not less than twelve months from the reporting period end date and evaluating the key assumptions used in preparing the projections. Inspecting the letter of support received from the parent Company after evaluating their ability and intent to provide the financial support to meet the liabilities of the Company as and when they fall due and payable. Assessing the adequacy of disclosures in the financial statements (Note 41) in relation to company's ability to continue as going concern.

02. Measurement of Consumable Biological Assets Refer to the significant accounting policy in Note 3.1.3.5 and explanatory Note 16 to the financial statements The Company has reported consumable biological assets carried at fair value less estimated cost to sell at harvest, amounting to LKR 5,400 Million as at 31st December 2024.

Risk Description	Our Response
<p>The commercially cultivated timber trees on estates, managed by the Company classify as consumable biological assets and are 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 the key assumptions used such as discount rate, estimation of height/girth of trees used to arrive volume of timber and value per cubic foot used for the valuation of consumable biological assets, could have a material impact on the fair value gain or loss</p>	<p>Our audit procedures included,</p> <ul style="list-style-type: none"> Assessing the objectivity, independence, competence, qualifications and experience of the subject matter expert engaged by the management. 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Risk Description	Our Response
<p>for the year and the carrying value of consumable biological assets as of the reporting date. Management engaged a subject matter expert who is an incorporated valuer and a member of The Institute of Valuers of Sri Lanka to perform an independent valuation of the consumable biological assets of the Company as at the reporting date.</p> <p>We considered measurement of consumable biological assets as a key audit matter due to the magnitude of the value and significant assumptions and judgments in determining the fair value which could be subject to error or potential management bias.</p>	<ul style="list-style-type: none"> Evaluating the key assumptions and methodology used in the valuation, in particular the discount rate, expected timber content at harvest, and the average market price. Verifying the mathematical accuracy of the consumable biological asset valuation. 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.

03. Retirement Benefit Obligation

Refer to the significant accounting policy in Note 3.2.1.2 and explanatory Note 28 to the financial statements
The Company has recognized retirement benefit obligation of Rs. 1,323 Million as at 31st December 2024.

Risk Description	Our Response
<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 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"> Assessing the objectivity, independence, competence, qualifications and experience of the subject matter expert engaged by the Management. Testing the samples of the employees' details used in the computation to the human resource records. Assessing the key assumptions used in the valuation, in particular the discount rate, mortality rates and future salary increment rate. Involving internal valuation specialist to verify the accuracy of the retirement benefit obligation. Assessing the adequacy of the disclosures in financial statements

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Financial Statements and our Auditor's Report thereon.

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. 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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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.

However, it should be noted that the Company's net assets are less than half of the stated capital and therefore faces a serious loss of capital situation in terms of Section 220 of the Companies Act No. 07 of 2007.

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

Sgd.

CHARTERED ACCOUNTANTS

Colombo, Sri Lanka

22nd May 2025

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st December		2024	2023
	Note	Rs.	Rs.
Revenue	5	4,684,545,220	4,038,642,959
Cost of Sales		(3,993,799,529)	(3,955,874,207)
Gross Profit		690,745,691	82,768,752
Gain on Change in Fair Value of Biological Assets	18.1	390,525,309	619,218,297
Other Income	6	100,906,019	63,580,938
Other Expense	7	(48,389,929)	(21,058,308)
Administrative Expenses		(128,789,969)	(93,861,887)
Profit From Operation		1,004,997,121	650,647,792
Finance Income	8.1	10,033,898	47,082
Finance Cost	8.2	(551,194,453)	(892,499,422)
Net Finance Costs	8	(541,160,555)	(892,452,340)
Profit/ (Loss) Before Taxation	9	463,836,566	(241,804,548)
Income Tax Expense	10	(220,092,324)	(796,455,085)
Profit/(Loss) for the Year		243,744,242	(1,038,259,633)
Other Comprehensive Income/(Expenses)			
Items that will not be reclassified to profit or loss			
Net Change in Fair Value Through OCI Financial Assets	17	(36,623)	256,909
Actuarial Gain on Retirement Benefit Obligations	28.1	15,009,781	56,906,100
Tax effect on Actuaril Gain during the year	29.3	(4,502,934)	(17,071,830)
Total Other Comprehensive Income/(Expenses)		10,470,224	40,091,179
Total Comprehensive Income/(Expense) for the Year		254,214,466	(998,168,454)
Basic Earnings/(Loss) Per Share	11	1.44	(6.13)

Figures in brackets indicate deductions.

The accounting policies and notes on pages 62 to 126 form an integral part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION

As at 31st December	Note	2024 Rs.	2023 Rs.
ASSETS			
Non Current Assets			
Right of use of Land	12	164,049,734	151,060,889
Immovable Leased Assets (Other than bare land)	13	272,417,003	301,239,670
Freehold Property, Plant & Equipment	14	1,148,891,350	1,282,859,893
Bearer Biological Assets	15	1,200,196,125	1,109,682,618
Consumable Biological Assets	16	5,399,809,665	4,980,421,267
Investment in Financial Assets -FVOCI	17	4,216,458	4,253,081
Total Non -Current Assets		8,189,580,335	7,829,517,418
Current Assets			
Produce on Bearer biological assets	18	5,993,263	7,811,270
Inventories	19	500,862,345	548,393,580
Trade and Other Receivables	20	176,349,499	140,098,506
Amounts due from Related Companies	21	9,703,737	183,739
Cash and Cash Equivalents	22	420,026,478	10,821,922
Total Current Assets		1,112,935,322	707,309,017
TOTAL ASSETS		9,302,515,657	8,536,826,435
EQUITY AND LIABILITIES			
Equity			
Stated Capital	23	1,624,760,670	1,624,760,670
Revaluation Reserve	24	1,055,815,035	1,055,815,035
Fair Value Through OCI Reserve	25	3,000,375	3,036,998
Timber Reserve	26	5,084,299,754	4,691,956,438
Retained Earnings		(7,900,881,431)	(7,762,789,204)
Total Equity		(133,005,597)	(387,220,063)
LIABILITIES			
Non Current Liabilities			
Interest Bearing Loans & Borrowings	27.2	4,659,657,088	4,201,285,279
Retirement Benefit Obligations	28	1,322,847,569	1,352,022,842
Deferred Tax Liabilities	29	1,943,681,466	1,719,086,208
Deferred Income	30	109,566,073	117,997,631
Lease Liability - SLSPC and JEDBS	31	172,874,860	148,714,887
Total Non Current Liability		8,208,627,056	7,539,106,847
Current Liabilities			
Trade and Other Payable	32	562,653,650	457,522,051
Lease Liability - SLSPC and JEDBS	31	1,865,137	6,608,496
Amounts due to Related Companies	33	55,028,713	117,885,100
Interest Bearing Loans & Borrowings	27.2	600,000,000	600,000,000
Bank Overdraft	22	7,346,698	202,924,004
Total Current Liabilities		1,226,894,198	1,384,939,651
Total Liabilities		9,435,521,254	8,924,046,498
TOTAL EQUITY & LIABILITIES		9,302,515,657	8,536,826,435
NET ASSETS PER SHARE		(0.78)	(2.28)

The accounting policies and notes on pages 62 to 126 form an integral part of the Financial Statements.

These Financial Statements have been prepared in compliance with the requirements of the Companies Act No.07 of 2007.

Sgd.
 D S Heenatigalage
 General Manager - Finance

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

Sgd.
 C R Jansz
 Director
 Colombo, 22nd May 2025

Sgd.
 M A N S Perera
 Director



STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December 2024

	Note	Stated Capital Rs.	Revaluation Reserve Rs.	Fair value through OCI Reserve Rs.	Timber Reserve Rs.	Retained Earnings Rs.	Total Equity Rs.
Balance as at 1 January 2023		1,624,760,670	1,055,815,035	2,780,089	4,072,529,730	(6,144,937,133)	610,948,391
Total Comprehensive Income for the Year							
Loss for the year		-	-	-	-	(1,038,259,633)	(1,038,259,633)
Other Comprehensive Income/ (Expense)							
Actuarial Gain/(Loss) on Retirement Benefit Obligation (net of tax)		-	-	-	-	39,834,270	39,834,270
Net Change in Fair Value Through OCI Financial Assets	17	-	-	256,909	-	-	256,909
		1,624,760,670	1,055,815,035	3,036,998	4,072,529,730	(7,143,362,496)	(387,220,063)
Transferred to Timber Reserve	26	-	-	-	619,426,708	(619,426,708)	-
Balance as at 31st December 2023		1,624,760,670	1,055,815,035	3,036,998	4,691,956,438	(7,762,789,204)	(387,220,063)
Balance as at 1 January 2024		1,624,760,670	1,055,815,035	3,036,998	4,691,956,438	(7,762,789,204)	(387,220,063)
Total Comprehensive Income for the Year							
Profit for the Year		-	-	-	-	243,744,242	243,744,242
Other Comprehensive Income/ (Expense)							
Actuarial Gain/(Loss) on Retirement Benefit Obligation (net of tax)		-	-	-	-	10,506,847	10,506,847
Net Change in Fair Value Through OCI Financial Assets	17	-	-	(36,623)	-	-	(36,623)
		1,624,760,670	1,055,815,035	3,000,375	4,691,956,438	(7,508,538,115)	(133,005,597)
Transferred to Timber Reserve	26	-	-	-	392,343,316	(392,343,316)	-
Balance as at 31st December 2024		1,624,760,670	1,055,815,035	3,000,375	5,084,299,754	(7,900,881,431)	(133,005,597)

Figures in brackets indicate deductions.

The accounting policies and notes on pages 62 to 126 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

For the year ended 31st December		2024	2023
	Note	Rs.	Rs.
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/ (Loss) Before Taxation		463,836,567	(241,804,548)
Depreciation	12,13,14,15	180,980,066	178,558,040
Interest Income	8.1	(10,033,898)	(47,082)
Interest Expenses	8.2	551,194,453	892,499,422
Provision for Defined Benefit Plan Cost	28.1.1	225,205,629	286,353,491
Gain on change in Fair Value of Biological Assets	18.1	(390,525,309)	(619,218,297)
Amortization of Grants	30	(8,431,558)	(7,352,240)
Adjustment on unclaimed retiring gratuity	28.1	(73,704,901)	-
Write off of bearer plants	15	1,308,908	-
Property, Plant & Equipment write off during the year	14	38,180,348	3,143,308
Operating Profit before Working Capital Changes		978,010,304	492,132,094
Decrease/(Increase) in Inventories		47,531,235	(112,792,421)
Increase in Trade and Other Receivables		(36,250,993)	(46,304,652)
Increase in Due from Related Companies		(9,519,998)	-
Increase in Trade and Other Payable		105,131,599	35,382,299
(Decrease)/Increase in Due to Related Companies		(62,856,387)	27,492,916
Cash Generated from Operations		1,022,045,760	395,910,236
Grants Received	30	-	1,991,420
Interest Paid		(37,119,553)	(72,412,208)
Gratuity Paid	28.1	(165,666,220)	(162,007,186)
Net Cash Generated from Operating Activities		819,259,987	163,482,262
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Property, Plant and Equipment	14	(19,817,424)	(22,407,787)
Investments in Immature Plantations	15.2	(120,615,854)	(117,831,675)
Investment in Timber Plantations -Biological Assets	16	(27,045,082)	(30,614,100)
Interest Received		10,033,898	47,082
Net Cash used in Investing Activities		(157,444,462)	(170,806,480)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital Repayment of Lease Liabilities - JEDB/SLSPC	31.1	(1,330,572)	(1,173,829)
Loan Obtained	27.1	5,186,074	-
Loans Repayment	27.1	(60,889,165)	(52,000,000)
Net Cash Used in Financing Activities		(57,033,663)	(53,173,829)
Net (Decrease) / Increase in Cash and Cash Equivalents		604,781,862	(60,498,047)
Cash and Cash Equivalents at the beginning of the Year	22	(192,102,082)	(131,604,035)
Cash and Cash Equivalents at the end of the Year	22	412,679,780	(192,102,082)

Figures in brackets indicate deductions.

The accounting policies and notes on pages 62 to 126 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2024

1. CORPORATE INFORMATION

1.1 Reporting entity

Madulsima 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.07 of 2007. The registered office of the Company is located at No 833, Sirimavo Bandaranayake Mawatha, Colombo 14 and Plantations are situated in the Madulsima and Bogawantalawa regions.

1.2 Principal activities and nature of operations

The Company primarily is involved in the cultivation, manufacturing, and sale of Black Tea.

1.3 Immediate and Ultimate Parent Enterprises

The Company's immediate parent Company is Melstacorp PLC, and the ultimate parent is Milford Exports (Ceylon) (Pvt) Limited which are 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 2024 is set out in detail in the statement of directors' responsibility.

The financial statements of the Company for the year ended 31st December 2024 were authorized for issue in accordance with resolution of the Board of Directors on 22nd May 2025.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Financial Statements of the Company, have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs), laid down by the Institute of Chartered Accountants of Sri Lanka. These Financial Statements, except for information on cash flows, have been prepared following accrual basis of accounting.

2.2 Statement of Presentation

The Financial Statements of the Company have been presented in compliance with the requirements of the Companies Act No. 07 of 2007 and provide appropriate disclosures as required by the Listing Rules of the Colombo Stock Exchange.

2.3 Components of financial statements

These Financial Statements include the following components:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2024

- a Statement of Profit or Loss and Other Comprehensive Income providing the information on the financial performance of the Company for the year under review.
- a Statement of Financial Position providing the information on the financial position of the Company as at the year-end.
- a Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review of the Company.
- a Statement of Cash Flows providing the information to the users, on the ability of the Company to generate cash and cash equivalents and utilisation of those cash flows.
- Notes to the Financial Statements comprising Material accounting policies and other explanatory information.

2.4 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:

Category	Items	Basis of measurement	Note
Assets	Building, Plant & Machinery and Motor Vehicles	Measured at cost at the time of acquisition and subsequently at revalued amounts which are the fair values at the date of revaluation	14
	Consumable Mature Biological Assets	At fair value less costs to sell	16
	Agriculture produces harvested from biological assets	At fair value less costs to sell	18
	Investment in Equity Securities measured at FVOCI	At fair value	17
Liabilities	Liability for Retirement Benefit Obligations	Actuary valued and recognized at present value of the retirement benefit obligations	28

2.5 Functional and Presentation Currency

The Financial Statements 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 rupee, unless stated otherwise. There was no change in the Company's presentation and functional currency during the year under review.

2.6 Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by 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 (CONTINUED)

For the year ended 31st December 2024

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.

2.7 Use of Estimates and Judgements

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. Revisions to accounting estimates are recognised in the period in which the estimates are revised, if the revision affects only that period or in the period of revision and future periods, if the revision affects both current and future periods and if any future periods affected.

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

Note 14 -Tangible Assets other than Biological Assets

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

Critical accounting assumptions and estimation uncertainties	Note
Fair value of Buildings, Plant & Machinery and Motor Vehicles	2.7.1
Useful lifetime of the property, plant, and equipment	2.7.2
Fair value of Consumable Biological Assets	2.7.3
Fair value of Agriculture Produce harvested from Biological Assets	3.1.4
Fair value of Investment in Equity Securities measured at FVOCI	17
Impairment on non-financial assets	3.1.5.6
Measurement of defined benefit obligation: key actuarial assumptions	2.7.4
Provisions for liabilities, commitments, and contingencies	2.7.5
Recognition of deferred tax assets	2.7.6
Going concern basis	41

2.7.1 Fair value of Buildings, Plant & Machinery and Motor Vehicles

The Company measures Buildings, Plant & Machinery and Motor Vehicles at revalued amounts with changes in fair value being recognised in Equity through Other Comprehensive Income (OCI). Valuations are performed every five years to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. The Company engages independent professional valuer Mr. W.M. Chandrasena, Chartered Valuation Surveyor to assess fair value of Buildings, Plant & Machinery and Motor Vehicles in terms of Sri Lanka Accounting Standard on "Fair Value Measurement"

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2024

(SLFRS13). Based on the valuation techniques and inputs used, Buildings, Plant & Machinery and Motor Vehicles 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 Buildings, Plant & Machinery and Motor Vehicles, and sensitivity analysis are provided in Note 14.10 and 14.12.

2.7.2 Useful lifetime of the property, plant, and equipment

The Company reviews the residual values, 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 3.1.2.7 for more details.

2.7.3 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 16.1, 16.2 and 16.3.

2.7.4 Measurement of defined benefit obligation

The cost of defined benefit obligation is determined using actuarial valuations. 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 28 for the assumptions used to determine defined benefit obligations. Sensitivity analysis to key assumptions is disclosed in Note 28.2.

2.7.5 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. Refer Note 37.

2.7.6 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 29.5 for estimate and assumption used by the company in assessing recoverability of deferred tax assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2024

2.8 Determination of fair value

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.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2.9 Offsetting

Financial assets and financial liabilities are offset, and the net amount reported in the Statement of Financial Position, only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously. Income and expenses are not offset in the Income Statement, unless required or permitted by an Accounting Standard or Interpretation (issued by the International Financial Reporting Interpretations Committee and Standard Interpretation Committee) and as specifically disclose in the accounting policies of the Company.

2.10 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.

3. MATERIAL ACCOUNTING POLICIES

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2024

3.1 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 realized 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 date of statement of financial position.

3.1.1 Right to use of Asset

3.1.1.1 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.

3.1.1.2 ROU Asset

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.

3.1.1.3 Depreciation expenses

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

3.1.1.4 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2024

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.

3.1.1.5 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.

3.1.1.6 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.

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.

3.1.2 Property, Plant and Equipment

3.1.2.1 Recognition and Measurement

Property, plant and equipment except building, plant & machinery and motor vehicle are stated at cost less accumulated depreciation and accumulated impairment losses, except for Bare Land on Lease which is stated at revalued amount on 22nd June 1992 less subsequent accumulated depreciation and accumulated Impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2024

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

3.1.2.2 Owned Assets

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

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

Buildings, Plant & Machinery and Motor Vehicles are measured at fair value less accumulated depreciation on such assets and impairment charged subsequent to the date of the revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount and is undertaken by professionally qualified valuer for every five year. Other property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

3.1.2.3 Land Improvement 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 capitalized and amortised over the remaining lease period.

Permanent impairment to land development costs are charged to the profit or loss statement in full or reduced to the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

3.1.2.4 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 utilization or at the time the asset is commissioned.

3.1.2.5 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 derecognized.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2024

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.

3.1.2.6 Borrowing Costs

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

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

3.1.2.7 Depreciation and Amortization

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. Land is not depreciated.

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

Asset Category	No of Years	Rate %
Improvements to Building	40	2.5
Land Improvement	49	2.04
Plant & Machinery	15 to 20	6.66/ 5
Motor Vehicles	5	20
Equipment	8	12.5
Computer	4	25
Computer Software	3	33
Furniture & Fittings	10	10
Water Projects & Sanitation	20	5

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

Asset Category	No of Years	Rate %
Bare Land	53	1.89
Mature Plantations – Tea	33	3
Buildings	25	4
Plant & Machinery	15	6.67
Land Development Cost	53	1.89
Water Supply Scheme	30	3.33
Mini Hydro Scheme	10	10

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2024

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

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

3.1.2.8 Derecognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss and the revalued assets are disposed, the amount included in revaluation surplus reserve is transferred to retained earnings.

3.1.3 Biological Assets

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

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.

3.1.3.1 Recognition and Measurement

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

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

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

3.1.3.2 Bearer Biological Assets

The costs of land preparation, rehabilitation, new planting, replanting, crop diversification, interplanting, fertilizing and so on incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads including interest attributable to long-term loans used for financing immature plantations. The expenditure incurred on Bearer Biological assets (Tea, Rubber fields) which comes into bearing during the year, is transferred to mature plantations.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2024

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.

3.1.3.3 Infilling cost on Bearer Biological Assets

The land development costs incurred in the form of infilling are capitalized 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 capitalized 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 capitalized have been charged to the Statement of Profit or Loss and Other Comprehensive Income in the year in which they are incurred.

3.1.3.4 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	No of Years	Rate %
Tea	33 1/3	3
Rubber	20	5
Coffee	10	10
Citrus	10	10

No depreciation is provided for Immature Plantations.

3.1.3.5 Consumable Biological Assets

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

The main variables in DCF model are as follows:

Variable	Comment
Timber content	Estimated based on physical verification of girth, height and considering the growth of each species, and factoring in all the prevailing statutory regulations enforced against harvesting of timber coupled with the forestry plan of the Company.
Economic useful life	Estimated based on the normal life span of each species by factoring in the forestry plan of the Company.
Selling price	Selling price reflects the currently available market value.
Discount Rate	Discount rate reflects the possible variations in the Cash flows and the risk related to the biological assets.
Currency	LKR

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2024

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.

3.1.4 Produce on Bearer Biological Assets

The Company recognizes 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 is recognised in profit or loss at the end of each reporting period.

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

For the valuation of the produce, the Company uses the bought-leaf rate (current month) less cost of harvesting and transport.

3.1.5. Financial instruments

3.1.5.1. 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.

3.1.5.2. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2024

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

Transfers of financial assets to third parties in transactions that do not qualify for de recognition 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 paramount, 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2024

3.1.5.3. 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.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

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.

3.1.5.4. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2024

3.1.5.5. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2024

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.

Impairment Policy: Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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

3.1.6. Inventories

3.1.6.1 Agricultural Produce harvested from Biological Assets

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

3.1.6.2 Agricultural Produce after further processing

Further processed output of Agricultural Produce is valued at the lower of cost and estimated net realizable value, after making due allowances for obsolete and slow-moving items. Net realizable value is the estimated selling price at which stocks can be sold in the ordinary course of business less the estimated cost of completion and estimated cost necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2024

3.1.6.3 Input Material, Consumables and Spares

Valued at actual cost on weighted average basis.

3.1.6.4 Growing Crop Nurseries

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

3.1.7 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.

3.2 Liabilities and Provisions

Liabilities classified as current liabilities on the Statement of Financial Position are those which fall due for payment on demand or within one year from Statement of Financial Position date. Non-current liabilities are those balances that fall due for payment after one year from Statement of Financial Position date. All known liabilities have been accounted for in preparing these Financial Statements.

Provisions are recognised when the Company has a binding present obligation. This may be either legal because it derives from a contract, legislation or other operation of law, or constructive because the Company created valid expectations on the part of third parties by accepting certain responsibilities. To record such an obligation, it must be probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation. The amount recognized as a provision and the indicated time range of the outflow of economic benefits are the best estimate (most probable outcome) of the expenditure required to settle the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation. Non-current provisions are discounted if the impact is material.

3.2.1 Employee Benefits

3.2.1.1 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 recognised 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2024

3.2.1.2 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.

The key assumptions used in determining the Retirement Benefit Obligations are given in Note 28.2.

3.2.2 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.

3.2.3 Deferred Income

3.2.3.1 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2024

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

3.2.4 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.

3.3 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.

3.3.1. Revenue

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

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

a) Sale of Plantation produce

Revenue from sale of plantation produce is recognized at the point in time when the control of the goods is transferred to the customer. Black tea produce is sold at the Colombo tea Auction and the highest bidder whose offer is accepted shall be the buyer, and a sale shall be completed at the fall of the hammer, at which point control is transferred to the customer. Revenue from sale of other crops are recognized at the point in time when the control of the goods has been transferred to the customer generally upon delivery of the goods to the location specified by the customer and the acceptance of the goods by the customer.

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

Revenue recognition criteria for the other revenue and income earned by the Company are as follows.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2024

b) Rental Income

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

c) Dividend Income

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

3.3.2 Expenditure Recognition

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

3.3.2.2 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. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received may be recognised as an integral part of the total lease expense, over the term of the lease.

3.3.2.3 Finance Income

Interest income is recognized on an accrual basis, using the effective interest method.

3.3.2.4 Income Tax Expense

Income tax expense comprises both current and deferred tax. Income tax expense is recognized in income statement except to the extent that it relates to items recognized directly in equity, in which case is recognized in the statement of comprehensive income or statement of changes in equity, in which case it is recognized directly in the respective statements.

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

3.3.2.4.1 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.

3.3.2.4.2 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2024

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.

3.3.2.4.3 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.

3.4 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, and Government grants received are classified as financing cash flows for the purpose of presentation of the Statement of Cash Flows.

3.5 Segmental Reporting

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2024

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

Assets and Liabilities directly attributable to each segment are allocated to the respective segments. Assets and Liabilities which are not directly attributable to a segment are allocated on a reasonable basis wherever possible. The activities of the segments are described in Note 05 to the Financial Statements.

3.6 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 35.

3.7 Earnings Per Share

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

3.8 Events occurring after the reporting period

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 2025 and earlier application is permitted. However, the Company has not early adopted the new or amended standards in preparing these financial statements.

SLFRS 18 Presentation and Disclosure in Financial Statement

SLFRS 18 will replace LKAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2024

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

Other accounting standards

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

- Lack of Exchangeability (Amendments to IAS 21)

The amendments clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. The amendments apply to annual reporting periods beginning on or after 1 January 2025.

General requirements for disclosure of sustainability related financial information (SLFRS S1) and climate related disclosures (SLFRS S2)

In June 2023 the International Sustainability Standards Board (ISSB) released its first two sustainability disclosure standards, IFRS S1 and IFRS S2. During the year, CA Sri Lanka issued the localised standards based on these IFRSs designated as SLFRS S1 SLFRS S2. These standards will become effective for the Company from 1 January 2025. No financial impact is expected on the Company except for additional disclosures.

For the year ended 31st December 2024

85

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2024

	2024 Rs.	2023 Rs.	
9. PROFIT (LOSS) BEFORE TAXATION			
Is stated after charging all expenses including the following			
Auditors’remunuration - Audit	3,250,000	2,950,000	
- Non Audit	396,330	330,000	
Directors Remuneration	1,171,875	-	
Depreciation/ Amortization			
- Leasehold right to Bare Land of JEDB / SLSPC Estates (Note 12)	7,758,341	6,469,961	
- Immovable Leased Assets of JEDB/SLSPC Estates (Note 13)	28,822,667	29,386,828	
- Freehold Property Plant and Equipment (Note 14)	115,605,620	114,014,401	
- Mature Plantations (Note 15.1)	28,793,439	28,686,850	
Personnel Cost			
- Salaries and Wages	1,631,354,022	1,492,920,989	
- Defined Benefit Plan - Gratuity	225,205,629	286,353,491	
- Defined Contribution Plans - EPF/ESPS/CPPS	322,473,524	311,960,544	
- Impairment of Property Plant & Equipment	38,180,348	3,143,308	
- Impairment of Mature Plantations	80,512	-	
- Impairment of Immature Plantations	1,228,396	-	
	2024 Rs.	2023 Rs.	
10. INCOME TAX EXPENSE			
10.1 Amounts recognised in Profit or Loss			
Deferred tax expense			
Current tax expense (Note 10.3)	-	-	
Deferred tax expense (Note 29.3)	220,092,324	796,455,085	
	220,092,324	796,455,085	
10.2 Amounts recognized in Other Comprehensive Income			
For the year ended 31st December 2024			
	Value Before Tax	Tax (Expenses) / Benefit	Net of Tax
Item that will not be reclassified to profit or loss			
Actuarial Gain/ (Loss) on Retirement Benefit Obligations	15,009,781	(4,502,934)	10,506,847
	15,009,781	(4,502,934)	10,506,847
For the year ended 31st December 2023			
Item that will not be reclassified to profit or loss			
Actuarial Gain/ (Loss) on Retirement Benefit Obligations	56,906,100	(17,071,830)	39,834,270
	56,906,100	(17,071,830)	39,834,270

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2024

	2024 Rs.	2023 Rs.
10.3 Reconciliation of accounting profit to taxable income		
Accounting profit/(loss) before income tax expense	463,836,566	(241,804,548)
Aggregated Disallowed Items	196,287,691	236,708,011
Aggregated Allowable Items	(322,662,970)	(376,172,688)
Accounting Loss from Agro Farming	-	432,212,019
Statutory Income from business	337,461,287	50,942,794
Other Source of Income	-	-
Total Statutory Income	337,461,287	50,942,794
Tax losses claimed during the year	(337,461,287)	(50,942,794)
Total Taxable Income	-	-
Income Tax @ 30% (2023 - 30%)	-	-
	-	-
10.4 Reconciliation of effective tax rate		
Profit/ (Loss) before tax	463,836,566	(241,804,548)
Tax using the Company's domestic tax rate	30%	30%
Tax effect of:		
- Aggregate disallowable expenses	13%	-29%
- Aggregate allowable expenses	-21%	47%
- Other sources of income liable for tax	0%	0%
- Tax losses claimed during the year	-22%	6%
Origination and reversal of temporary differences	47%	-329%

10.5 Applicable income tax rates as per the Department of Inland Revenue

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 "Business income" and "Investment income" at the standard tax rate of 30%.

10.6 Accumulated Tax losses

Tax losses brought forward	3,007,356,564	2,981,475,130
Adjustment in respect of previous years	11,831,484	76,824,228
Tax Losses During the Year	-	-
Tax losses expired during the Year	(2,442,097,102)	-
Tax losses claimed during the year	(337,461,288)	(50,942,794)
Tax losses carried forward	239,629,658	3,007,356,564

10.7 Tax losses carried forward

Tax losses for which no deferred tax asset was recognized expires as follows.

For the year ended 31st December, Carried forward loss	2024 Rs.	Expiry date	2023 Rs.	Expiry date
2018/19	-	-	2,768,886,939	2024/25
2019/20	239,629,659	2025/26	239,629,659	2025/26

11. BASIC EARNING/ (LOSS) PER SHARE

"Basic Earning /(Loss) per share has been calculated by dividing the Earning/(Loss) for the year attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year and it is calculated as follows:.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

	2024 Rs.	2023 Rs.
Earning / (Loss) attributable to shareholders	243,744,242	(1,038,259,633)
Weighted average number of Ordinary Shares in issue	169,501,097	169,501,097
Basic Earning / (Loss) per share	1.44	(6.13)

11.1 Diluted Earning/(Loss) Per Share

There were no potential diluted ordinary shares outstanding at any time during the year. Therefore, diluted Earning/(Loss) Per Share is the same as Basic Earning/(Loss) Per Share shown above.

	2024 Rs.	2023 Rs.
12. RIGHT OF USE LAND		
Cost		
Balance as at 1st January	284,671,982	235,176,714
Remeasurement During the Year	20,747,186	49,495,268
Balance as at 31st December	305,419,168	284,671,982
Accumulated Amortization		
Balance as at 1st January	133,611,093	127,141,132
Charge for the Year	7,758,341	6,469,961
Balance as at 31st December	141,369,434	133,611,093
Carrying value as at 31st December	164,049,734	151,060,889

The Right of Use - Lands consist of the lease rights on Janatha Estates Development Board/Sri Lanka State Plantations Corporation Estates. Leases have been executed for a period of 53 years. All these leases are retroactive to 22nd June 1992 the date of formation of the Company. The leasehold right to the 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 Issues Task Force (UITF) of the Institute of Chartered Accountants of Sri Lanka.

12.1.1 Leasehold rights to bare land of JEDB / SLSPC estate assets acquired by the Government of Sri Lanka

The Government of Sri Lanka has initiated actions under provisions of the Land Acquisition Act No.28 of 1964, to acquire land from lands leased to the company in El-Teb, Mahadowa, Uvakallie and Veralapatana estates located in Madulsima Region. The Government of Sri Lanka has already acquired a total land extent of 4.39 hectares (Refer Note A below).

(A) List of lands acquired by the government as at 31 December 2024

Region	Estates	Purpose of Acquisition	Extent (Hactares)	Acquired Year
Madulsima	El-Teb	Lower Division No.01 Tamil School	0.81	2014
Madulsima	Mahadowa	Lower Division No.01 Tamil School	0.44	2014
Madulsima	Mahadowa	Hospital Development	0.81	2009
Madulsima	Mahadowa	Chengaladi Road Expansion	0.12	2015
Madulsima	Uvakellie	Tamil School	0.80	1995
Madulsima	Veralapatana	Expansion of Madulsima town	0.81	1999
Madulsima	Veralapatana	Police Station & Quarters	0.60	2003
Total			4.39	

No adjustments have been made to the Financial Statements in respect of these lands acquired as the compensation receivable on these acquisitions are not known and the Government valuation is pending as at 31st December 2024. Accordingly, the transactions pertaining to those acquisitions are incomplete as at 31st December 2024.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

13. IMMOVABLE LEASED ASSETS OF JEDB/SLSPC ESTATES (OTHER THAN BARE LAND)

All immovable assets in the JEDB/SLSPC estates under finance lease have been taken in to the financial statements of Company retroactive to 22nd June 1992. For this purpose, the Board decided at its meeting on 08th March 1995 that these assets be restated at their book values as they appear in books on the day immediately preceding the date of formation of company. The assets were taken into the Statement of Financial Position as at 22nd June 1992 and Amortized as follows.

	Mature Plantations Tea		Unimproved Lands		Buildings		Plant & Machinery		Water Supply Scheme		Mini Hydro Scheme		Total	
	Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.	
Cost/Revaluation														
As at 1st January 2023	146,663,085		4,417,562		29,980,829		369,825,000		3,346,579		9,292,578		563,525,633	
As at 31st December 2023	146,663,085		4,417,562		29,980,829		369,825,000		3,346,579		9,292,578		563,525,633	
As at 1st January 2024	146,663,085		4,417,562		29,980,829		369,825,000		3,346,579		9,292,578		563,525,633	
As at 31st December 2024	146,663,085		4,417,562		29,980,829		369,825,000		3,346,579		9,292,578		563,525,633	
Accumulated Amortization														
As at 1st January 2023	136,917,678		2,542,233		29,980,829		50,819,238		3,346,579		9,292,578		232,899,135	
Charge for the Year	4,648,478		83,350		-		24,655,000		-		-		29,386,828	
As at 31st December 2023	141,566,156		2,625,583		29,980,829		75,474,238		3,346,579		9,292,578		262,285,963	
As at 1st January 2024	141,566,156		2,625,583		29,980,829		75,474,238		3,346,579		9,292,578		262,285,963	
Charge for the Year	4,084,317		83,350		-		24,655,000		-		-		28,822,667	
As at 31st December 2024	145,650,473		2,708,933		29,980,829		100,129,238		3,346,579		9,292,578		291,108,630	
Net Carrying Value														
As at 31st December 2023	5,096,929		1,791,979		-		294,350,762		-		-		301,239,670	
As at 31st December 2024	1,012,612		1,708,629		-		269,695,762		-		-		272,417,003	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

13.1 These assets are being amortized in equal annual amounts over the following periods.

Mature Plantations-Tea	33 Years
Unimproved Lands	53 Years
Buildings	25 Years
Plant & Machinery	15 Years*
Water Supply Scheme	30 Years
Mini Hydro Scheme	10 Years

* The assets were revalued in 2020, and their depreciable lives have been presented from that date onwards.

13.2 Fair value hierarchy

The fair value of the Buildings was determined by an external independent valuer, having appropriate recognized professional qualifications and experience in the category of the Buildings being valued. Based on the valuation techniques used it has been classified under Level 3 in fair value hierarchy. Valuation techniques and significant unobservable inputs are disclosed under Note 14.10. The value of Buildings which are carried forward from JEDB/SLSPC agreement as per Note 13 and subsequent improvement thereon has not been separately identified, due to inseparable nature and total revaluation gain on Buildings are recognised under Note 14.

The fair value of the Plant & Machinery was determined by an external independent valuer, having appropriate recognized professional qualifications and experience in the category of the Plant & Machinery being valued. Based on the valuation techniques used it has been classified under Level 3 in fair value hierarchy. Valuation techniques and significant unobservable inputs are disclosed under Note 14.10.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

14. PROPERTY, PLANT & EQUIPMENT

COST/REVALUATION	As at 01st January 2024 Rs.	Additions/ Transfer in Rs.	Impairment Rs.	As at 31st December 2024 Rs.	As at 31st December 2023 Rs.
AT COST					
Land Improvements	55,368,872	14,645	-	55,383,517	55,368,872
Water Projects & Sanitation	25,698,539	-	-	25,698,539	25,698,539
Equipment	83,239,757	2,370,195	-	85,609,952	83,239,757
Computer	14,380,535	2,245,200	-	16,625,735	14,380,535
Furniture & Fittings	6,593,374	-	-	6,593,374	6,593,374
	185,281,077	4,630,040	-	189,911,117	185,281,077
AT REVALUATION					
Improvements to Buildings	793,474,310	1,677,952	-	795,152,262	793,474,310
Plant & Machinery	495,364,602	5,115,061	-	500,479,663	495,364,602
Motor Vehicles	194,699,092	7,320,190	-	202,019,282	194,699,092
	1,483,538,004	14,113,203	-	1,497,651,207	1,483,538,004
Capital Work-in-Progress					
	38,498,691	1,074,181	(38,180,348)	1,392,524	38,498,691
	1,707,317,772	19,817,424	(38,180,348)	1,688,954,848	1,707,317,772



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

14. PROPERTY, PLANT & EQUIPMENT (CONTD.)

	As at 01st January 2024 Rs.	Charge for the Year Rs.	Carrying Value	
			As at 31st December 2024 Rs.	As at 31st December 2023 Rs.
AT COST				
Land Improvements	20,570,822	1,587,248	22,158,070	33,225,447
Water Projects & Sanitation Equipment	24,286,776	309,610	24,596,386	1,102,153
Computer	55,285,481	6,773,451	62,058,932	23,551,020
Furniture & Fittings	12,264,258	879,079	13,143,337	3,482,398
	5,190,691	138,844	5,329,535	1,263,839
	117,598,028	9,688,232	127,286,260	62,624,857
AT REVALUATION				
Improvements to Buildings	94,284,999	31,702,398	125,987,397	669,164,865
Plant & Machinery	101,200,202	35,628,822	136,829,024	363,650,639
Motor Vehicles	111,374,650	38,586,167	149,960,817	52,058,465
	306,859,851	105,917,387	412,777,238	1,084,873,969
				1,176,678,153
Capital Work-in-Progress				
	-	-	-	1,392,524
	424,457,879	115,605,619	540,063,498	1,148,891,350
				1,282,859,893

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

14. PROPERTY, PLANT & EQUIPMENTS (CONTD.)

14.1 The assets shown above are those immovable assets vested in the company by way of Gazette notification on the date of formation of the company (22nd June 1992) and all investments in tangible assets of the Company since its formation. The assets taken over by way of estate leases are set out in Notes 12 and 13 to the Financial Statements.

14.2 Property, plant and equipment under construction

Capital work in progress represents the amount of expenditure recognised under property, plant and equipment during the construction of capital assets.

14.3 Capital work in progress written off

The Company has written off Rs.38,180,348/- during the year which relates to the discontinued projects. (2023 - Rs.3,143,308/-)

14.4 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 14.9

14.5 Capitalisation of borrowing cost

There were no capitalised borrowing costs related to the acquisition of property, plant and equipment during the year ended 31st December 2024. (2023 - Nil).

14.6 Temporarily Idle property, plant and equipment

There are no temporarily idle property, plant or equipment as at the reporting date. (2023 - Nil)

14.7 Impairment of property, plant and equipment

The Board of Directors has assessed the potential impairment loss of property, plant & equipment as at 31 December 2024. Based on the assessment, no impairment provision is required to be made in the Financial Statements as at the reporting date in respect of property, plant & equipment. (2023 - Nil).

14.8 Fully depreciated property, plant and equipment in use

Property, plant and equipment includes fully depreciated assets with a cost of Rs. 166.6 Mn (31st December 2023 - Rs. 118.5 Mn) which were in use during the year.

14.9 Property, plant and equipment pledged as security for liabilities

There are no property, plant and equipment pledged as security against borrowings as at the reporting date. (2023 - Nil)

14.10 Valuation of Property, Plant and Equipment

The Company uses the revaluation model of measurement for Buildings, Plant & Machinery and Motor Vehicles in all of its 12 estates. The Company engaged Mr. W.M. Chandrasena FIV (SL), MRICS (UK) Independent Chartered Valuation Surveyor, Membership No F/14, to determine the fair value of its Buildings, Plant & Machinery and Motor Vehicles. Fair value is determined by reference to market-based evidence. Valuations are based on open market rates, adjusted for any difference in the nature, location or condition of the specific property. The date of the most recent valuation was 31st December 2020. As per the valuer's opinion, there is no significant change in the fair value as at 31st December 2024.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

14. PROPERTY, PLANT & EQUIPMENT (CONTD.)

14.10 The details of Buildings, Plant & Machinery and Motor Vehicles which are stated at valuation are as follows,

Location	Method of Valuation	Effective date of Valuation	Name of the Independent Valuer	Revalued Amount	Net Book Value before revaluation	Revaluation Gain/(Loss)
Building	Cost Approach	31-12-2020	Mr. W.M. Chandrasena FIV (SL), MRICS (UK) Independent Chartered Valuation Surveyor, Membership No F/14.	777,543,926	185,973,549	591,570,377
Freehold Plant & Machinery (Note 14)	Cost Approach	31-12-2020		446,258,000	487,008,313	(40,750,313)
Leasehold Plant & Machinery (Note 13)	Cost Approach	31-12-2020		369,825,000	276,208,324	93,616,676
Motor Vehicles	Market Approach	31-12-2020		173,580,000	50,707,200	122,872,800
				1,767,206,926	999,897,386	767,309,540

14.11 If property, plant and equipment were stated on the historical cost basis, their net book amounts would be as follows :

Carrying value of revalued Plant and Machinery if carried at historical cost is Rs. 342 Mn as at 31st December 2024.

Carrying value of revalued Motor Vehicles if carried at historical cost is Rs. Nil as at 31st December 2024.

Carrying value of revalued Buildings if carried at historical cost is Rs. 52 Mn as at 31st December 2024.

14.12 Fair value measurement

14.12.1 Fair Value of Buildings

I Fair Value Hierarchy

The fair value of the Building was determined by an external independent property valuer, having appropriate recognized professional qualifications and experience in the category of the property being valued. The valuer provides the fair value of the property. Based on the valuation techniques used it has been classified under Level 3 in fair value hierarchy.

II Valuation technique and significant unobservable inputs (Level 3)

The following table shows the valuation technique used in measuring the fair value of Buildings, as well as the significant unobservable inputs used;

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

Estate	Location (Region)	Fair Value as at 31 December 2020 (Rs.)	Method of Valuation	Significant Unobservable Inputs	Range of Estimates for unobservable inputs (Estimated Price per Sq. Ft.)	Inter-relationship between key unobservable inputs and fair value measurement
Battawatte	Madulsima	50,669,373	Cost Approach	Estimated Replacement cost per Sq. Ft.	850-3500	Positively correlated sensitivity
Cocogalla	Metigahatenne	49,419,438	Cost Approach	Estimated Replacement cost per Sq. Ft.	850-4500	Positively correlated sensitivity
Galloola	Madulsima	40,692,764	Cost Approach	Estimated Replacement cost per Sq. Ft.	500-4500	Positively correlated sensitivity
Mahadowa	Madulsima	84,413,345	Cost Approach	Estimated Replacement cost per Sq. Ft.	800-3000	Positively correlated sensitivity
Uvakellie	Madulsima	12,144,942	Cost Approach	Estimated Replacement cost per Sq. Ft.	850-2850	Positively correlated sensitivity
Verellapatna	Madulsima	71,839,795	Cost Approach	Estimated Replacement cost per Sq. Ft.	850-3250	Positively correlated sensitivity
El-Teb	Passara	72,475,733	Cost Approach	Estimated Replacement cost per Sq. Ft.	1200-3500	Positively correlated sensitivity
Roeberry	Pitamaruawa	76,127,258	Cost Approach	Estimated Replacement cost per Sq. Ft.	1200-3000	Positively correlated sensitivity
Kew	Bogawantalawa	52,044,665	Cost Approach	Estimated Replacement cost per Sq. Ft.	1800-4000	Positively correlated sensitivity
Kirkoswald	Bogawantalawa	132,483,547	Cost Approach	Estimated Replacement cost per Sq. Ft.	500-4000	Positively correlated sensitivity
Theresia	Bogawantalawa	51,740,490	Cost Approach	Estimated Replacement cost per Sq. Ft.	850-3500	Positively correlated sensitivity
Venture	Norwood	77,131,361	Cost Approach	Estimated Replacement cost per Sq. Ft.	750-3750	Positively correlated sensitivity
Head Office	Badulla	6,361,215	Cost Approach	Estimated Replacement cost per Sq. Ft.	1820-1840	Positively correlated sensitivity
Total		777,543,926				

Cost Approach - This reflects the amount that would be required currently to replace the service capacity of an asset.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

14.12.2 Fair Value of Freehold and Leasehold Plant and Machinery

I Fair Value Hierarchy

The fair value measurement for all of Plant & Machinery has been categorized as level 03 fair value based on the input to the valuation technique used.

II Valuation technique and significant unobservable inputs (Level 3)

The following table shows the valuation technique used in measuring the fair value of Plant & Machinery, as well as the significant unobservable inputs used;

Type of Asset	Valuation technique	Significant unobservable input	Inter-relationship between key unobservable inputs and fair value measurement
Plant and Machinery	Cost Approach	Depreciated Replacement Cost	The higher the Depreciated Replacement Cost, the higher the fair value
	This reflects the amount that would be required currently to replace the service capacity of an asset	Rs. 7,500 - 30,000,000	

14.12.3 Fair Value of Motor Vehicles

I Fair Value Hierarchy

The fair value measurement for all of Motor Vehicles has been categorized as level 2 fair Value based on the input to the valuation technique used.

	Significant other observable inputs (Level II) Rs.	Total Rs.
Motor Vehicle	173,580,000	173,580,000
Fair value measurements at 31 December 2020	173,580,000	173,580,000

This reflects the market value of similar asset considering the current market transactions for identical or similar assets discounted for age and condition of the assets being revalued. The current market values of revalued motor vehicles range from Rs. 10,000/- to Rs. 12,500,000/-.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

15. BEARER BIOLOGICAL ASSETS

15.1 Mature Plantations

Costs	Life of the Assets	As at 1st January 2024	Additions/ Transfers in	Impairment	As at 31st December 2024	As at 31st December 2023
		Rs.	Rs.	Rs.	Rs.	Rs.
- Tea	33 1/3 years	805,871,977	219,071,203	-	1,024,943,180	805,871,977
- Rubber	20 years	71,708,250	33,222,366	-	104,930,616	71,708,250
- Coffee	10 years	3,875,172	-	-	3,875,172	3,875,172
- Cloves	10 years	184,552	-	-	184,552	184,552
- Cinnamon	10 years	9,128,283	-	-	9,128,283	9,128,283
- Citrus	10 years	80,512	-	(80,512)	-	80,512
		890,848,746	252,293,569	(80,512)	1,143,061,803	890,848,746

Accumulated Depreciation						Carrying Value
	As at 1st January 2024	Depreciation for the Year	As at 31st December 2024	As at 31st December 2024	As at 31st December 2023	As at 31st December 2023
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
- Tea	259,429,651	24,176,159	283,605,810	741,337,370	546,442,326	546,442,326
- Rubber	7,265,026	3,585,413	10,850,439	94,080,177	64,443,224	64,443,224
- Coffee	2,969,913	100,584	3,070,497	804,675	905,259	905,259
- Cloves	18,455	18,455	36,910	147,642	166,097	166,097
- Cinnamon	912,828	912,828	1,825,656	7,302,627	8,215,455	8,215,455
- Citrus	-	-	-	-	80,512	80,512
	270,595,873	28,793,439	299,389,312	843,672,491	620,252,873	620,252,873

Investments in bearer biological assets since the formation of the company have been classified as shown above and mainly includes tea and rubber plantations. Bearer plants are stated at cost less accumulated depreciation and impairment in accordance with LKAS 16-Property, Plant and Equipment.

The immature plants are classified as mature plants when they are ready for commercial harvesting.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

15.2 Immature Plantations

	As at 1st January 2024 Rs.	Additions During the Year Rs.	Transfer to Mature During the Year Rs.	Impairment during the year Rs.	As at 31st December 2024 Rs.	As at 31st December 2023 Rs.
- Tea	441,022,362	114,262,955	(219,071,203)	-	336,214,114	441,022,362
- Rubber	37,304,286	4,969,798	(33,222,366)	-	9,051,718	37,304,286
- Coffee	3,189,999	251,424	-	(1,202,655)	2,238,768	3,189,999
- Cloves	-	15,025	-	-	15,025	-
- Pepper	2,320,605	511,566	-	-	2,832,171	2,320,605
- Cardamon	5,465,811	605,086	-	-	6,070,897	5,465,811
- Cinnamon	126,682	-	-	(25,741)	100,941	126,682
	489,429,745	120,615,854	(252,293,569)	(1,228,396)	356,523,634	489,429,745
Carrying Value					1,200,196,125	1,109,682,618

15.3 Provision of Impairment of Immature Plantations

	2024 Rs.	2023 Rs.
Balance as at 1 January	54,190,703	54,190,703
Impairment Charge For the Year	-	-
Balance as at 31 December	54,190,703	54,190,703

The Company has performed an impairment assessment on immature biological assets as at 31st December 2024. Based on the assessment, no impairment provision is required to be made in the financial statements as at the reporting date in respect of immature biological assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

	2024 Rs.	2023 Rs.
16. CONSUMABLE BIOLOGICAL ASSETS -TIMBER PLANTATIONS		
Balance as at 1st January	4,980,421,267	4,330,380,459
Increase due to New Planting	27,045,082	30,614,100
Gain on Change in Fair Value	392,343,316	619,426,708
Balance as at 31st December	5,399,809,665	4,980,421,267

16.1 Measurement of Fair Value

The valuation of consumable biological assets was carried by Mr.W.M. Chandrasena,an indipendent valuation surveyor, using discounted cash flow (DCF) methods.The valuation report dated 31st December 2024 has been prepared based on the physically verified timber staistics provided by the company.

The future cash flows are determined by reference to current timber prices.

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 analysis 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

Fair Value Hierarchy

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

Non Financial Assets - Consumable Biological Assets

As at 31st December 2024	Date of valuation	Level 1 Rs	Level 2 Rs	Level 3 Rs
Assets measured at fair value				
Consumable Biological Assets - Timber	31st December 2024	-	-	5,399,809,665

In determining the fair value, highest and best use of timber, current condition of the trees and expected timber content at harvesting have been considered. Also, the valuers have made reference to market evidence of the company and the market prices of timber corporation, with appropriate adjustments for size and location. The appraised fair values are rounded with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

16.2 Information About Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

Type	Valuation Technique	Unobservable Inputs	Range of Unobservable Inputs	Relationship of Unobservable inputs to Fair Value
Standing timber older than 4 years.	DCF Method The valuation model considers present value of future net cash flows expected to be generated by the plantation from the timber content of managed timber plantation on a tree per-tree basis.	Discounting factor Optimum rotation (Maturity) Price per Cu. Ft.	16.5% 25-35 Years Rs. 150/- Rs.700/- per Cu. Ft	The higher the discount rate, the lower the fair value Lower the rotation period, the higher the fair value. The higher the rate higher the fair value
Young Plants (Age less than 4 years)	Cost techniques; The cost techniques consider the cost of creating a comparable plantation, taking in to account the cost of infrastructure, cultivation and preparation, buying and planting young trees with an estimate profit that would apply to this activity.	- Estimated cost of cultivation and preparation per hectare - Estimated cost of buying and planting young plants per hectare	Rs. 250,000 - Rs. 350,000 Rs. 62,000 - Rs. 65,000	The higher the cost higher the fair value The estimated fair value would increase (decrease) if; The estimated cost of infrastructure, cultivation and preparation and buying and planting trees were higher/ (lower).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

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 foot based on the price list of the State Timber Corporation and prices of timber trees sold by the estates.

Key assumption used in the Valuation

1. The harvesting will be approved by the PMMD and Forest Department based on the forestry development plan
2. The price adopted are net of expenditure
3. Though the replanting is a condition precedent for harvesting, yet the cost are not taken in to consideration.

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

16.3 Sensitivity analysis of assumptions used in the valuation of timber plantations

Sensitivity variation sales price

Values appearing in the Statement of Financial Position are sensitive to price changes with regard to the average sales prices applied. Simulations made for timber prices shows that an increase or decrease of 10% of the future selling prices has the following effect on the net present value of the Mature Consumable Biological Assets.

	-10%	+10%
Managed Timber	Rs.	Rs.
As at 31st December, 2024	(557,842,573)	557,842,573
As at 31st December, 2023	(515,679,871)	515,679,871

Sensitivity variation discount rate

Values appearing in the Statement of Financial Position are sensitive to changes of discount rate applied. Simulations made for discount rate shows that an increase or decrease by 1% of the future discounting rate has the following effect on the net present value of the Mature Consumable Biological Assets.

	-1%	+1%
Managed Timber	Rs.	Rs.
As at 31st December, 2024	109,108,324	(100,887,932)
As at 31st December, 2023	111,033,051	(102,714,521)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

	2024 Rs.	2023 Rs.
17. INVESTMENT IN FINANCIAL ASSETS - FVOCI		
Investment in unquoted companies		
Investment in Bogo Power (Pvt) Ltd (3,500,000 Ordinary shares)	4,253,081	3,996,172
Fair Value Change during the year	(36,623)	256,909
	4,216,458	4,253,081

Investment in ordinary shares of Bogo Power (Pvt) Ltd

The Company designated the investments shown below as equity securities at FVOCI because these equity securities represent investments that the Company intends to hold for the long term for strategic purposes.

No strategic investments were disposed of during the year 2024, and there were no transfers to any cumulative gain or loss within the equity relating to these investments.

The investment in ordinary shares of Bogo Power (Pvt) Ltd has been measured at fair value (Level 3) on a net assets value (Rs. 1.205 per share) basis and the fair value gain / (loss) has been classified as fair value reserve.

	2024 Rs.	2023 Rs.
18. PRODUCE ON BEARER BIOLOGICAL ASSETS		
Balance as at 01st January	7,811,270	8,019,681
Change in fair value less cost to sell	(1,818,007)	(208,411)
Balance as at 31st December	5,993,263	7,811,270

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

	2024 Rs.	2023 Rs.
18.1 Gain / (Loss) On Fair Value Of Biological Assets		
Change in fair value of consumable biological assets less cost to sell (Note 16)	392,343,316	619,426,708
Change in fair value of produce on bearer biological assets less cost to sell (Note 18)	(1,818,007)	(208,411)
Total change in fair value of biological assets	390,525,309	619,218,297

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

	2024 Rs.	2023 Rs.
19. INVENTORIES		
Input Materials	112,013,940	94,692,385
Growing Crop Nurseries	20,142,164	20,271,175
Produce Stock	367,915,689	430,871,706
Consumables & Spares	790,552	2,558,314
	500,862,345	548,393,580
20. TRADE AND OTHER RECEIVABLES		
Trade Receivable		
Produce Debtors	95,356	-
Other Receivables		
Employee Related Debtors	83,486,354	76,816,490
Value Added Tax Receivable	15,571,068	10,850,996
With Holding Tax Receivable	17,420,543	13,393,477
Income Tax Recoverable	6,517,024	6,517,024
Deposits and Prepayments	16,980,943	17,711,245
ACT Recoverable	41,034,639	41,034,639
Other Debtors	59,219,859	37,750,922
	240,325,786	204,074,793
Provision for Doubtful Debts	(63,976,287)	(63,976,287)
	176,349,499	140,098,506
20.1 Provision for impairment of other receivables		
Balance at the beginning of the year	63,976,287	63,976,287
Balance at 31st December	63,976,287	63,976,287
21. AMOUNTS DUE FROM RELATED PARTIES		
Stassen Exports (Pvt) Limited	4,900	-
Melstacorp PLC	183,729	183,739
Balangoda Plantations PLC	6,662,632	-
Bogo Power (Pvt) Limited	2,852,476	-
	9,703,737	183,739
22. CASH AND CASH EQUIVALENTS		
22.1 Favourable balance		
Cash at Bank and in Hand	420,026,478	10,821,922
	420,026,478	10,821,922
22.2 Unfavorable balance		
Bank Overdraft	(7,346,698)	(202,924,004)
Cash and Cash Equivalents for the Purpose of Cash Flows	412,679,780	(192,102,082)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

	2024 Rs.	2023 Rs.
23. STATED CAPITAL		
Issued and fully paid number of shares		
Ordinary Shares Including one Golden Share held by the Treasury which has Special right	169,501,097	169,501,097
	169,501,097	169,501,097
Value of issued and fully paid shares		
Ordinary Shares Including one Golden Share held by the Treasury which has Special right	1,624,760,670	1,624,760,670
	1,624,760,670	1,624,760,670

Rights, preferences and restrictions of classes of capital

The holders of ordinary 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

24. REVALUATION RESERVE (NET OF TAX)

The revaluation reserve relates to Buildings, motor vehicles and machinery which has been revalued by the company.

Balance at the beginning of year	1,055,815,035	1,055,815,035
Effect of change in Deferred Tax Rate	-	-
Balance at the end of year	1,055,815,035	1,055,815,035

25. FAIR VALUE TROUGH OCI RESERVE

This represents the cumulative net change in the fair value of equity securities designated as FVOCI until the investments are derecognised.

Balance at the beginning of year	3,036,998	2,780,089
Changes in fair value	(36,623)	256,909
Balance at the end of year	3,000,375	3,036,998

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

		2024	2023
		Rs.	Rs.
26. TIMBER RESERVE			
The timber reserve relates to valuation of consumable biological assets.			
Balance at the beginning of year		4,691,956,438	4,072,529,730
Transferred from retained earnings		392,343,316	619,426,708
Balance at the end of year		5,084,299,754	4,691,956,438
27. INTEREST BEARING LOANS AND BORROWINGS			
27.1 Movement of borrowings during the year.		2024	2023
		Rs.	Rs.
	Related Party	Total	Total
Balance at the beginning of year	4,801,285,279	4,801,285,279	4,034,990,728
Obtained during the year	5,186,074	5,186,074	-
Repaid during the year	(60,889,165)	(60,889,165)	(52,000,000)
Balance as at 31st December	4,745,582,188	4,745,582,188	3,982,990,728
Interest payables as at 31 December	514,074,900	514,074,900	818,294,551
Total Balance as at 31st December	5,259,657,088	5,259,657,088	4,801,285,279
27.2 Analysis of borrowings by year of repayment		2024	2023
		Rs.	Rs.
Repayable within one year			
Related Party Loans		600,000,000	600,000,000
		600,000,000	600,000,000
Repayable after one year			
Related Party Loans		4,659,657,088	4,201,285,279
		4,659,657,088	4,201,285,279
Total Borrowings		5,259,657,088	4,801,285,279



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

27. INTEREST BEARING LOANS AND BORROWINGS

27.3 Related Party Loans

	Facility Obtained	Interest rate one year	Repayable within one year	Repayable after one year	Balance as at 31 December 2024	Repayment terms
Melstacorp PLC (Rs.200Mn)	200,000,000	AWPLR+0.5% (Monthly Review)	200,000,000	-	200,000,000	Capital to be repaid after a moratorium of 03 years and interest payable monthly.
Melstacorp PLC (Rs.50Mn)	50,000,000	AWPLR+0.5% (Monthly Review)	50,000,000	-	50,000,000	Capital to be repaid after a moratorium of 03 years and interest payable monthly.
Melstacorp PLC - Short Term Management Loan	-	AWPLR+0.5% (Monthly Review)	323,666,576	4,659,657,088	4,983,323,664	Capital has been granted for the purpose of refinancing the weekly deficit of auction proceeds on the basis of immediate payment on demand.
Milford Exports ceylon Pvt Ltd (Rs.200Mn)	200,000,000	AWPLR + 0.5% (Monthly Review)	26,333,424	-	26,333,424	Capital to be repaid after a moratorium of 03 years and interest payable monthly.
			600,000,000	4,659,657,088	5,259,657,088	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

	2024 Rs.	2023 Rs.
28. RETIREMENT BENEFIT OBLIGATIONS		
Retirement Benefit Obligations	1,149,188,132	1,144,499,655
Unclaimed Retiring Gratuity	173,659,437	207,523,187
Total Retirement Benefit Obligations	1,322,847,569	1,352,022,842
28.1 The movement in the retirement benefit obligation over the year is as follows:		
Balance at the beginning of the year	1,144,499,655	1,230,186,582
Interest cost	162,627,926	227,584,518
Current Service Cost	62,577,703	58,768,973
Actuarial (Gain)/ Loss during the year	(15,009,781)	(56,906,100)
	1,354,695,503	1,459,633,973
Payments made during the year	(165,666,220)	(158,610,567)
Gratuity payable during the period	(39,841,151)	(156,523,751)
	1,149,188,132	1,144,499,655
Unclaimed Retiring Gratuity		
Balance at the beginning of the year	207,523,187	54,396,055
payable during the period	39,841,151	156,523,751
Payments made during the year	-	(3,396,619)
Adjustment on unpaid and unclaimed retiring gratuity	(73,704,901)	-
Total Unclaimed Retiring Gratuity	173,659,437	207,523,187
Balance at the end of the year	1,322,847,569	1,352,022,842
28.1.1 Provision recognized in the statement of Profit or Loss		
Interest cost	162,627,926	227,584,518
Current Service Cost	62,577,703	58,768,973
	225,205,629	286,353,491
28.1.2 Provision recognized in the statement of other comprehensive income		
Actuarial loss/(gain) during the year	(15,009,781)	(56,906,100)
	(15,009,781)	(56,906,100)

An actuarial valuation for defined benefit obligation was carried out as at 31 December 2024 by Messrs Actuarial and Management Consultants (Private) Limited, a firm of professional actuaries. The valuation method used by the actuaries to value the obligation is the "Projected Unit Credit Method", a method recommended by the Sri Lanka Accounting Standard LKAS – 19 "Employee Benefits".

The Present Value of Retirement Benefit Obligation is carried on annual basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

	2024 Rs.	2023 Rs.
28.2 The following payments are expected from the retirement benefit obligations in future years.		
Within the next 12 months	89,233,561	112,725,561
Between 1- 2 years	137,007,335	130,271,976
Between 2 and 5 years	217,883,520	208,608,300
Beyond 5 years	705,063,715	692,893,818
	1,149,188,132	1,144,499,655

The key assumptions used by Actuary Include Following.

	2024	2023
(i) Discount rate	12%	12.5%
A Long-term treasury bond rate 12% p.a. (2023 - 12.5% p.a.) was used to discount future liabilities taking into consideration remaining working life of employees.		
(ii) Retirement Age		
Workers	60 years	60 years
Staff	60 years	60 years
(iii) Staff Turnover	10%	10%
(iv) The Company will continue as a going concern		

The average duration of the Defined Benefit plan obligation at the end of the reporting period is 11.64 years and 12.19 years for staff and workers respectively.

In addition to the above, demographic assumptions such as mortality, withdrawal and disability and retirement age were considered for the actuarial valuation. 1949/52 Mortality Table issued by the Institute of Actuaries, London and "A1967/70 Mortality Table" issued by the Institute of Actuaries was used to estimate the gratuity liability of the Company.

The actuarial present value of the accrued benefits as at 31st December 2024 is Rs. 1,149 Mn (2023: Rs.1,144 Mn). This item is grouped under Retirement Benefit Obligations in the Statement of Financial Position. The liability is not externally funded.

Sensitivity Analysis of assumptions used

Values appearing in the financial statements are very sensitive to the changes of financial and non financial assumptions used. The sensitivity was carried for the change of discount rate and salary/wage escalation rate. Simulation made for retirement obligation show that a rise or decrease by 1% of the discount rate and salary/wage has the following effect on the retirement benefit obligation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

	2024		2023	
Discount Rate	Increase	Decrease	Increase	Decrease
Sensitivity level	1%	1%	1%	1%
Impact on retirement benefit obligations Rs.	(89,149,418)	101,831,949	(94,701,623)	108,320,111
	2024		2023	
Future Salary Increment rate	Increase	Decrease	Increase	Decrease
Sensitivity level	1%	1%	1%	1%
Impact on retirement benefit obligations Rs.	105,033,761	(93,316,599)	111,697,788	(99,070,834)
			2024 Rs.	2023 Rs.
DEFERRED TAXATION				
Deferred tax assets (Note 29.1)		(498,469,157)		(597,592,854)
Deferred tax liability (Note 29.2)		2,442,150,623		2,316,679,062
Net Deferred tax liability		1,943,681,466		1,719,086,208
Deferred tax assets				
Balance at the Beginning of the year		597,592,854		821,679,589
Originated during the year-recognized in profit or loss		(94,620,763)		(207,014,905)
Originated during the year recognized in other comprehensive income		(4,502,934)		(17,071,830)
Balance as at 31st December		498,469,157		597,592,854
Deferred tax liabilities				
Balance at the Beginning of the year		2,316,679,062		1,727,238,884
Originated during the year-recognized in profit or loss		125,471,561		589,440,178
Balance as at 31st December		2,442,150,623		2,316,679,062
Provision for the year				
Deferred tax (reversal) / charged to profit or loss				
Due to change in the temporary differences		220,092,324		796,455,085
		220,092,324		796,455,085
Deferred tax (reversal) / charged to other comprehensive income				
Due to change in the temporary differences		4,502,934		17,071,830
		4,502,934		17,071,830



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

29.4 Deferred Taxation Reconciliation

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% (2023- 30%) for the Company as at 31st December 2024.

	2024		2023	
	Temporary Differences	Tax Effect	Temporary Differences	Tax Effect
	Rs	Rs	Rs	Rs
Deferred Tax Liability				
Temporary difference on PPE	1,369,414,940	410,824,482	1,468,190,568	440,457,170
Temporary difference on Bearer biological assets	1,201,234,478	360,370,343	1,114,779,547	334,433,864
Temporary difference on Consumable biological assets	5,399,809,665	1,619,942,899	4,980,421,267	1,494,126,380
Temporary difference on Produced on bearer biological assets	5,993,263	1,797,979	7,811,270	2,343,381
Temporary difference on ROU Lands	164,049,734	49,214,920	151,060,888	45,318,267
As at 31st December	8,140,502,080	2,442,150,623	7,722,263,540	2,316,679,062
Deferred Tax Assets				
Temporary difference on Lease liability	(174,739,998)	(52,421,999)	(155,323,383)	(46,597,015)
Temporary difference on Provision for doubtful debts	(63,976,289)	(19,192,887)	(63,976,287)	(19,192,888)
Temporary difference on retirement benefit obligation	(1,322,847,570)	(396,854,271)	(1,352,022,842)	(405,606,853)
Carried forward tax losses	(100,000,000)	(30,000,000)	(420,653,659)	(126,196,098)
As at 31st December	(1,661,563,857)	(498,469,157)	(1,991,976,171)	(597,592,854)
Net Deferred Tax Liability as at 31st December	6,478,938,223	1,943,681,466	5,730,287,369	1,719,086,207

29.5 Unrecognised deferred tax assets

The Company recognised a deferred tax asset consequent to the changes in the Inland Revenue No. 24 of 2017. As per the Inland Revenue act No. 24 of 2017, 100% of taxable income is allowed to be deducted against the tax losses incurred. According to the transitional provisions of the new Act, the brought forward tax loss can be claimed against taxable income for a period of 6 years commencing from the year of assessment 2018/19.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

The unutilized tax losses of Rs. 100,000,000/- (2023 - Rs. 420,653,659/-) out of total tax losses of Rs. 239,629,659/- (2023 - Rs. 3,007,356,564/-) have been considered for the deferred tax based on the probable future taxable profits available. Hence a deferred tax asset of Rs. 41,888,898/- (2023-Rs. 776,010,872/-) has not been recognized in respect of unutilized tax losses of Rs. 139,629,659/- (2023 - Rs. 2,586,702,905/-) as at 31st December 2024.

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.

	2024 Rs.	2023 Rs.
30. DEFERRED INCOME		
Deferred Grants and Subsidies		
Balance at the beginning of the year	117,997,631	123,358,451
Grants Received during the year	-	1,991,420
	117,997,631	125,349,871
Amortization for the year	(8,431,558)	(7,352,240)
Balance at the end of the year	109,566,073	117,997,631

The Company has received funding from the Plantation Housing and Social Welfare Trust, Tea Board Subsidy Fund, Plantation Reform Project, Estate Infrastructure Development Programme and the Plantation Development Support Project for the development of workers' welfare facilities such as re-roofing of line rooms, latrines, water supply and sanitation. The amounts spent are included under the relevant classification of Property, Plant & Equipment and the grant received for such is reflected under Deferred Income. When the Company has complied with the conditions attached to the grants and subsidies, the grants will be credited to the Statement of Profit or Loss over the useful life of the respective assets.

	2024 Rs.	2023 Rs.
31. NET LIABILITY TO LESSOR OF JEDB/SLSPC ESTATES		
Gross Liability		
At the beginning of the year	155,323,383	105,209,281
Remeasurement of Right-of-Use Asset	20,747,186	49,495,268
	176,070,569	154,704,549
Interest charges for the year	22,515,993	18,242,031
Payments made during the year	(23,846,565)	(17,623,197)
Total Net Liability	174,739,997	155,323,383
Maturity analysis of lease liability		
Current	1,865,137	6,608,496
Non Current	172,874,860	148,714,887
Total	174,739,997	155,323,383

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

	2024 Rs.	2023 Rs.
31.1 Leasehold rights can be analysed as follows		
Amount Payable within One Year	1,965,137	6,608,496
Amount Payable after One Year and Less than Five Years	13,965,233	10,425,707
Amount Payable More than Five Years	158,909,627	138,289,180
Total Net Liability	174,739,997	155,323,383
Amounts recognised in statement of profit or loss and other comprehensive income		
Interest on lease liability	22,515,993	18,242,031
Amortization of Leasehold right to Bare Land of JEDB / SLSPC Estates (Note 12)	7,758,341	6,469,961
Amount recognized in statement of cashflows		
Interest repayment during the year	22,515,993	16,449,368
Capital repayment during the year	1,330,572	1,173,829
Maturity analysis of contractual undiscounted cashflows		
Within one year	24,768,808	26,349,705
1-2 years	23,159,262	21,079,836
2-5 Years	75,915,970	63,239,508
More than 5 years	377,724,322	342,547,335
	501,568,362	453,216,384
32. TRADE AND OTHER PAYABLES		
Trade Creditors	159,179,158	119,488,259
Others Creditors	76,634,669	88,760,731
Employee Related Creditors	279,613,284	230,875,640
Accrued Expenses	47,226,539	18,397,421
	562,653,650	457,522,051
33. AMOUNTS DUE TO RELATED PARTIES		
Stassen Exports (Pvt) Limited	2,538,690	6,333,485
Balangoda Plantations PLC	6,407,903	23,297,145
Distilleries Company of Sri Lanka PLC	43,706,012	84,518,303
Fourmula World	-	1,242,246
Belventage (Pvt) Ltd	2,375,608	2,353,399
Bogo Power (Pvt) Limited	-	140,022
Melsta Technologies (Pvt) Ltd.	500	500
	55,028,713	117,885,100
34. CAPITAL COMMITMENTS		
There were no material capital commitments as at the date of the Statement of Financial Position.		
35. RELATED PARTY DISCLOSURES		
The Company carries out transactions in the ordinary course of business with parties who are defined as related parties in accordance Sri Lanka Accounting Standard (LKAS) 24 - Related Party Disclosure, the details of which are reported below:		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

35.1 Transactions with the Parent and Related entities

Company	Relationship	Nature of Transaction	Transaction Amount		Balance Payable as at 31st December	
			2024	2023	2024	2023
			Rs.	Rs.	Rs.	Rs.
Melstacorp PLC	Parent Company	Loan & Interest Settlements	519,448,712	816,784,599	(5,233,323,663)	4,713,874,951
			-	(2,000,000)		
Other Related Parties						
Stassen Exports (Pvt) Ltd	Common Directors	Rent of Colombo Office	-	-	(2,538,690)	6,333,485
		Expenses For the period	(14,414)	4,035,464		
		Settlements	3,809,209	(4,189,328)		
Balangoda Plantations PLC	Subsidiary of the Parent Company	Expenses for the period	(17,606,795)	20,650,790	254,729	23,297,145
		Reimbursement of expenses	6,950,997	(4,527,817)		
		Settlements	34,207,671			
Distilleries Company of Sri Lanka PLC	Subsidiary of the Parent Company	Expenses for the period	(12,221,805)	34,937,805	(43,706,012)	84,518,303
		Settlements	53,034,096	(23,324,161)		
Bogo Power (Pvt) Ltd	Common Directors	Settlements	7,378,248	(3,873,448)	2,852,476	140,022
		Rent Income	(25,444,023)	20,527,827		
		Rent Income Received	25,950,340	(20,370,730)		
		Maintenance expenses	(4,534,480)	3,036,866		
		Dividend received	148,750	-		
		Accrued Rent Income	(506,337)	-		
Milford Exports	Common Directors	Loan & Interest	-	1,509,952	(26,333,425)	87,222,589
Ceylon (Pvt) Ltd		Loan Interest Paid	60,889,165	(50,000,000)		
Melsta Technologies (Pvt) Ltd	Subsidiary of the Parent Company	IT Services	(525,977)	-	(500)	500
		Payments	525,977			
Belvantage (Pvt) Ltd	Subsidiary of the Parent Company	Implementation fee	(1,410,587)	4,425,946	(2,375,608)	2,353,399
		Settlements	1,388,377	(3,715,404)		
Formula World (Pvt) Ltd	Subsidiary of the Parent Company	Expenditure for the period	(223,438)	607,713	-	1,242,246
		Settlements	1,465,683	(755,609)		

This note should be read in conjunction with Notes 21, 27 and 33 to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

35.2 Terms and conditions

Transactions with related parties are carried out in the ordinary course of business on an relevant commercial terms. Outstanding balances at the year end are unsecured and net settlement occurs in cash.

35.3 Non recurrent related party transactions

There were no non recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets which ever is lower of the Company as per 31 December 2024 audited Financial Statements.

35.4 Recurrent related party transactions

There were recurrent related party transactions which in aggregate value exceeds 10% of the gross revenue/income of the Company as per 31 December 2024 audited Financial Statements. Details of related party disclosures are as follows,

Company	Relationship	Nature of transaction	Amount (Credited)/Debited	
For the year ended 31 December			2024	2023
			Rs.	Rs.
Melstacorp PLC	Parent Company	Loans & Interest	519,448,712	816,784,599
		Revenue as the last audited financial statements	4,038,642,959	4,172,567,832
		Percentage on revenue	13%	20%

Transactions with related parties are carried out in the ordinary course of business on relevant commercial terms.

35.5 Transactions with the Key Management Personnel of the Company and parent

According to Sri Lanka Accounting Standard 24 - Related Party Disclosures, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company. Accordingly, the Board of Directors (including Executive and Non Executive) has been classified as key management personnel of the Company.

	2024 Rs.	2023 Rs.
Director Remuneration	1,175,875	-

35.6 Other Related Party Transactions

Guarantees given by Distilleries Company of Sri Lanka PLC on behalf of the company.

* Corporate Guarantee of Rs. 50 Mn. for Standard Chartered Bank overdraft facility

* Corporate Guarantee of Rs.160 Mn. For Hatton National Bank overdraft facility

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Sri Lanka Accounting Standard - LKAS 7 (Statement of Cash flows), requires an entity to disclose information that enables users of Financial Statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Accordingly, changes in liabilities arising from financing activities for the year ended 31st December 2024 are disclosed below.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

	2024 Rs.	2023 Rs.
The funds borrowed by the Company are given in Note 27.		
Balance as at 01st January	4,801,285,279	4,034,990,728
Net Cash Flows from Financing Activities	(57,033,663)	(52,000,000)
Non Cash Changes	515,405,472	818,294,551
Balance as at 31st December	5,259,657,088	4,801,285,279

37. CONTINGENT LIABILITIES

There were no material contingent liabilities outstanding as at the year end except for the following:

Legal Proceedings on Labour and Other Disputes:

Several legal cases and disputes are pending against the company in Labour Tribunal and Courts. All these cases are being vigorously contested /prosecuted and our lawyers have advised that an evaluation of the likelihood of an unfavourable outcome and the amount or range of potential loss cannot be quantified or commented upon at this stage.

38. COMPARATIVE INFORMATION

The presentation and classification of the financial statement of the previous year have been amended, where relevant for better presentation and to be comparable with those of the current year.

The Company reclassified certain prior period figures in the statement of profit or loss as described below.

Financial statement captions	Amount prior to re-classification (Rs.)	Reclassification (Rs.)	Reclassified amount (Rs.)
Other Income	49,019,983	14,560,955	63,580,938
Other Expense	-	(21,058,309)	(21,058,309)
Administrative Expense	(100,359,240)	6,497,354	(93,861,886)

39. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1 : Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2 : 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 3 : Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

As at 31 December 2024	Financial assets at amortised cost	FVTOCI - Equity Instruments	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total Fair value
Financial assets measured at fair value								
Investment in Equity Securities- FVOCI	-		4,216,458	4,216,458	-	-	4,216,458	4,216,458
Financial assets not measured at fair value								
Trade and other receivables	83,581,710	-	-	83,581,710	-	-	-	-
Amounts due from related party	9,703,737	-	-	9,703,737	-	-	-	-
Cash at banks and in hand	420,026,478	-	-	420,026,478	-	-	-	-
Total financial assets	513,311,925	4,216,458	-	517,528,383	-	-	4,216,458	4,216,458
Financial liabilities not measured at fair value								
Interest bearing borrowings	-	-	5,259,657,088	5,259,657,088	-	-	-	-
Trade and other payables	-	-	515,427,111	515,427,111	-	-	-	-
Amount due to related parties	-	-	55,028,713	55,028,713	-	-	-	-
Lease liability to SLSPC and JEDB	-	-	174,739,998	174,739,998	-	-	-	-
Bank overdrafts	-	-	7,346,698	7,346,698	-	-	-	-
Total financial liabilities	-	-	6,012,199,608	6,012,199,608	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

As at 31 December 2023	Financial assets at amortised cost	FVTOCI - Equity Instruments	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total Fair value
Financial assets measured at fair value								
Investment in Equity Securities- FVOCI	-	4,253,081	-	4,253,081	-	-	4,253,081	4,253,081
Financial assets not measured at fair value								
Trade and other receivables	76,816,490	-	-	76,816,490	-	-	-	-
Amounts due from related party	183,739	-	-	183,739	-	-	-	-
Cash at banks and in hand	10,821,922	-	-	10,821,922	-	-	-	-
Total financial assets	87,822,151	4,253,081	-	92,075,232	-	-	4,253,081	4,253,081
Financial liabilities not measured at fair value								
Interest bearing borrowings	-	-	4,801,285,279	4,801,285,279	-	-	-	-
Trade and other payables	-	-	439,124,629	439,124,629	-	-	-	-
Amount due to related parties	-	-	117,885,100	117,885,100	-	-	-	-
Lease liability to SLSPC and JEDB	-	-	155,323,383	155,323,383	-	-	-	-
Bank overdrafts	-	-	202,924,004	202,924,004	-	-	-	-
Total financial liabilities	-	-	5,716,542,395	5,716,542,395	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

40. FINANCIAL RISK MANAGEMENT

40.1 Overview

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

- Credit risk
 - Liquidity risk
 - Market risks
- (including currency risk and interest rate risk)

This note presents qualitative and quantitative information about the Company's exposure to each of the above risks, the Company's objectives and policies and procedures for measuring and managing those risks.

Risk management framework

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 analyse the risk faced by the Company, to set appropriate risk limits and controls and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The 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 risk faced by the Company. The Company audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee

40.2 Credit risk

Credit risk is the risk of financial loss to the Company, if a customer or counterparty to a financial instrument fails to meet its contractual obligation, and arises principally from the Company's receivables from customers and from investments in Equity securities.

The Company is exposed to credit risk from its operating activities (primarily trade receivables), other advances including loans and advances to staff/workers, and from its financing activities, including deposits with banks and other financial instruments.

The carrying amount of financial assets represents the maximum credit exposure.

40.2.1 Risk exposure

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts. Maximum exposure to credit risk as the reporting date was as follows.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

	2024 Rs.	2023 Rs.
Trade and Other Receivables	83,581,710	76,816,490
Amounts due from Related Companies	9,703,737	183,739
Cash and Cash Equivalents	420,026,478	10,821,922
	513,311,925	87,822,151

Impairment losses on financial assets and contract assets recognised in profit or loss were as follows.

Impairment losses on trade and other receivables	63,976,287	63,976,287
--	------------	------------

40.2.2 Amounts due from related 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.

40.2.3 Cash and Cash Equivalents

The Company held cash at bank of Rs. 420 Mn as at 31 December 2024 (31 December 2023 - Rs.10.8 Mn) which represent its maximum credit exposure on these assets. The cash at bank with counterparties, which are rated AA- / AAA, based on fitch ratings.

40.3 Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing this exposure is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal or stressed conditions, 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 medium term capital and funding obligations and to meet any unforeseen obligations. The Company holds cash and undrawn 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 cash flows from operations.

Liquidity risk management

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.

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.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

The Table below summarizes the maturity profile of the company financial liabilities based on contractual undiscounted payments.

	Contractual cash flows						
	Carrying Amount	Contractual Total	On demand	Less Than 12 Months	1 to 2 years	2 to 5 years	More than 5 Years
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
As at 31st December 2024							
Interest bearing loans & borrowing	5,259,657,088	5,259,657,088	-	600,000,000	600,000,000	600,000,000	3,459,657,088
Trade & other payables	515,427,111	515,427,111	515,427,111	-	-	-	-
Amount due to related companies	55,028,713	55,028,713	55,028,713	-	-	-	-
Bank Overdraft	7,346,698	7,346,698	7,346,698	-	-	-	-
Lease Liability to – SLSPC and JEDB	174,739,998	501,568,362	-	24,768,808	23,159,262	75,915,970	377,724,322
	6,012,199,608	6,339,027,972	577,802,522	624,768,808	623,159,262	675,915,970	3,837,381,410
As at 31st December 2023							
Interest bearing loans & borrowing	4,801,285,279	4,988,096,613	-	600,000,000	600,000,000	600,000,000	3,001,285,279
Trade & other payables	439,124,630	439,124,630	439,124,630	-	-	-	-
Amount due to related companies	117,885,100	117,885,100	117,885,100	-	-	-	-
Bank Overdraft	202,924,004	202,924,004	202,924,004	-	-	-	-
Lease Liability to – SLSPC and JEDB	155,323,383	453,216,384	-	26,349,705	21,079,836	63,239,508	342,547,335
	5,716,542,396	6,201,246,731	759,933,734	626,349,705	621,079,836	663,239,508	3,343,832,614

Management of Liquidity Risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company has access to approved short-term financing facilities from commercial banks, if required.

The Company monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables and it is estimated that the maturity of trade receivables as at the reporting date would occur in sufficient quantity and timing, given the historical trends, and currently available information which would enable the Company to meet its contractual obligations.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

40.4 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 the market risk management is to manage and control market risk exposures within acceptable parameters while optimising the returns.

40.4.1 Currency risk

The Company exposed to currency risk only on purchases that are denominated in a currency other than Sri Lankan Rs. (LKR). The foreign currencies in which these transaction primarily denominated are United Stated Dollar. (USD)

Since the frequency of the transaction done in foreign currencies is very low, the Company is not expose to a higher degree of currencies risk.

40.4.2 Interest Rate Risk

Interest rate risk mainly arises as a result of the Company having interest sensitive assets and liabilities which are directly impacted by changes in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The management monitors the sensitivities on regular basis and ensures that such risks are managed on a timely manner.

The interest rates have increased significantly after the reporting date, this may lead to substantial negative impact on the future profits of the Company.

(a) Exposure to interest rate risk

The interest rate profile of the Company's interest bearing financial instruments as reported to the management of the Company is as follows,

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

	As at 31st December 2024			As at 31st December 2023		
	Variable interest rate	Fixed interest rate	Total	Variable interest rate	Fixed interest rate	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial liabilities						
Loans and borrowings	5,259,657,088	-	5,259,657,088	4,801,285,279	-	4,801,285,279
Bank Overdraft	7,346,698	-	7,346,698	202,924,004	-	202,924,004
Maximum exposure	5,267,003,788	-	5,267,003,786	5,004,209,283	-	5,004,209,283

(b) Sensitivity analysis

The following table shows the estimated impact on profitability and equity by fluctuation of interest rates assuming that all other variables remain constant on the following financial assets. Floating rate instruments expose the Company to cash flow fluctuations.

	As at 31st December 2024			As at 31st December 2023		
	Variable-rate			Variable-rate		
	Impact on PBT	Impact on equity	Rs.	Impact on PBT	Impact on equity	Rs.
Increase in 100 basis points Financial liabilities						
Loans and borrowings	(52,596,571)	(36,817,600)	(48,012,853)	(33,608,997)		
Bank Overdraft	(73,467)	(51,427)	(2,029,240)	(1,420,468)		
	(52,670,038)	(36,809,027)	(50,042,093)	(35,029,405)		
Decrease in 100 basis points Financial liabilities						
Loans and borrowings	52,596,571	36,817,600	48,012,853	33,608,997		
Bank Overdraft	73,467	51,427	2,029,240	1,420,468		
	52,670,038	36,809,027	50,042,093	35,029,405		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

40.4.3 Capital Management

The Company's policy is to retain a strong capital base so as to maintain investor, creditor & market confidence and to sustain future development of the business. Capital consists of share capital, reserves and retain earning . The Board of Directors monitors the return on capital, interest covering ratio, dividend to ordinary shareholders.

The gearing ratio at the reporting date is as follows.

	2024 Rs.	2023 Rs.
Interest bearing borrowing		
Total Liabilities	9,435,521,255	8,924,046,498
Less: Cash and cash equivalents	(420,026,478)	(10,821,922)
Net Debt	9,015,494,777	8,913,224,576
Equity	(133,005,597)	(387,220,063)
Gearing ratio	(67.78)	(23.02)

41. GOING CONCERN

The Company has recorded a net profit of LKR 244Mn during the year ended 31st December 2024 (2023 - Net Loss of LKR 1,038Mn) and the Company has accumulated losses of LKR 7,901Mn (2023 - LKR 7,763Mn). As at 31st December 2024, the company's current liabilities exceeded its current assets by LKR 114Mn (2023: net liability position of LKR 678Mn). The Company has loans and borrowings and an overdraft balance of LKR 607Mn (2023 - LKR 803Mn) due within 12 months from 31st December 2024.

Further as at 31st December 2024 the Company's net assets are less than half of the stated capital and therefore faces a serious loss of capital situation

Notwithstanding this, the financial statements have been prepared on a going concern basis due to reliance on a letter of support, dated (16th May 2025), provided by Melstacorp PLC.

Through this letter, Melstacorp PLC acknowledges that:

- there are no current plans for the payables to be called for a minimum period of 12 months from the date of signing the Company's 31st December 2024 financial statements, however, should they be called within the 12 months period referred to above, payments will only be required to the extent that they do not impact the entity's ability to meet its financial obligations as and when they fall due and payable.
- the ultimate parent entity also undertakes to provide financial assistance to the Company to ensure that it can pay its debts as and when they fall due and payable for a period of at least 12 months from the date of the signing these financial statements.

This undertaking is provided for a minimum of 12 months from the date of signing the financial statements for the year ended 31st December 2024.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

In addition, through the letter of support, the board of directors of Melstacorp PLC also confirm that they do not have any intention to liquidate the Company or cease the operations for at least 12 months from the date of signing these financial statements.

Further the management plans to implement the following measures, which notably include,

- Further the management plans to implement the following measures, which notably include,
- Expediting the process harvesting biological assets, with efforts being made to obtain the approval for a five-years.
- Improving quality and profit in tea agriculture with the lifting of restrictions on glyphosate usage which will enhance the productivity and quality of the crop.
- Initiation of a financial restructuring of Company's balance sheet to optimize the capital structure, potentially refinancing debt, renegotiating terms with loan providers."

Based on the strategies explained above, the forecasted profit and the letter of support from the Parent Company, the management of the Company is confident that the Company would remain operational and generate profits in the future.

Based on the above, the management is of the view that there is no significant doubt about the ability of the Company to continue as a going concern, and accordingly, the Financial Statements have also been prepared going concern basis of accounting.

42. EVENTS AFTER THE REPORTING DATE

Subsequent to the reporting period, no circumstances have arisen which would require adjustments to or disclosures in the financial statements as at 31st December 2024.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

43. SEGMENTAL INFORMATION											
Geographical Segment		Madulsima Region				Bogowantalawa Region				Total	Total
		Uva High		Uva Medium		Western High					
		2024	2023	2024	2023	2024	2023				
43.1 Segment Revenue		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue		1,759,805,256	1,519,082,584	775,572,304	787,539,691	2,149,167,660	1,732,020,684	4,684,545,220	4,038,642,959		
Cost of Sales		(1,418,127,397)	(1,368,666,617)	(699,484,998)	(830,419,671)	(1,876,187,134)	(1,756,787,919)	(3,993,799,529)	(3,955,874,207)		
Segment Results		341,677,859	150,415,967	76,087,305	(42,879,980)	272,980,526	(25,937,105)	690,745,691	82,768,752		
Unallocated											
Other Operating Income								100,906,019	63,580,938		
Other Expense								(48,389,929)	(21,058,308)		
Administrative Expenses								(128,789,969)	(93,861,887)		
Gain on Change in Fair Value of Timber Stock								390,525,309	619,218,297		
Profit/(Loss) from Operating Activities								1,004,997,121	650,647,792		
Net Finance Cost								(541,160,555)	(892,452,340)		
Profit/Loss before Income Tax Expense								463,836,566	(241,804,548)		
Income Tax Expense								(220,092,324)	(796,455,085)		
Net Profit/ (Loss) for the Year								243,744,242	(1,038,259,633)		
Other Comprehensive Income/(Expense), net of tax											
Total comprehensive income/(Expense) for the Year , net of tax								10,470,224	40,091,179		
								254,214,466	(998,168,454)		

A segment is a distinguishable component of the Company that is engaged either in providing product or service (business segments), or in providing products or services within a particular economic environment (geographical segments), which is subject to risk and rewards that are different from those of other segments. The business segments are reported based on the geographical segments of the company.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

43.2 Segment Assets	Madulsima Region				Bogowantalawa Region		Total	Total
	Uva High		Uva Medium		Western High			
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.		
Non Current Assets	102,372,197	121,562,582	51,360,415	61,340,184	232,334,005	267,815,042	386,066,617	450,717,808
Current Assets	231,402,612	239,715,631	106,838,000	118,176,837	273,323,252	295,539,736	611,563,864	653,432,204
	333,774,809	361,278,213	158,198,415	179,517,021	505,657,257	563,354,778	997,630,481	1,104,150,012
Unallocated								
Non Current Assets								7,803,513,719
Current Assets								501,371,458
Total Assets								8,536,826,435
Segment Liabilities								
Non Current Liabilities	559,682,981	556,971,161	321,212,487	331,872,421	685,229,646	686,869,793		1,575,713,375
Current Liabilities	172,389,353	120,515,146	96,489,610	59,505,179	191,685,898	150,547,514		330,567,839
Total Liabilities	732,072,334	677,486,307	417,702,097	391,377,600	876,915,544	837,417,307		1,906,281,214
Head Office								
Non Current Liabilities								5,963,393,472
Current Liabilities								1,054,371,812
Total Liabilities								8,924,046,498
Capital Expenditure - Estate	50,776,499	48,803,418	19,302,376	29,940,196	93,758,079	88,412,344		167,155,958
- Head Office								3,785,855
								170,941,813
Depreciation								
- Estate	65,315,095	64,881,803	35,501,972	36,053,374	64,464,274	60,697,091		161,632,268
- Head Office								16,925,772
								178,558,040

SHAREHOLDER AND INVESTOR INFORMATION

Stock Exchange Listing

The issued Ordinary shares of Madulsima Plantations PLC are listed with the Colombo Stock Exchange of Sri Lanka. The Audited Accounts of the Company for the year ended 31st December 2024 have been submitted to the Colombo Stock Exchange.

Distribution of Shareholdings as at 31 December 2024				
No. of Shares held	No. of Shareholders	No. of Shareholders %	Total Holdings	Total Holding %
1-1,000	18,501	97.00	2,787,009	1.64
1,001-10,000	453	2.38	1,588,959	0.94
10,001-100,000	107	0.56	2,918,944	1.72
100,001-1,000,000	9	0.05	1,990,521	1.17
Over 1,000,000 shares	3	0.02	160,215,664	94.52
Grand Total	19,073	100	169,501,097	100

Categories of Shareholders				
No. of Shares held	No. of Shareholders	No. of Shareholders %	Total Holdings	Total Holding %
Individuals/ Local	18,963	99.42	7,735,589	4.56
Institutions/Local	100	0.52	161,552,256	95.31
Individuals/Foreign	8	0.04	89,162	0.05
Institutions/Foreign	2	0.01	124,090	0.07
Grand Total	19,073	100	169,501,097	100

- Public Holding Percentage as at 31 December 2024 – 7.72%
- Number of shareholders representing the above percentage – 19,071
- The adjusted market capitalization as at 31 December 2024 – 184,505,000
- The float adjusted market capitalization of the Company falls under Option 5 of Rule 7.13.1(a) of the Listing Rules of the Colombo Stock Exchange and the Company has not complied with the minimum public holding requirement applicable under the said Option.

Market Statistics as at 31st December		
	2024	2023
Number of shares	169,501,097	169,501,097
Earning/(Loss) per Share Rs	1.44	(6.13)
Net Asset per Share Rs	(0.78)	(2.28)
Highest Share Price Rs	16.00	12.60
Lowest Share Price Rs	10.40	9.70
Last traded Price Rs	14.10	11.00

SHAREHOLDER AND INVESTOR INFORMATION (CONTINUED)

Twenty (20) Largest Shareholders as at 31st December 2024

No	Name of the Shareholder	No. of Shares	%
1	MELSTACORP PLC	94,429,833	55.71
2	STASSEN EXPORTS (PVT) LIMITED	61,985,831	36.57
3	SECRETARY TO THE TREASURY	3,800,000	2.24
4	MR.K.D.SOMADASA	374,396	0.22
5	THREAD CAPITAL (PRIVATE) LIMITED	315,000	0.19
6	MR. A.A.M.DHARMADASA	308,223	0.18
7	MR.M.A.ASLAM	300,000	0.18
8	SEYLAN BANK PLC/ANJULA CHAMILA JAYASINGHE	165,113	0.10
9	PEOPLE'S LEASING & FINANCE PLC/MRS.C.M.DISSANAYAKE	156,067	0.09
10	PEOPLE'S LEASING & FINANCE PLC/MR.W.M.D.I.P.ABEYRATHNE	138,950	0.08
11	SAMPATH BANK PLC/SENTHILVERL HOLDINGS (PVT) LTD	117,772	0.07
12	MR.M.R.LAFFIR	115,000	0.07
13	MR.A.V.R.DE SILVA JAYATILLEKE	100,000	0.06
14	MR.T.LOGANATHAN	99,189	0.06
15	DEUTSCHE BANK AG SINGAPORE A/C 2(DCS CLT ACC FOR DEUTSCHE BANK AG SINGAPORE -PWM WM CLIENT)	99,090	0.06
16	PMF FINANCE PLC/ H.A.U. CHAMINDA	94,000	0.06
17	MRS.W.V.H.NILANTHI	85,000	0.05
18	MR.K.M.C.S.K.BANDARA	82,876	0.05
19	MR.W.L.SUBASINGHE	75,174	0.04
20	DR. G.S. PERERA	70,743	0.04
Sub Total		162,912,257	96.11
Other Shareholders		6,588,840	3.89
Grand Total		169,501,097	100.00

PERFORMANCE OF ESTATES 2024 AND 2023

Estate	Elevation	Year	Tea Extent Hectares	Total Crop kg	Yield kg/ha	COP Rs/kg	NSA Rs/kg
Battawatte	Uva High	2,024	186	247,424	1,147	941	1,030
		2023	186	384,216	950	965	952
Cocogalla	Uva High	2024	129	128,051	989	1,027	1,069
		2023	128	114,194	880	1,092	982
El Teb	Uva Medium	2024	298	374,337	1,052	1,032	1,034
		2023	298	415,283	898	1,053	958
Galloola	Uva High	2024	121	132,802	1,093	828	1,064
		2023	121	100,152	824	964	979
Mahadowa	Uva High	2024	444	376,392	885	900	1,016
		2023	444	387,208	855	921	927
Roeberry	Uva Medium	2024	415	311,124	749	1,010	1,038
		2023	415	390,676	805	919	869
Uvakellie	Uva High	2024	164	195,384	1,139	819	1,064
		2023	164	167,480	1,015	827	986
Verellapatna	Uva High	2024	218	470,321	1,751	784	1,046
		2023	218	377,497	1,449	779	966
Kew	Western High	2024	304	346,246	1,024	1,095	1,106
		2023	304	304,257	915	1,179	1,022
Kirkoswald	Western High	2024	459	599,509	1,094	1,084	1,153
		2023	458	574,137	1,090	1,111	1,088
Theresia	Western High	2024	300	490,138	1,171	1,022	1,134
		2023	295	436,175	1,135	1,011	1,012
Venture	Western High	2024	233	304,906	1,153	974	1,070
		2023	230	324,188	1,090	1,003	978
Company		2024	3435	3,976,634	1,069	973	1,077
		2023	3425	3,975,465	986	991	980

STATEMENT OF VALUE ADDITION

	Year ended 31.12.2024		Year ended 31.12.2023	
	%	Rs.'000	%	Rs.'000
Revenue		4,684,545		4,038,643
Other Income		100,906		63,581
Total Revenue		4,785,451		4,102,224
Cost of Materials and Services Bought		1,640,532		1,978,162
Value Addition	100	3,144,919	100	2,124,062

DISTRIBUTION OF VALUE ADDITION				
A to Employee as remuneration	69	2,179,033	98	2,091,235
B to Government at Taxes				
C to Lenders of Capital as interest	17	541,161	49	892,499
D to Shareholders as Dividends				
E Retained in Business				
E1 Provision for Depreciation	6	180,981	10	178,588
E2 Profit/(Loss) Retained	8	243,744	(57)	(1,038,260)
		3,144,919		2,124,062



FINANCIAL INFORMATION

	2024 Rs. '000	2023 Rs. '000	2022 Rs. '000	2021 Rs. '000	2020 Rs. '000
Revenue	4,684,545	4,038,643	4,172,568	3,099,649	2,832,067
Profit before Income Tax Expenses	463,837	(242,965)	88,548	(321,946)	(132,077)
Income Tax Expenses	(220,092)	(796,455)	(292,033)	83,758	(68,818)
Profit after Income Tax expenses	243,744	(1,038,260)	(203,485)	(238,188)	(200,895)
Profit/(Loss) brought forward	(7,762,789)	(6,144,937)	(5,690,592)	(5,077,361)	(4,693,769)
Retained Earnings/(Loss)	(7,900,881)	(7,762,789)	(6,144,937)	(5,690,592)	(5,077,361)
Non Current Assets	8,189,580	7,829,517	7,171,186	6,822,496	6,571,936
Current Assets	1,112,935	707,319	547,830	429,903	551,372
Current Liabilities	1,226,894	1,384,939	1,271,112	1,219,677	1,106,688
Deferred Income	109,566	117,998	123,358	128,624	132,710
Non current Liabilities	8,208,627	7,539,107	5,836,955	4,966,281	4,575,340
Net Assets	(133,005)	(387,220)	610,948	1,066,442	1,441,280
Share Capital	1,624,760	1,624,760	1,624,760	1,624,760	1,624,760
Timber Reserve	5,084,299	4,691,956	4,072,530	3,779,541	3,594,121
Revaluation Reserve	1,055,815	1,055,815	1,055,815	1,349,934	1,297,144
Retained Profit/(Loss)	(7,900,881)	(7,762,789)	(6,144,937)	(5,690,592)	(5,077,361)
Fair Value through OCI Reserve	3,000	3,036	2,780	2,798	2,616
Share Holder's Funds	(133,005)	(387,220)	610,948	1,066,442	1,441,280
Number of Shares (000)	169,501	169,501	169,501	169,501	169,501
Earning /(Loss) per share (Rs)	1.44	(6.13)	(1.20)	(1.41)	(1.19)
Net Assets per shares (Rs)	(0.78)	(2.28)	3.60	6.29	8.50

District Wise Performance	2024	2023	2022	2021	2020
Total Production Kgs.					
Madulsima	2,235,835	2,336,706	2,494,389	3,481,175	3,663,016
Bogo	1,740,799	1,638,757	1,239,271	1,170,960	1,421,195
Total	3,976,634	3,975,465	3,733,660	5,252,135	5,084,211
Estate Crop Kgs.					
Madulsima	2,059,039	1,853,880	1,827,640	2,373,620	2,285,484
Bogo	1,432,917	1,362,385	1,204,911	1,547,992	1,386,475
Total	3,491,956	3,216,265	3,032,551	3,921,612	3,671,959
Yield (kg/ha)					
Madulsima	1,044	939	929	1,199	1,110
Bogo	1,106	1,059	934	1,178	1,027
Total	1,069	986	931	1,191	1,077
COP (Rs/Kg) Without Finance					
Madulsima	913	932	891	556	509
Bogo	1,049	1,076	1,071	706	672
Total	973	991	951	607	555
NSA (Rs./Kg)					
Madulsima	1,040	942	1,011	527	529
Bogo	1,123	1,034	1,075	569	565
Total	1,077	980	1,032	541	539
Profit/(Loss) Rs/Kg					
Madulsima	127	10	120	(29)	20
Bogo	74	(42)	4	(137)	(107)
Total	104	(11)	81	(66)	(16)

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Thirty Second (32nd) Annual General Meeting of **MADULSIMA PLANTATIONS PLC** will be held as a virtual meeting via an online meeting platform conducted from the “Mini Auditorium” Melstacorp PLC, # 110, Norris Canal Road, Colombo 10, Sri Lanka on Tuesday, 24th June 2025 at 11.00 a.m. to consider and if thought fit to pass the following resolutions:

- 1) To receive and consider the Annual Report of the Board of Directors and the Financial Statements of the Company for the year ended 31st December 2024 together with the Auditors’ Report thereon.
- 2) To appoint Mr C R Jansz who is above the age of 70 years as a Director by passing the following resolution.

“That the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr C R Jansz who has reached the age of 72 years at the Annual General Meeting and that he shall accordingly be re-appointed”.
- 3) To re-elect Mr M A N S Perera who retire by rotation at the Annual General Meeting in terms of Article 92 of the Articles of Association as a Director of the Company.
- 4) To re-elect Mr M R Mihular at the Annual General Meeting in terms of Article 98 of the Articles of Association as a Director of the Company.
- 5) To re-elect Dr R A Fernando at the Annual General Meeting in terms of Article 98 of the Articles of Association as a Director of the Company.
- 6) To re-elect Mr P A Jayatunga at the Annual General Meeting in terms of Article 98 of the Articles of Association as a Director of the Company.
- 7) To re-appoint M/s KPMG, Chartered Accountants as the auditors of the Company in terms of Section 158 of the companies Act No. 07 of 2007 and authorize the Board of Directors to determine the remuneration to audit the Financial Statements of the Company for the year ending 31st December 2025.

By order of the Board

sgd
Pradeep A Jayatunga
Company Secretary
22nd May 2025
Colombo

NOTICE OF MEETING (CONTINUED)

Notes

- 1) The thirty second (32nd) Annual General Meeting of Madulsima Plantations PLC will be a virtual meeting held by participants joining in person or proxy and through audio or audio-visual means in the manner specified below:

i) Attendance of the Chairman and the Board of Directors

The Chairman, the Board of Directors, certain Key Management Personnel, the Company Secretary, and the External Auditors will be available **on the Virtual Platform** on Tuesday, 24th June 2025 at 11.00 a.m.

ii) Shareholder Participation

- a. The Shareholders are encouraged to appoint a Director of the Company as their proxy to represent them at the meeting.
- b. The Shareholders may also appoint any other persons other than a Director of the Company as their proxy and the proxy so appointed shall participate at the meeting through audio or audio-visual means only.
- c. The shareholders who wish to participate in the meeting will be able to join the meeting through audio or audio-visual means. To facilitate this process, the shareholders are required to furnish the details of the shareholder and proxy holder, if any, by perfecting Annexure II to the circular to shareholders and forward same to Company Secretary via bplmplcompanysecretary@gmail.com or by facsimile on +94 11 254033, to reach the Secretary **not less than two (02) days before the date of the meeting** so that the meeting login information could be forwarded to the email address as provided. The circular to the shareholders will be posted to all the shareholders along with the Notice of Meeting and the Form of Proxy.
- d. To facilitate the appointment of proxies, the Form of Proxy is attached hereto and the duly filled Form of Proxy should be sent to the Company Secretary via e-mail bplmplcompanysecretary@gmail.com or facsimile at +94 11 254033 or by post to the Registered Office of the Company, Madulsima Plantations PLC, # 833, Sirimawo Bandaranayake Mawatha, Colombo 14, Sri Lanka, not less than forty – eight (48) hours before the time fixed for the meeting.

iii) Shareholder's queries

The shareholders are hereby advised that if they wish to raise any queries, such queries should be sent to the Company Secretary, via e-mail to bplmplcompanysecretary@gmail.com or facsimile at + 94 11 254033 or by post to the Registered Office of the Company, Madulsima Plantations PLC, # 833, Sirimawo Bandaranayake Mawatha, Colombo 14,, Sri Lanka **not less than two (02) days before the date of the meeting**. This is to enable the Company Secretary to compile the queries and forward same to the attention of the Board of Directors so that the same could be addressed at the meeting.

- 2) The Annual Report of the Company for the year 2024 will be available for perusal on the Company website <https://maduls.lk/> and the Colombo Stock Exchange website on www.cse.lk

If you wish to receive a printed copy of the Annual Report for the year ended 2024, please complete and forward us the Form of Request (Annexure 1) by post to the registered address of the Company, Madulsima Plantations PLC, # 833, Sirimawo Bandaranayake Mawatha, Colombo 14,, Sri Lanka or email bplmplcompanysecretary@gmail.com or facsimile + 94 11 2540333.

FORM OF PROXY

I/We.....of.....
being a shareholder / shareholders of Madulsima Plantations PLC hereby appoint

Don Hasitha Stassen Jayawardena*	of failing him
Cedric Royle Jansz*	or failing him
Mellawatantrige Anton Nirosan Sampath Perera*	or failing him
Kumarasamy Dayaparan*	or failing him
Mohamed Reyaz Mihular*	or failing him
Ravindra Ajith Fernando*	or failing him
Pradeep Arjuna Jayatunga*	or failing him

.....of.....
 As my/our* proxy to represent me/us* and to vote on my/our behalf at the Thirty Second (32nd) Annual General Meeting of the Company to be held as a “Virtual Meeting” via an online platform on Tuesday, 24th June 2025 at 11.00 a.m. and at any adjournment thereof and at every poll which may be taken in consequence of the above said meeting. I /We* the undersigned hereby authorize my/our* Proxy to vote on my/our* behalf following the preference indicated below :

		For	Against
1)	To receive and consider the Annual Report of the Directors and the Financial Statements of the Company for the year ended 31st December 2024 together with the Auditors’ Report thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2)	To appoint Mr C R Jansz who is above the age of 70 years as a Director by passing the following resolution. “That the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall apply to Mr C R Jansz who has reached the age of 72 years at the Annual General Meeting and that he shall accordingly be re-appointed”.	<input type="checkbox"/>	<input type="checkbox"/>
3)	To re-elect Mr M A N S Perera who retire by rotation at the Annual General Meeting in terms of Article 92 of the Articles of Association as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4)	To re-elect Mr M R Mihular at the Annual General Meeting in terms of Article 98 of the Articles of Association as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5)	To re-elect Dr R A Fernando at the Annual General Meeting in terms of Article 98 of the Articles of Association as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
6)	To re-elect Mr Pradeep A Jayatunga at the Annual General Meeting in terms of Article 98 of the Articles of Association as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
7)	To authorize the Directors to determine the remuneration of the Auditors Messrs KPMG who are deemed to have been reappointed as Auditors for the year ending 31st December 2025 in terms of Section 158 of the companies Act No. 07 of 2007.	<input type="checkbox"/>	<input type="checkbox"/>

* Please strike the inappropriate words.

Signed on thisday ofTwo Thousand and Twenty Five.

.....
 Signature/s

Instructions for Completion of Form of Proxy

1. Kindly perfect the Form of Proxy by filling in the mandatory details required above, signing in the space provided and filling in the date of signature.
2. If the Form of Proxy is signed by an Attorney, the relative power of attorney should also accompany the proxy form for registration, if such power of attorney has not already been registered with the Company.
3. In the absence of any specific instructions as to voting, the proxy may use his/her discretion in exercising the vote on behalf of his appointor.
4. Duly filled Form of Proxy should be sent to reach the Company Secretary via-e.mail to bplmplcompanysecretary@gmail.com, or facsimile on + 94 11 2540333 or by post to the registered address of the Company, Madulsima Plantations PLC # 833, Sirimawo Bandaranayake Mawatha, Colombo 14, Sri Lanka not less than Two (02) working days before the date of the meeting.

Please provide the following details (mandatory):

NIC/PP/Company Registration No. of the Shareholder/s :.....

Folio No :.....

Email address of the Shareholder/(s) or Proxy Holder
(other than a Director appointed as proxy) :.....

Mobile No's. :.....

Fixed Line No. :.....

