LANKEM DEVELOPMENTS PLC

ANNUAL REPORT **2024/2025**

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FINANCIAL STATEMENT

NOTICE OF MEETING

Notice is hereby given that the 50th Annual General Meeting of Lankem Developments PLC will be held on 3rd September 2025, at 12.00 noon and conducted as a Virtual Meeting from 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01, for the following purposes:

1. To receive and consider the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March 2025 with the Report of the Auditors thereon.
2. To re-elect as a Director, Mr. S. S. Poholiyadde who retires in accordance with Articles 84 & 85 of the Articles of Association.
3. To re-elect as a Director, Mr. S. B. Perera who was appointed during the year and retires in accordance with Article 91 of the Articles of Association.
4. To re-elect as a Director, Mr. K. G. Punchihewa who was appointed during the year and retires in accordance with Article 91 of the Articles of Association.
5. To reappoint as a Director Mr. S.D.R. Arudpragasam, who is over seventy years of age. Special Notice has been received from a shareholder of the intention to pass a resolution which is set out in the notes in relation to his reappointment (see note 5).
6. To reappoint as Auditors, Messrs KPMG and authorize the Directors to determine their remuneration.
7. Special Business

   To consider and if thought fit to pass the following Special Resolution to amend the Articles of Association of the Company in relation to the minimum number of Independent Directors in compliance with the Listing Rules of the Colombo Stock Exchange:

   Special Resolution

   Resolved –

   "That the existing Article 74 (2) be deleted and the following be substituted therefore:

   74(2) Notwithstanding anything to the contrary, so long as the shares of the Company are listed on the Colombo Stock Exchange, the Company shall in compliance with the Listing Rules of such Exchange ensure that, of the total number of Directors on the Board of Directors of the Company at any given time one third or two (whichever is greater) shall be Independent Directors in accordance with and subject to the criteria therefore in the Listing Rules of the Colombo Stock Exchange;

   Any change occurring to this ratio shall be rectified within ninety (90) days from the date of change;

   For the purpose of this Article, the term 'Independent Director' shall be as defined and set out in the Listing Rules of the Colombo Stock Exchange above referred to."

By Order of the Board
CORPORATE MANAGERS & SECRETARIES (PRIVATE) LIMITED
Secretaries

Colombo
6th August 2025

Notes:

1. A member of the Company who is entitled to attend and vote may appoint a proxy to attend and vote instead of him or her. A proxy need not be a member of the Company.
2. A Form of Proxy is enclosed with this Report. The instrument appointing a proxy must be deposited at the Registered Office of the Company's Secretaries at No. 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1, not less than forty eight hours before the time fixed for the meeting.
3. Members are encouraged to vote by Proxy through the appointment of a member of the Board of Directors to represent them and vote on their behalf. Members are advised to complete the Form of Proxy and their voting preferences on the specified resolutions to be taken up at the Meeting and submit the same to the Company Secretaries in accordance with the instructions given on the reverse of the Form of Proxy.
4. Please refer the "Circular to Shareholders" dated 6th August 2025 for further instructions relating to the Annual General Meeting and for joining the Meeting virtually.
5. A Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

   Resolved –

   "That Mr. S.D.R. Arudpragasam who as at the date of the Annual General Meeting would have reached the age of seventy four years be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Mr. S.D.R. Arudpragasam."

CHAIRMAN'S MESSAGE

Resilience remained the cornerstone of Lankem Developments PLC as we navigated the post economic crisis landscape in the country, to pursue sustainable growth in the Group's core sectors: Tea and Hydro power. During the financial year, we continued on the path of strategic recalibration in line with our long-term growth goals. As Sri Lanka continued its journey toward macroeconomic stabilisation, our Group maintained its focus on strengthening core sectors, driving operational efficiency, and laying the foundation for sustainable value creation. Despite the volatility that characterised many aspects of the national and global economies, we remained resolute in our purpose. We navigated challenges with discipline, adapted swiftly to shifting dynamics, and embraced the need for innovation across all segments of our business. In this context, I am pleased to present the performance review of our Group for the financial year 2024/2025.

GROUP PERFORMANCE OVERVIEW

Our consolidated results this year reflect both the strength of our business model and the effectiveness of our management's strategic responses. The Group recorded a revenue of Rs. 7,286 Mn, a modest increase over the previous year's Rs. 7,215 Mn, which is a noteworthy achievement against the backdrop of operational disruptions and cost pressures. This stability is a testament to our teams' efforts to optimise processes and deliver consistent performance.

Our focus on improving operational effectiveness yielded tangible results. Gross profit rose significantly to Rs. 1,377 Mn, up from Rs. 915 Mn, marking clear progress in cost management, pricing discipline, and margin enhancement. Profit before tax stood at Rs. 1,120 Mn, while profit after tax reached Rs. 731 Mn, both reflecting meaningful year-on-year growth. These improvements validate our deliberate strategic focus on profitability, prudent resource allocation, and value creation for all stakeholders.

TEA SECTOR PERFORMANCE

Our Tea segment remained the pivotal force of Group performance, contributing the bulk of revenue and earnings. Revenue in this segment held steady at Rs. 7,219 Mn, while gross profit increased to Rs. 1,300 Mn from Rs. 831 Mn in the previous year, underscoring the segment's robust profitability.

Profitability was further reinforced as profit before tax increased to Rs. 1,108 Mn, with profit after tax rising to Rs. 790 Mn. These results demonstrate our success in optimising production processes, enhancing market reach, and fortifying our brand equity despite operational headwinds.

Operationally, however, the segment faced challenges that merit careful attention. The total tea crop declined by 7% to 6.337 Mn kilograms, following a 9% increase in the prior year. This fluctuation highlights the structural vulnerabilities inherent in agricultural production, including climatic variability and evolving agronomic conditions. While the decline in crop volume was disappointing, the resilience of earnings demonstrates the impact of our focus on efficiency, value-added processing, and disciplined cost control.

Moving forward, it is clear that continued investment in climate-resilient practices, advanced agronomy, and sustainable cultivation will be critical to stabilising yields and safeguarding long-term profitability in this segment.

HYDRO POWER SECTOR PERFORMANCE

Our Hydro Power segment continued its positive momentum, reflecting the strategic importance we place on renewable energy as a pillar of sustainable development. Revenue grew to Rs. 67 Mn, supported by consistent output and healthy demand fundamentals. Gross profit remained strong at Rs. 38 Mn, evidencing our disciplined approach to operations and maintenance.

The segment's profitability trajectory was especially encouraging. Profit before tax surged to Rs. 53 Mn, a substantial increase over Rs. 16 Mn in the prior year, while profit after tax advanced to Rs. 38 Mn from Rs. 11 Mn.

On the operational front, power generation rose by 9% to 4.61 Mn kWh, building upon the robust 18% growth achieved last year. These results illustrate the benefits of our targeted investments in infrastructure upgrades and asset optimisation. As the national energy agenda increasingly emphasises renewable sources, our Hydro Power operations are well positioned to contribute meaningfully to both environmental stewardship and financial performance.

CORPORATE GOVERNANCE

The Board of Lankem Developments PLC is fully committed to ensure total compliance with all applicable laws and regulations. The Corporate Governance framework is designed to embed integrity, transparency, and accountability across all aspects of our group ensuring that decision-making processes consistently align with the highest ethical standards. During the current financial year, the subsidiary Company, Agarapatana Plantations PLC also commenced adopting the Sri Lanka Sustainability Disclosure Standards on sustainability and climate change related impacts, revealing the Company's strategic resilience.

LOOKING AHEAD

As we look towards the future, our strategic priorities remain clear. We will continue to reinforce our operational foundations by enhancing efficiency, embedding sustainability more deeply into our core activities, and driving innovation to secure competitive advantage.

The fluctuations observed in tea crop yields, alongside the evolving dynamics of the energy sector, serve as reminders that adaptability and foresight will be essential. Our ability to respond to environmental and market shifts with agility will define our success in sustaining growth and preserving stakeholder value.

CHAIRMAN'S MESSAGE

We are confident that the discipline, resolve, and dedication demonstrated across our businesses during this year will continue to propel our Group forward. With the collective strength of our people, the trust of our partners, and the unwavering support of our shareholders, we are well equipped to navigate future uncertainties and to seize emerging opportunities with conviction and purpose.

APPRECIATION

On behalf of the Board of Directors, I wish to express my sincere appreciation to our Stakeholders for their invaluable contributions and steadfast commitment. To our shareholders, I extend my heartfelt gratitude for your confidence in our vision.

My fellow Board members have been Instrumental in guiding the Company to its current level. I am deeply appreciative of their dedication and contributions throughout this journey. Therefore, I extend my heartfelt gratitude to Mr. C. P. R. Perera, Mr. P. M. A. Sirimanne, Mr. R. N. Bopearatchy, Mr. K. P. David and Mr. S. N. P. Palihena, who recently stepped down from the LDEV Board, for their invaluable contribution. I also warmly welcome Mr. K. G. Punchihewa, and Mr. S. B. Perera, to the LDEV Board. I am confident that their wealth of experience and strategic insights will fuel progress in the years ahead. It is with deep regret that we record the demise of Mr. A..M. De S. Jayaratne who stepped down from the Board on 31.12.2024 and note with appreciation the valuable contribution made by him.

S. D. R. Arudpragasam
Chairman

6th August 2025

BOARD OF DIRECTORS

S. D. R. ARUDPRAGASAM

FCMA (UK)
Chairman

Mr. S.D.R. Arudpragasam is a fellow member of the Chartered Institute of Management Accountants (UK). He was appointed to the Board in 1989 and as Chairman in 2013. Further, whilst being associated with The Colombo Fort Land & Building Group of companies since 1982 and having served on the Board of The Colombo Fort Land & Building PLC (CFLB) since the year 2000 and as Deputy Chairman up to end June 2022, was appointed Chairman CFLB with effect from 1st July 2022. He also serves as Chairman of several subsidiaries of CFLB and holds the position of Chairman, Lankem Ceylon PLC and C M Holdings PLC and Chairman/Managing Director of E.B. Creasy & Company PLC in addition to holding other Directorships within the CFLB Group.

He also functions as a member on several Board Subcommittees of the CFLB Group.

ANUSHMAN RAJARATNAM

B.Sc (Hons.), CPA, MBA
Director

Mr. Anushman Rajaratnam was appointed to the Board on 20th June 2019. He is at present the Group Managing Director of The Colombo Fort Land & Building PLC (CFLB). In addition, he serves on the Boards of several subsidiary companies of the CFLB Group and also functions as a member on several Board Subcommittees of the CFLB Group. Prior to joining the CFLB Group, he worked oversees for a leading global Accountancy Firm. He holds a Bachelor of Science degree in Economics from the University of Surrey, UK, CPA Australia and MBA from Massachusetts Institute of Technology, USA.

S.S. POHOLIYADDE

FIPM
Director

Mr. S.S. Poholiyadde was appointed to the Board on 15th December 2022. He currently holds the position of Managing Director, Lankem Tea & Rubber Plantations (Pvt) Ltd. (LTRP), Managing Agents of Kotagala Plantations PLC and Agarapatana Plantations PLC.

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

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

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

M. KOWDU K. MOHIDEEN

FCA, FCMA (UK)
Director

Mr. Kowdu Mohideen was appointed to the Board on 15th December 2022. He is a Fellow of the Institute of Chartered Accountants of Sri Lanka and The Chartered Institute of Management Accountants. (UK). He commenced his career at M/s Ernst & Young, Sri Lanka and later moved to various Commercial Sectors both locally and overseas.

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

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

K.G. PUNCHIHEWA

FCA, CPA (Aus.)
Director

Mr. Kamal Punchihewa was appointed to the Board on 31st December 2024. He started his career at M/s. B R De Silva & Co. Chartered Accountants, in 1983 and was appointed as a Partner in 1991.

He moved to the mercantile sector as the Financial Controller of Kotagala Plantations Ltd. under M/s George Steuarts Management Services in 1992 and in 1997 he was promoted as the Group Financial Controller of the George Steuarts Group of Companies and also as the Director Finance of George Steuart Auto Supplies (Pvt) Ltd.

He re-joined the Plantation Sector as the General Manager-Finance of Kahawatte Plantations Ltd. in 2002.

In 2005 he took his first overseas posting as the Financial Controller of PT Agro Bukit Indonesia and later promoted to the key position of Head of Finance – Plantation Operations and Business Support for the entire Indonesian operation of Good Hope Asia Group, which consisted of six Oil Palm Plantation Companies.

Mr. Punchihewa returned to Sri Lanka in 2011 and joined Lankem Tea & Rubber Plantations (Pvt) Ltd. (LT&RP) as the Director/ Deputy CEO, and was appointed, as the CEO of Agarapatana Plantations Ltd. in April 2014. He served on the Board of Agarapatana Plantations Ltd. from 2012 to 2016.

In October 2016 he joined Browns Group as the Group Chief Executive Officer – Plantation Sector in-charge of three Regional Plantation Companies and served as the Chief Executive Officer of Maturata Plantations Ltd in the same Group till July 2020.

He joined Richard Pieris Group as the Chief Financial Officer – Plantation Sector in August 2020 and was promoted as the Chief Executive Officer of Maskeliya Plantations PLC in February 2021 in the same Group, in addition to the post he was holding. He served as the Chief Executive Officer of Maskeliya Plantations PLC until March 2023.

Mr. Punchihewa currently serves as a Director of Plantation Human Development Trust and on the Boards of certain other Listed Entities of The Colombo Fort Land & Building Group as an Independent Non-Executive Director and also serves on the Boards of several other unlisted entities within the CFLB Group. He also functions as the Chairman/ Member of certain Board Subcommittees of several subsidiary companies of the CFLB Group.

He is a Fellow member of the Institute of Chartered Accountants of Sri Lanka since 1988 (FCA) and a Member of the Certified Public Accountants (CPA) – Australia since 2014.

S.B. PERERA

FCMA/CGMA(UK), B.Sc. Mech.Eng. (Hons.)
Director

Mr. Shrihan B. Perera was appointed to the Board on 31st December 2024. He was the Chief Executive Officer of Teejay Group from April 2018 to December 2019. He also served as the Chief Executive Officer of Brandix Apparel Solutions Limited from January 2010 to March 2018. He was responsible for drawing up and implementing strategies across all business units in the intimate apparel SBUs in Sri Lanka and India. Mr. Perera previously held positions of Group Financial Controller & Treasurer, Group Accounts Manager and Finance Director at Unilever Sri Lanka while counting overall experience over 30 years both with Engineering and Finance exposure in and amongst competitive conditions and multidimensional challenges. He served as Accounts and Administrative Controller at Al Mulla Group of Companies in Kuwait from January 1991 to December 1995. He has wide exposure in FMCG, Garment and Textile Manufacture and service industry (overseas).

Mr. Perera currently serves as an Independent Director of Teejay Lanka PLC and its Subsidiaries and also functions as Chairman/ Member of certain Board Subcommittees. He also serves on the Boards of Fintrex Finance Limited, C.W. Mackie PLC and on the Boards of certain other listed and unlisted entities of The Colombo Fort Land & Building Group. In addition he functions as the Chairman/ Member of certain Board Subcommittees of several subsidiary companies of the CFLB Group.

He holds a Bachelor of Science Degree in Mechanical Engineering-2nd Class Upper Honours from the University of Moratuwa and is a Fellow of the Chartered Institute of Management Accountants/CGMA, UK.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Lankem Developments PLC present their Report on the affairs of the Company together with the Audited Financial Statements for the year ended 31st March 2025.

The details set out herein provide the pertinent information required by the Companies Act No. 07 of 2007, and the Colombo Stock Exchange Listing Rules and are guided by recommended best practices.

GENERAL

The Company was re-registered on 19th November 2007 as required under the Companies Act No. 07 of 2007.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Having changed its line of business in the year 2012, the Company now functions mainly as an Investment Holding Company. The principal activities of the subsidiaries have been described along with the Corporate Information in this Annual Report.

The Chairman's Review, the Management Discussion and Review together with the Financial Statements, reflects the state of affairs of the Company.

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

FINANCIAL STATEMENTS

The Financial Statements of the Company are given on pages 45 to 104.

AUDITORS' REPORT

The Auditors' Report on the Financial Statements is given on pages 41 to 44.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Financial Statements are given on pages 49 to 61. These Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS) as issued by the Institute of Chartered Accountants of Sri Lanka (ICASL) and the requirements of the Companies Act No.7 of 2007.

INTEREST REGISTER

Directors' Interest in Transactions

The Directors have made general disclosures as provided for in Section 192(2) of the Companies Act No. 07 of 2007. These have been entered in the Interest Register which is maintained by the Company. The Company carries out transactions in the ordinary course of business with entities in which a Director of the Company is a Director and the said transactions are disclosed in Note 32 'Related Party Transactions', on pages 89 to 96.

The Directors have no direct or indirect interest in any other contract or proposed contract with the Company.

During the financial year the Company has not entered into any contracts in which the Directors have had a material interest. Neither the Directors nor their close family members have had any material business relationship with other Directors.

DIRECTORS' INTEREST IN SHARES

Directors of the Company who have an interest in the shares of the Company are required to disclose, their shareholdings and any acquisitions/disposals to the Board in compliance with Section 200 of the Companies Act.

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

	No. of Shares	
Name of Director	As at 31.03.2025	As at 31.03.2024
Mr. K.P. David (Resigned w.e.f. 31.12.2024)	Not Applicable	4,314
Mr. Anushman Rajaratnam	-	327,742

DIRECTORS' REMUNERATION

Key management compensation in respect of the Company and the Group for the financial year 2024/2025 are given in Note 32. 6. 2 on Page 96 to the Financial Statements.

CORPORATE DONATIONS

No donations were made during the year (2023/2024 - Nil).

DIRECTORATE

The names of the Directors who held office during the financial year are given below and are profiled on pages 5 and 6.

Mr. S. D. R. Arudpragasam - Chairman

Mr. C. P. R. Perera (Resigned w.e.f. 31.12.2024)

Mr. R. N. Bopearatchy (Resigned w.e.f. 31.12.2024)

Mr. Anushman Rajaratnam

Mr. K. P. David (Resigned w.e.f. 31.12.2024)

Mr. P. M. A. Sirimane (Resigned w.e.f. 31.12.2024)

Mr. S. S. Poholiyadde

Mr. A. M. de S. Jayaratne (Resigned w.e.f. 31.12.2024) (Deceased-10.07.2025)

Mr. S. N. P. Palihena (Resigned w.e.f. 31.12.2024)

Mr. M. Kowdu K. Mohideen

Mr. K.G. Punchihewa (Appointed w.e.f. 31.12.2024)

Mr.S.B. Perera (Appointed w.e.f. 31.12.2024)

Messrs. C. P. R. Perera, P. M. A. Sirimane, S. N. P. Palihena and A. M. de S. Jayaratne Independent Non-Executive Directors resigned from the Board of Directors as at the Close of business on 31st December 2024.

Messrs. R. N. Bopearatchy, and K. P. David Non-Executive Directors resigned from the Board with effect from 31.12.2024.

In terms of Articles 84 and 85 of the Articles of Association, Mr. S. S. Poholiyadde retires by rotation and being eligible offers himself for re-election.

Mr. S. B. Perera who was appointed to the Board on 31st December 2024 retires in terms of Article 91 of the Articles of Association and being eligible offers himself for re-election.

Mr. K. G. Punchihewa who was appointed to the Board on 31st December 2024 retires in terms of Article 91 of the Articles of Association and being eligible offers himself for re-election.

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

The Board of Directors are responsible for determining the strategic direction of the Company and setting corporate values. By identifying and setting limits for the principal risks applicable to the various groups of stakeholders and exercising adequate controls, the Directors strengthen the safety and soundness of the Company.

CORPORATE GOVERNANCE

The Corporate Governance principles adhered by the Company are given on pages 10 to 28.

AUDITORS

The Financial Statements of the Company for the year have been audited by Messrs KPMG the retiring Auditors, who have expressed their willingness to continue as Auditors of the Company and are recommended for reappointment. A resolution to reappoint them and to authorize the Directors to determine their remuneration will be proposed at the Annual General Meeting.

The Auditors, Messrs KPMG were paid Rs.1.69Mn (2023/2024 - Rs. 1.42Mn) as audit fees and fees for audit-related services by the Company. Further, there were no non-audit related services during the year 2024/2025 (2023/2024 - Nil).

As far as the Directors are aware the Auditors do not have any relationship (other than that of an Auditor) with the Company. The Auditors do not have any interests in the Company.

REVENUE

The Revenue of the Company for the year was Rs. 360Mn. (2023/2024 – Nil)

RESULTS

The Company made a Net Profit before Tax of Rs 303 Mn in the current financial year. The Net Loss before Tax for the previous year was Rs. 101.3 Mn.

DIVIDENDS

An Interim Dividend of Rs.1.00 per share for the year ended 31st March 2025 was paid on 10th April 2025 to the shareholders registered as at the end of trading on 2nd April 2025.

The Board of Directors confirmed that the Company satisfied the Solvency test requirement under Section 56 of the Companies Act No. 07 of 2007 and obtained a Solvency Certificate from the Auditors in respect of the above Dividend.

INVESTMENTS

Investments made by the Company are given in Notes 17 and 18 on pages 75 to 77.

PROPERTY, PLANT & EQUIPMENT

During 2024/2025 the Company did not invest in Property, Plant & Equipment (2023/2024 - Nil). The Directors are of the opinion that the net amount of Property, Plant & Equipment other than land appearing in the Balance Sheet are not greater than their market values as at 31st March, 2025. Market value of freehold land is given in Note 12 on pages 67 to 70.

STATED CAPITAL

The Stated Capital of the Company as at 31st March, 2025 was Rs. 1,558,005,620/- and is represented by 120,000,000 issued and fully paid ordinary shares.

RIGHT ISSUE

The company made a Right Issue of forty million (40,000,000) ordinary shares at a price of Rs.15/- per share to the holders of the issued ordinary shares of the company as at end of trading on 18th March 2025 in the proportion of one (01) new ordinary share for every three (03) existing issued ordinary shares held in the capital of the company. The issue closed on 10th April 2025. The issue was fully subscribed and the consideration received was Rs.600,000,000/-.

The purpose of the Rights Issue was to raise funds, to settle Related Party dues, further investment in subsidiary Company Agarapatana Plantations PLC and for future working capital requirements.

The details on the utilization of proceeds are set out under share information in page 107 of this report. Due disclosure on the utilization of proceeds has been made to the Colombo Stock Exchange (CSE) in the published Interim Financial Statements. Consequent to the Right Issue of shares the Company's Stated Capital amounted to Rs.2,158,005,620/- represented by 160,000,000 Ordinary Shares.

RESERVES

The total reserves of the Company as at 31st March 2025 comprised of general reserves of Rs. 0.5 Mn and accumulated Profit of Rs. 188 Mn whereas the total reserves of the Company as at 31st March 2024 comprised of general reserves of Rs. 0.5 Mn and accumulated loss of Rs. 115 Mn.

TAXATION

The Company's Liability to Taxation has been computed in accordance with the provisions of the Inland Revenue Act No. 45 of 2022 and subsequent amendments thereto.

RELATED PARTY TRANSACTIONS

During the financial year there were no recurrent or Non-recurrent related party transactions which exceeded the respective thresholds mentioned in Section 9.14 of the Colombo Stock Exchange Listing Rules. The Company has complied with the requirements of the Listing Rules on Related Party Transactions. The Related Party Transactions presented in the financial statements are disclosed in Note 32 from pages 88 to 96.

SHARE INFORMATION

Information relating to Earnings, Dividend, Net Assets, and Market Value per share and share trading are given on pages 105 and 107.

EVENTS OCCURRING AFTER THE REPORTING DATE

Events occurring after the Reporting date that would require adjustments to or disclosure are disclosed in Note 36 on page 97.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Capital Commitments and Contingent Liabilities as at the Reporting date are disclosed in Notes 33 and 34 on page 96.

EMPLOYMENT POLICY

The Group's/Company's recruitment and employment policy is non-discriminatory. The occupational health and safety standards receive substantial attention. Appraisals of individual employees are carried out in order to evaluate their performance and realize their potential. This process benefits the Group/Company and the employees.

There are no material issues pertaining to staff or industrial relations arising from the year under review.

SHAREHOLDERS

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

STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments of the Company due to the Government have been made promptly, up to date.

ENVIRONMENTAL PROTECTION

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

INTERNAL CONTROL

The Directors acknowledge their responsibility for the Company's system of internal control covering financial, operational, risk management and the compliance with applicable laws, rules and regulations and have obtained reasonable assurance of their effectiveness and successful adherence. The system is designed to give assurance regarding the safeguarding of Assets, the maintenance of proper accounting records and the reliability of financial information generated. However, any system can ensure only reasonable and not absolute assurance that errors and irregularities are either prevented or detected within a reasonable period of time. The Board is satisfied with the effectiveness of the system of internal control for the period up to the date of signing the Financial Statements.

GOING CONCERN

The Directors, after making necessary inquiries and reviews including reviews of the Company's budget for the subsequent year, capital expenditure requirements, future prospects and risks, cash flows and borrowing facilities, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the going concern basis has been adopted in the preparation of the Financial Statements.

For and on behalf of the Board,

S. S. Poholiyadde
Director

M. Kowdu K. Mohideen
Director

By Order of the Board

Corporate Managers & Secretaries (Private) Limited
Secretaries

Colombo
6th August 2025

CORPORATE GOVERNANCE

The Corporate Governance structure spells out the guidelines in making decisions relating to corporate affairs. It also provides the structure through which the objectives of the Company are set out, as well as the means of attaining and monitoring the performance of those objectives. Sound Corporate Governance is reliant on external market place, commitment and legislation, plus a healthy Board Culture which safeguards policies and processes.

We present below the Corporate Governance practices adopted and practiced by Lankem Developments PLC in accordance with the rules on Corporate Governance set out in the Colombo Stock Exchange Listing Rules.

BOARD

Composition of the Board

The Directors are from varied business and professional backgrounds. Their expertise enables them to exercise independent judgement and their views carry substantial weight in decision making.

The Board currently comprises of 6 Non-Executive Directors 2 of whom were Independent.

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

Mr. R. N. Bopearatchy - Non-Executive (Resigned w.e.f. 31.12.2024)

Mr. K. P. David - Non-Executive (Resigned w.e.f. 31.12.2024)

Mr. C. P. R. Perera - Independent - Non-Executive (Resigned w.e.f.31.12.2024)

Mr. P.M.A. Sirimane - Independent - Non-Executive (Resigned w.e.f. 31. 12.2024)

Mr. S.N.P. Palihena- Independent - Non-Executive (Resigned w.e.f. 31.12.2024)

Mr. Anushman Rajaratnam - Non-Executive

Mr. A.M.de S. Jayaratne - Independent - Non-Executive (Resigned w.e.f. 31.12.2024 - Deceased 10.07.2025)

Mr. S.S. Poholiyadde - Non-Executive

Mr. M. Kowdu K. Mohideen - Non-Executive

Mr. K.G. Punchihewa - Independent Non-Executive (Appointed w.e.f. 31.12.2024)

Mr. S.B. Perera - Independent Non-Executive (Appointed w.e.f. 31.12.2024)

Independent Non-Executive Directors

Independent Directors on the Board have declared that they are Independent of management and free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgements. All Independent Non-Executive Directors have also submitted signed and dated declarations of their independence or non-independence to the Board.

The Board makes a determination annually as to the independence or non independence of each Independent Non-Executive Director based on such declarations made on the defined criteria and other information available to the Board. The names of Directors determined to be "Independent" are set out in the Annual Report.

Despite Mr A.M. de S. Jayaratne Mr. C.P.R Perera and Mr. S. N. P. Palihena being over seventy years of age, Mr. P.M.A. Sirimane being employed by a subsidiary of the Ultimate Parent Company during the period of three years immediately preceding his appointment to the listed Entity, these Independent Directors having served on the Boards of some subsidiaries of the Ultimate Parent Company for a period exceeding nine years and Mr. C.P.R. Perera having served on the Board of the listed Entity over period of nine years the Board having considered the fact that the said Directors are Independent of management and having taken into consideration all other circumstances listed in the Rules pertaining to the Criteria for Defining Independence was of the view that the said Directors were nevertheless Independent and accordingly Mr. A.M.de. S. Jayaratne, Mr. C.P.R. Perera, Mr. S.N.P. Palihena and P.M.A. Sirimane who were thus determined to be Independent served as Independent Non Executive Directors until the close of business on 31st December 2024.

Mr. K.G. Punchihewa and Mr. S.B. Perera who were appointed to the Board as Independent Non-Executive Directors meets the criteria for defining independence as set out in Listing Rule 9.8.3 of the Colombo Stock Exchange and were determined to be independent by the Board.

The Board is responsible for:

- Ensuring the conduct of the company's affairs in the best interest of its Stakeholders.
- Identifying strategic options implementation and monitoring their success.
- Appointment of the Directors in consultation with the respective Committees.
- Ensuring an effective internal control system.
- Ensuring a proactive risk management system.
- Ensuring compliance with legal standards.
- Approval of major capital investments, acquisitions, expansions and budgets.
- Approval of Interim and Annual financial statements for publication.
- Ensuring compliance with the Company policies.

BOARD MEETINGS

The Board has met on five occasions during the year under review. In addition to the decisions taken at Board Meetings, matters are referred to the Board and decided by resolutions in writing.

The attendance at Board Meetings was as follows:

Mr. S. D. R. Arudpragasam – 5/6

Mr. R. N. Bopearatchy - 2/4

(Resigned w.e.f. 31.12.2024)

Mr. K. P. David - 4/4
(Resigned w.e.f. 31.12.2024)
Mr. C. P. R. Perera - 4/4
(Resigned w.e.f. 31.12.2024)
Mr. P. M. A. Sirimane - 3/4
(Resigned w.e.f. 31.12.2024)
Mr. S. N. P. Palihena - 2/4
(Resigned w.e.f. 31.12.2024)
Mr. Anushman Rajaratnam - 4/6
Mr. A.M. de. S. Jayaratne - 4/4
(Resigned w.e.f. 31.12.2024 - Deceased - 10.07.2025)
Mr. S. S. Poholiyadde - 6/6
Mr. M. Kowdu K. Mohideen - 6/6
Mr. K. G. Punchihewa – 2/2
(Appointed w.e.f. 31.12.2024)
Mr. S. B. Perera – 2/2
(Appointed w.e.f. 31.12.2024)

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

FIT AND PROPER ASSESSMENT

The Company's fit and proper assessment for Directors is in line with the guidelines set out in the Listing Rules and include criteria on honesty, integrity and reputation, competence and capability and financial soundness. The Chairman and the Directors satisfy the fit and proper assessment criteria stipulated in the Listing Rules of the Colombo Stock Exchange.

COMPANY SECRETARIES AND INDEPENDENT PROFESSIONAL ADVICE

The Directors may seek advice from Corporate Managers & Secretaries (Private) Limited who are qualified to act as Secretaries as per the provisions of the Companies Act No. 07 of 2007. Advice is also sought from independent external professionals whenever the Board deems it necessary.

INDEPENDENT JUDGEMENT

The Board is committed to exhibit high standards of integrity and independence of judgement. Each Director dedicates the time and effort necessary to carry out his responsibilities.

CHAIRMAN'S ROLE

The Chairman is a Non-Executive Director and is responsible for steering the Board to preserve order and to facilitate the effective discharge of Board functions. He conducts Board proceedings in a manner which always ensures the following:

- The effective participation of Directors.
- Encourages an effective contribution from Directors within their respective capabilities, for the benefit of the Company.
- Ascertains the views of Directors on issues under consideration.

The Board is in complete control of the Company's affairs and is alert to its obligation to all shareholders and other stakeholders and ensures compliance with the Company policies.

FINANCIAL ACUMEN

The Board includes five finance professionals who possess the necessary knowledge to offer the Board guidance on matters of finance.

DIRECTORS OTHER DIRECTORSHIPS

The details pertaining to the names of the companies (in Sri Lanka) in which the Directors serve as a Director or Key Management Personnel are presented on pages 24 to 28.

MANAGEMENT MEETINGS

The Management Team meets frequently to review progress, discuss operational issues and other important developments that require consideration and follow up actions.

NOMINATIONS AND GOVERNANCE COMMITTEE AND APPOINTMENTS TO THE BOARD

There is a formal and transparent procedure for the appointment of new Directors to the Board, which is in accordance with the recommendations made by the Nominations and Governance Committee, in consultation with the Chairman and in compliance with the provisions of the Articles of Association of the Company, the policies adopted by the Company and the Rules on Corporate Governance.

The Board as a whole annually assesses the Board composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company.

The findings of such assessments are taken into account when new Board appointments are considered and when incumbent Directors come up for re-election. Upon the appointment of a new Director to the Board, the Company makes the required disclosures of such Director to the shareholders by making announcements to the Colombo Stock Exchange.

The Nominations and Governance Committee Report is set out on page 34 of this Report.

RE-ELECTION / REAPPOINTMENT OF DIRECTORS

In terms of the Articles of Association of the Company, a Director appointed to the Board holds office until the next Annual General Meeting and seeks re-election by the shareholders at that meeting. The Articles of Association requires one-third or a number nearest to one-third of the Directors (excluding

Chairman, Chief Executive, Managing or Joint Managing Director) in office to retire at each Annual General Meeting. The Directors to retire are those who have been longest in office since their last election. Retiring Directors are eligible for re-election by the shareholders.

The Nominations & Governance Committee of the Company has duly recommended to the Board the re-election and reappointment of the Directors at the forthcoming Annual General Meeting and the Board of Directors have duly approved said re-election and reappointment of the Directors. Further the Members have refrained from voting on the resolution in respect of their own re-election.

CONSTRUCTIVE USE OF ANNUAL GENERAL MEETING/GENERAL MEETINGS & RELATIONS WITH SHAREHOLDERS

The Board considers the Annual General Meeting/General Meetings an opportunity to communicate with shareholders and encourages their participation. Questions raised by the shareholders are answered and an appropriate dialogue is maintained with them.

The policy on relations with Shareholders and Investors is available on the Company's website https://lankemdevelopments.biz/ where the contact persons are also provided. Major issues and concerns are informed to the Board by the Senior Management and Corporate Secretaries.

FINANCIAL REPORTING

The Board of Directors considers the timely publication of its Annual and Quarterly Financial Statements as a high priority. These publications include Financial and Non-Financial information in order to facilitate the requirements of the existing and potential shareholders. The Financial Statements are prepared in accordance with the Sri Lanka Accounting Standards.

COMPLIANCE WITH LEGAL REQUIREMENTS

The Board is conscious of its responsibility to the shareholders, the Government and the Society in which it operates and is unequivocally committed to upholding ethical behaviour in conducting its business. The Board strives to ensure that the Company and its subsidiaries comply with the laws and regulations of the Country.

COMPLIANCE STATUS WITH THE COLOMBO STOCK EXCHANGE LISTING RULES ON CORPORATE GOVERNANCE

The Company's compliance status with the Colombo Stock Exchange Listing Rules on Corporate Governance is disclosed on pages 13 to 23.

AUDIT COMMITTEE

The Audit Committee Report is set out on Page 32.

REMUNERATION COMMITTEE

The Remuneration Committee Report is set out on Page 31.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions are disclosed in Note 32 to the financial statements.

The Report of the Related Party Transactions Review Committee appear on Page 30.

COMPANY POLICIES

The Company has established a comprehensive suite of Corporate Policies that align with the Listing Rules of the Colombo Stock Exchange (CSE) and reflect the Company's commitment to ethical governance, transparency and sustainable business practices. These policies encompass key areas such as:

- Matters relating to the Board of Directors.
- Board Committees.
- Corporate Governance, Nominations and Re-election.
- Remuneration.
- Internal Code of Business Conduct and Ethics.
- Risk Management and Internal Controls.
- Relations with shareholders and investors.
- Environmental, Social and Governance (ESG) sustainability.
- Control and Management of Company Assets and Shareholder Investments.
- Corporate Disclosures.
- Whistleblowing.
- Anti-Bribery and Corruption.

These policies are publicly accessible on the Company's website at https://lankemdevelopments.biz/

Rule		Adherence
9.2 POLICIES		
9.2.1 Establish and maintain the following policies		
	a) Matters relating to the Board of Directors b) Board Committees c) Corporate Governance, Nominations and Re-election d) Remuneration e) Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities f) Risk management and Internal controls g) Relations with Shareholders and Investors h) Environmental, Social and Governance Sustainability i) Control and Management of Company Assets and Shareholder Investments j) Corporate Disclosures k) Whistleblowing l) Anti-Bribery and Corruption	Complied
9.2.2.	Any waivers from compliance with the Internal code of business conduct and ethics or exemptions granted by the Listed Entity shall be fully disclosed in the Annual Report	Not applicable
9.2.3.	Listed entities shall disclose in its Annual Report. (i) The list of policies that are in place in conformity rule 9.2.1. above with reference to its website. (ii) Details pertaining to any changes to policies adopted by the Listed Entity in compliance with Rule 9.2 above	Complied
9.2.4.	Listed Entities shall make available all such policies to shareholders upon written request being made for any such Policy.	Will be made available when requests are received.
9.2.5.	i. If a Listed Entity fails to comply with Rule 9.2.1, the Exchange will issue a Notice of Show Cause, granting seven (7) Market Days to provide reasons for the non-compliance. ii. If no response is received within the given time or if the explanation is deemed insufficient, enforcement measures will follow as outlined below: a. A letter of warning will be issued by the Exchange. b. If the Entity fails to rectify the non-compliance within three (3) months from the date of the warning letter, a penalty of Rs. 250,000 will be imposed. iii. The Exchange will make a Market Announcement regarding the non-compliance, enforcement action, and penalty. The penalty must be settled within seven (7) Market Days from notification. Failure to do so will result in referral to the SEC under Section 65 of the SEC Act.	Not applicable
9.3 BOARD COMMITTEES		
9.3.1 Establishment of Committee		
	(a) Nominations and Governance Committee	Complied
	(b) Remuneration Committee	Complied
	(c) Audit Committee	Complied
	(d) Related Party Transactions Review Committee.	Complied
9.3.2	Compliance with composition, responsibilities and disclosures required in respect of the above Board committees	Complied
9.3.3	The Chairperson of the Board of Directors of the Listed Entity shall not be the Chairperson of the Board Committees	Complied

Rule		Adherence
9.4 ADHERENCE TO PRINCIPLES OF DEMOCRACY IN THE ADOPTION OF MEETING PROCEDURES AND THE CONDUCT OF ALL GENERAL MEETINGS WITH SHAREHOLDERS		
9.4.1	Maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting (a) The number of shares in respect of which proxy appointments have been validly made; (b) The number of votes in favour 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.	Complied
9.4.2.	Communication and relations with shareholders and investors	Complied
	a) Have a policy on effective communication and relations with shareholders and investors b) Disclose the contact person for such communication. c) Policy on relations with shareholders and investors shall include a process to make all Directors aware of major issues and concerns of shareholders	
	d) When conducting of any shareholder meetings through virtual or hybrid means, compliance with guidelines issued by the Exchange.	Complied
9.5 POLICY ON MATTERS RELATING TO THE BOARD OF DIRECTORS		
9.5.1	Establish and maintain formal policy governing matters relating to the Board	
	a) Composition and Board Balance (Executive and Non-Executive), Role and function of Chairman and CEO and Procedure for Appraisal of Board Performance and appraisal of CEO	Complied
	b) Where Role of Chairman and CEO are combined Appointment of SID-Establish Board Charter inclusive of functions and safeguards for SID (not applicable)	Not Applicable
	c) Board diversity – experience, skills, competencies, age, gender, industry requirements	Complied
	d) Maximum number of Directors and rationale	Complied
	e) Frequency of Board meetings	Complied
	f) Mechanisms for ensuring that Directors are kept abreast of the Listing Rules and on-going compliance and/or non-compliance	Complied
	g) Specify the minimum number of meetings, in numbers and percentage, that a Director must attend,	Complied
	h) Requirements relating to trading in securities of the Listed Entity and its listed group Companies and disclosure of such requirements	Complied
	i) Specify the maximum number of directorships in Listed Entities that may be held by Directors. (25)	Complied
	j) Participation at meeting of the Board and Board committees by audio visuals means and participation to be taken into account when deciding the quorum.	Complied
9.5.2	Confirm compliance of 9.5.1. in Annual Report – If non compliant provide explanations with reasons and proposed remedial action.	Complied
9.6 CHAIRPERSON AND CEO		
9.6.1	Chairperson shall be a Non-Executive Director	Complied
	Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed	Not Applicable
9.6.2	Market Announcement in the event Chairperson is an Executive Director and / or the positions of Chairman and CEO are held by the same individual.	Not Applicable
9.6.3	The Requirement for a SID	
	(a) Appoint of an Independent Director as the SID in the following instances: i. The positions of the Chairperson and CEO are held by the same individual. ii. The Chairperson is an Executive Director. iii. The Chairperson and CEO are Close Family Members or Related Parties (b)-(e) Responsibilities and duties of SID	Not Applicable

Rule		Adherence
9.6.4	Set out the rationale for appointment of SID in the Annual Report	Not Applicable

9.7 FITNESS OF DIRECTORS AND CEOS

9.7.1	a) Listed Entities shall ensure that the Directors and CEO are at all times fit and proper persons as required in terms of these Rules. b) In evaluating fitness and propriety of the persons referred in these Rules. Listed Entities shall utilize the Fit and Proper Assessment Criteria set out in Rule 9.7.3 below.	Complied
9.7.2	Listed Entities shall ensure that the persons recommended by the Nominations and Governance Committee as Directors are fit and proper before such nominations are placed before Shareholders' meeting or appointments are made.	Complied
9.7.3	'Fit and Proper Assessment Criteria' set out in Rule 9.7.3 a) Honesty, Integrity and Reputation – (i)-(vii) b) Competence and Capability –(i)-(ii) c) Financial Soundness –(i)-(iii)	Complied
9.7.4	Declarations to be obtained from 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 Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation.	Complied
9.7.5	Disclosures in the Annual Report (a) Statement on Directors and CEO satisfying Fit and Proper Assessment Criteria (b) Any non-compliance/s and remedial action taken to rectify non compliance	Complied Not Applicable

9.8 BOARD COMPOSITION

9.8.1	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors.	Complied
9.8.2	Minimum Number of Independent Directors: (a) At least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors 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.	Complied

Rule		Adherence
9.8.3	Criteria for determining independence:	
	A Director shall not be considered independent if he/she:	
	(i) Has been employed by the Listed Entity during the period of three (3) years immediately preceding appointment as Director (ii) Currently has/had during the period of three (3) years immediately preceding appointment as a Director, a Material Business Relationship with the Listed Entity, whether directly or indirectly. (iii) Currently has/had during the preceding financial year a close Family Member who is a Director and/or CEO in the Listed Entity. (iv) Has a Significant Shareholding in the Listed Entity. (v) Has served an aggregate period of nine (9) years on the Board of the Listed Entity from the date of the first appointment. (vi) Is employed in another Company or business; a) In which a majority of the other directors of the Listed Entity are employed or are directors; or b) In which a majority of the other directors of the Listed Entity have a Significant Shareholding or Material Business Relationship; or c) That has a Significant Shareholding in the Listed Entity or with which the Listed Entity has a Business Connection. (vii) Is a director of another Company; a) In which a majority of the other Directors of the Listed Entity are employed or are Directors; or b) That has a Business Connection in the Listed Entity or a Significant Shareholding. (viii) Has a Material Business Relationship or a Significant Shareholding in another company or business; a) In which a majority of the other Directors of the Listed Entity are employed or are Directors; and/or b) Which has a Business Connection with the Listed Entity or Significant Shareholding in the same; and/or c) Where the core line of business of such Company is in direct conflict with the line of business of the Listed Entity. (ix) Is above the age of seventy (70) years. Provided that a person above the age of seventy (70) years may nevertheless be considered independent if compliant with Rule 9.8.3(ix) (a) to (d) and the requirements of sub clauses (a) (b) and (c) shall be repeated at each Annual General Meeting of the Listed Entity in respect of any director over the age of seventy years whom the Listed Entity wishes to continue to treat as independent.	Complied. However where independence was impaired declared to be nevertheless independent up to 31st December 2024.
9.8.5	The Board of Directors of Listed Entities shall require:	
	(a) Each Independent Director to submit a signed and dated declaration annually	Complied
	(b) Make an annual determination as to the “independence” of each Independent Director and set out the names of Directors determined to be ‘independent’ in the Annual Report.	Complied
	(c) If independence is impaired against any of the criteria set out in Rule 9.8.3, an immediate Market Announcement is required	Not Applicable
9.8.6	Enforcement Actions for Non-Compliance with Rules 8.1 and 8.2	
	(A) In the event a Listed Entity fails to comply with Rules 9.8.1 and/or 9.8.2 of these Rules	Complied with Rule 9.8.1 and 9.8.2
	(B) Where a Listed Entity has failed to comply with Rules 9.8.1 or 9.8.2 and has not disclosed of such noncompliance to the Exchange or the market	9.8.6 A and B Not Applicable

Rule		Adherence
9.9 ALTERNATE DIRECTORS		
	Compliance with the following requirements and such requirements shall also be incorporated into the Articles of Association	
	a) Alternate Directors shall only be appointed in exceptional circumstances and for a maximum period of one (1) year from the date of appointment	Complied
	b) If an Alternate Director is appointed for a Non-Executive Director such alternate should not be an executive Director of the Listed Entity.	
	c) If an Alternate Director is appointed by an Independent Director, the person so appointed should meet the criteria of independence The Nominations and Governance Committee shall review and determine that the person nominated as the alternate would qualify as an Independent Director before such appointment is made.	
	d) Immediate Market Announcement regarding the appointment of an Alternate Director	
	e) Attendance of Alternate Director to be counted for the purpose of quorum at Board and Board Committee meetings.	
9.10. DISCLOSURES RELATING TO DIRECTORS		
9.10.1	Disclose its policy on the maximum number of directorships in Listed Entities Board members shall be permitted to hold as per Rule 9.5.1. Non compliance to be reported in the Annual Report. (maximum number of Listed Company Directorships – 25)	Complied
9.10.2	Market announcement on appointment of new Director (i-iii)	Complied
9.10.3	Immediate Market Announcement regarding any changes to the composition of the Board Committees (i-ii)	Complied
9.10.4	Disclosure in Annual Report - Directors details	
	• Name, qualifications and brief profile	Complied
	• Nature of his/her expertise in relevant functional areas	
	• Whether either the Director or Close Family Members has any material business relationships with other Directors	
	• Whether Executive, Non-Executive and/or independent Director	
	• Total number and names of Companies in Sri Lanka in which the Director concerned serves as a Director and/or KMP stating whether listed or unlisted, whether functions as executive or non-executive (If the directorships are within the Group names need not be disclosed)	
	• Number of Board meetings attended	
	• Names of Board Committees in which the Director serves as Chairperson or a member	
	• Attendance of committee meetings	
	• TOR and powers of SID	Not Applicable
9.10.5	Non-Disclosure of Changes to Board and Committees	
	a) Failure to disclose new appointments or changes to the Board of Directors	Not Applicable
	b) Failure to disclose changes to the composition of Board Committees in terms of Rule 9.10.3 (ii)	
9.11 NOMINATIONS AND GOVERNANCE COMMITTEE		
9.11.1	Establishment of Nominations and Governance Committee	Complied
9.11.2	Maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee.	Complied
9.11.3	Written terms of reference	Complied
9.11.4	Composition	
	(1) The members of the Nominations and Governance Committee shall;	
	(a) Comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two	
	(2) members shall be Independent Directors.	
	(b) Not comprise of Executive Directors of the Listed Entity	Complied
	(2) An Independent Director shall be appointed as the Chairperson	
	(3) Identify Members in the Annual Report	

Rule		Adherence
9.11.5	Functions	
	(i) Evaluate the appointment of Directors to the Board of Directors and Board Committees (ii) Recommend (or not recommend) the re-appointment/ re-election of current Directors (iii) Establish and Maintain a formal and transparent procedure to evaluate, select and appoint/ re- appoint Directors (iv) Establish and maintain a set of criteria for selection of Directors (v) Establish and maintain a suitable process for the periodic evaluation of the performance of the Board of Directors and the CEO of the Entity to ensure that their responsibilities are satisfactorily discharged. (vi) Develop a succession plan for the Board of Directors and Key Management Personnel (vii) Review the structure, size and composition of the Board and Board Committees with regard to effective discharge of duties and responsibilities (viii) Review and recommend the overall corporate governance framework of the Listed Entity taking into account the Listing Rules of the Exchange, other applicable regulatory requirements and industry/international best practices. (ix) Periodically review and update the Corporate Governance Policies / Framework of the Entity in line with the regulatory and legal developments relating to same, as a best practice. (x) Receive reports from the Management on compliance with the corporate governance framework of the Entity including the Entity's compliance with provisions of the SEC Act, Listing Rules of the Exchange and other applicable laws, together with any deviations/non-compliances and the rational for same.	Complied
9.11.6	Disclosures in Annual Report Nomination & Governance Committee Report and contents to be incorporated -Sections (a)-(m)	Complied
9.12	**REMUNERATION COMMITTEE**	
9.12.1	The term "remuneration" shall make reference to cash and all non-cash benefits whatsoever received	
9.12.2	Establishment of Remuneration Committee	
9.12.3	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.	
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.	
9.12.5	Written terms of reference	
9.12.6	Composition	
	(1) The members of the Remuneration Committee shall; (a) Comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors. (b) Not comprise of Executive Directors of the Listed Entity (c) An Independent Director shall be appointed as the Chairperson.	Complied Refer Remuneration Committee Report
9.12.7	Functions	
	(1) Recommend the remuneration payable to the Executive Directors and CEO of the Listed Entity and/or equivalent position thereof to the Board of the Listed Entity which will make the final determination upon consideration of such recommendations. (2) Engage any external Consultant or expertise that may be considered necessary to ascertain or assess the relevance of the remuneration levels applicable to Directors and CEO.	
9.12.8	Disclosure in Annual Report	
	(a) Names of the Chairperson and members of the Remuneration Committee and the nature of directorships held by such members (b) A statement regarding the remuneration policy; and, (c) The aggregate remuneration of the Executive and Non-Executive Directors	

Rule		Adherence
9.13	**AUDIT COMMITTEE**	Refer Audit Committee Report
9.13.1	Where Listed Entities do not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Listed Entities shall additionally perform the Risk Functions	Complied
9.13.2	Written terms of reference	Complied
9.13.3	Composition	
	(1) The members of the Audit Committee shall; (a) Comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors. (b) Not comprise of Executive Directors of the Listed Entity	Complied
	(2) Quorum - requires that the majority of those in attendance to be independent Directors.	Complied
	(3) Compulsorily to meet on a quarterly basis prior to recommending the financials to be released to the market.	Complied
	(4) An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors.	Complied
	(5) Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation. Provided however where the Listed Entity maintains a separate Risk Committee, the CEO shall attend the Risk Committee meetings by invitation.	Other Directors attend by invitation.
	(6) The Chairperson of the Audit Committee shall be a Member of a recognized professional accounting body. Provided however, this Rule shall not be applicable in respect of Risk Committees where a Listed Entity maintains a separate Risk Committee and Audit Committee.	Complied
9.13.4	Functions	
	Detailed in Rule (1) (i) –(xiii) and (2)	Complied
9.13.5	Disclosures in Annual Report	
	Audit Committee Report (a) Names of chairperson and members with nature of directorships (b) Status of risk management and internal control – Company and Group (c) Statement on CEO and CFO assurance on operations and finances (d) Opinion on compliance with Financial reporting requirements, information requirements under the Listing Rules, Companies Act, SEC Act and any other requirements. (e) Availability of formal Audit Charter (f) Internal audit assurance and summary of the work internal audit (g) Details demonstrating effective discharge of functions and duties (h) Statement on external auditors' assurance on their independence (i) Confirmation on determining auditor's independence	Refer Audit Committee Report
9.14	**RELATED PARTY TRANSACTIONS REVIEW COMMITTEE**	Refer Related Party Transactions Review Committee Report
9.14.1.	Establishment of Committee Listed Entities shall have a Related Party Transactions Review Committee that conforms to the requirements set out in Rule 9.14 of these Rules	Complied
9.14.2	Composition	
(1)	(1) The Related Party Transactions Review Committee shall comprise of; • Minimum three (03) Directors out of which a minimum of two (02) members shall be Independent Directors • May comprise of Executive Directors • An Independent Director shall be appointed as the Chairperson	Complied
9.14.3	Functions	

Rule		Adherence
	(1) Committee shall be responsible for reviewing the Related Party Transactions (2) Objective - ensure that the interests of shareholders as a whole are taken into account when entering into Related Party Transactions. (3) The objective and the economic and commercial substance of the Related Party Transactions should take precedence over the legal form and technicality. (4) Establish and maintain a clear policy, procedure and process in place for the identification, clarification and reporting the Related Party Transactions on an end-to-end basis across the Entity's operations	Complied
9.14.4	General Requirements	Complied
	(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) Should ensure having access to, enough knowledge or expertise to assess or aspects of proposed Related Party Transactions, and where necessary obtain appropriate professional and expert advice from appropriately qualified person when necessary.	
	(3) Board of Directors to approve RPT when required by the committee	
	(4) If a Director 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: (a) be present while the matter is being considered at the meeting; and, (b) vote on the matter.	Not Applicable
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	
9.14.6	Shareholder Approval	
	1. Listed Entities shall obtain shareholder approval by way of a Special Resolution for the following Related Party Transaction. a) Non-recurrent transactions i) Transactions exceeding one third (1/3) of the Total Assets as per the latest Audited Financial Statements ii) Transactions exceeding one third (1/3) of the Total Assets as per the latest Audited Financial Statements when aggregated with other non- recurrent transactions entered into with the same Related Party during the same financial year iii) Acquisition of substantial asset from, or disposal of a substantial asset to, any Related Party of the Entity or its associates b) Recurrent transactions (i) One third (1/3) of the gross revenue (or equivalent term for revenue in the Income Statement) and in the case of group entity consolidated group revenue of the Entity as per the latest Audited Financial Statements; or (ii) One third (1/3) of the gross revenue (or equivalent term for revenue in the Income Statement) and in the case of group entity consolidated group revenue of the Entity as per the latest Audited Financial Statements of the Entity, when aggregated with other recurrent transactions entered into with the same Related Party during the same Financial year; and; (iii) The transactions are not in the ordinary course of business and in the opinion of the Related Party Transactions Review Committee, are on terms favorable to the Related Party than those generally available to the public.	Not Applicable

Rule		Adherence
9.14.7	Disclosures	
	(1) Immediate Disclosures A Listed Entity shall make an immediate Market Announcement to the Exchange (a) Any non-recurrent Related Party Transaction with a value exceeding 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements; or (b) Of the latest transaction, if the aggregate value of all non- recurrent Related Party Transactions entered into with the same Related Party during the same Financial year amounts to 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements. Subsequent non-recurrent transactions which exceed 5% of the Equity of the Entity, entered into with the same Related Party during the Financial year.	Not Applicable
9.14.8	Disclosures in the Annual Report	Not Applicable
9.14.9	Acquisition and Disposal of Assets From/to Related Parties	
	1) Shareholder approval is required by Special Resolution for the acquisition from or disposal of substantial assets to Related Companies by the Listed Entity or any of its subsidiaries. [Subject to exemptions as per Rule 9.14.9 (3)] 2) Substantial Value of the asset or the value of the consideration relating to such asset exceeds 1/3 of the Total Assets.	Not Applicable
	(3) Rule 9.14.9(1) does not apply to:	
	a) Transactions between the Listed entity and a wholly owned subsidiary. b) Transaction between wholly owned subsidiaries of the Listed Entity. c) Takeover offer made by the Listed Entity in accordance with Takeovers and Mergers Code 1995 (as amended). d) Any transaction entered into by the Listed Entity with a bank as principal, on arm's length terms and in the ordinary course of it's banking business.	
	(4)	
	a) The Related Party Transactions Review Committee should obtain competent independent advice from independent professional experts with regard to the value of the substantial assets of the Related Party Transaction under consideration. b) Person who is in the same group of the Listed Entity or significant interest in or financial connection with the Listed Entity or the relevant Related Party shall not be eligible to give such advice.	
	(5) Independent advice obtained should be circulated with the notice of meeting to obtain the shareholder approval	
	(6) The competent independent advice required in terms of Rule 9.14.9 (4) shall include:	
	a) Key assumptions, conditions or restrictions that impact the estimate value. b) The different valuation methodologies considered in valuing the subject asset/s and justification for adopting one or more of them in the valuation. c) Sources of information relied upon for the valuation. d) Identity of individuals participating in the valuation assignment and their qualifications. e) Confirmation of the independence of the parties participating in the advice. f) A statement as to whether the transaction is on usual commercial terms, in ordinary and usual course of business, fair and reasonable and in the interests of the Listed Entity and its shareholders.	

Rule	Adherence
9.14.10 Exempted Related Party Transactions	
(a) Subject to Rule 9.14.8 (2), transactions with Related Parties which are recurrent, of revenue or trading nature and which is necessary for day-to-day operations of a Listed Entity or its subsidiaries and, in the opinion of the Related Party Transactions Review Committee, terms are not favorable to the Related Party than those generally available to the public. (b) The payment of dividend, issue of Securities by the Listed Entity by way of a capitalization of reserves, the exercise of Rights, options or warrants (subject to Rules contained in Section 5 and 7 of these Rules), sub-division of shares or consolidation of shares. (c) The grant of options, and the issue of Securities pursuant to the exercise of options, under an employee share option scheme/employees share purchase scheme (subject to Rule 5.6 of these Rules). (d) A transaction in marketable securities carried out in the open market where the counterparty's identity is unknown to the Listed Entity at the time of the transaction. (e) The provision or receipt of financial assistance or services, upon usual commercial terms and in the ordinary course of business, from a Company whose activities are regulated by any written law relating to licensed banks, Finance Companies or insurance Companies or are subject to supervision by the Central Bank of Sri Lanka or Insurance Board of Sri Lanka. (f) Directors' fees and remuneration, and employment remuneration	Complied
9.15 PENALTIES FOR NON-COMPLIANCE WITH BOARD COMMITTEE COMPOSITION REQUIREMENTS	
(a) When a Listed Entity fails to comply with Rules 9.11.4(1), 9.11.4(2), 9.12.6, 9.13.3(1), 9.13.3(4), 9.13.3(6), or 9.14.2 (b) Where a Listed Entity has failed to comply with Rules 9.11.4(1), 9.11.4(2), 9.12.6, 9.13.3(1), 9.13.3(4), 9.13.3(6) or 9.14.2 and has not disclosed of such non-compliance to the Exchange or the market: • If non-compliance is rectified: (a) - (b) • If non-compliance is not rectified: (c) - (e)	Not Applicable
9.17 ADDITIONAL DISCLOSURES BY BOARD OF DIRECTORS	
(i) Declared all material interests in contracts involving the entity and that they have refrained from voting on matters in which they were materially interested (ii) Conducted a review 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; (iii) Made arrangement to make themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions; (iv) 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.	Complied Refer Annual Report of the Board of Directors and Corporate Governance Report

Rule	Adherence
9.18 ENFORCEMENT PROCEDURE FOR NON-COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS	
a) Immediate Market Announcement on non compliance in the event of failure to comply with any of the requirements contained in Rules 9.3.1, 9.8.1, 9.8.2(a), 9.11.4(1),9.11.4(2), 9.12.6, 9.13.3(1),9.13.3(4),9.13.3(6) or 9.14.2 about such non-compliance within one (1) Market Day from the date of the non-compliance. Announcement shall be repeated on the first (1st) Market Day of each calendar month until the Entity becomes compliant with these Rules. b) The non-compliance must be rectified within three (03) months from the date of noncompliance. c) If not rectified within three months, the Entity's Securities shall be transferred to the Watch List immediately upon the expiration of the said period. d) While the Securities are on the Watch List, Directors, CEO, their Close Family Members, parent Entity, and entities where they hold 50% or more voting rights, cannot transact in the Entity's Securities without prior SEC approval. This restriction continues for three (03) months after resignation or until compliance is restored—whichever is earlier. e) Upon being placed on the Watch List, the Entity must make a Market Announcement including: • The remedial action proposed within six (06) months. • The following statements: i) Any change in the plan will be announced within 1 Market Day after Board approval. ii If the plan is not implemented within 6 months, trading will be suspended. iii) If suspension lasts more than 6 months, delisting will follow. f) At the first General Meeting following the transfer to the Watch List, shareholders must be informed of the non-compliance, remedial actions, and that continued failure will result in suspension and potential delisting. g) The outcome of the above General Meeting must be announced to the Market by the next Market Day, including any decisions made. h) The Entity must rectify non-compliance within six (06) months from the date of Watch List transfer. i) Failure to comply within six months will result in trading suspension. The Exchange will also announce the enforcement action and any penalties imposed. j) In addition to actions under 9.18(c) and 9.18(i), the Exchange shall impose penalties on the Listed Entity and/or its Directors as of the date of non-compliance. k) If suspension exceeds six (06) months, the Securities shall be delisted under Rule 11.3. l) The Exchange's decision to delist the Securities and any attached conditions shall be communicated to the SEC.	Not applicable

CORPORATE GOVERNANCE

DIRECTORS OTHER DIRECTORSHIPS

The following table illustrates the total number of Board seats held by each Director of the Company.

Abbreviations:

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

COMPANIES	Mr. S.D.R. Arudpragasam	Mr. C.P.R. Perera (Resigned w.e.f. 31.12.2024)	Mr. R.N. Bopearatchy (Resigned w.e.f. 31.12.2024)	Mr. Anushman Rajaratnam	Mr. K.P. David (Resigned w.e.f. 31.12.2024)	Mr. P.M.A. Sirimane (Resigned w.e.f. 31.12.2024)	Mr. S.S. Poholiyadde	Mr. A.M. de. S. Jayaratne (Resigned w.e.f. 31.12.2024)	Mr. S.N.P. Palihena (Resigned w.e.f. 31.12.2024)	Mr. K. Mohideen	Mr. K.G. Punchihewa (Appointed w.e.f. 31.12.2024)	Mr. S.B. Perera (Appointed w.e.f. 31.12.2024)
The Colombo Fort Land and Building PLC	✓ C/NE	✓ DC/NE		✓ GMD/EX		✓ NE		✓ NE			✓ INE	✓ INE
Lankem Developments PLC*	✓ C/NE	✓ INE	✓ NE	✓ NE	✓ NE	✓ INE	✓ NE	✓ INE	✓ INE	✓ NE	✓ INE	✓ INE
C M Holdings PLC*	✓ C/NE			✓ NE				✓ INE				
York Arcade Holdings PLC*	✓ C/NE			✓ NE				✓ INE	✓ INE			
Lankem Ceylon PLC*	✓ C/NE			✓ EX		✓ INE					✓ INE	✓ INE
Kotagala Plantations PLC*	✓ C/NE	✓ DC/INE		✓ NE		✓ INE	✓ EX	✓ INE		✓ EX	✓ INE	✓ INE
Agarapatana Plantations PLC*	✓ C/NE	✓ DC/INE		✓ NE		✓ INE	✓ EX	✓ INE		✓ EX	✓ INE	✓ INE
E.B. Creasy & Company PLC*	✓ C/MD/EX		✓ EX			✓ NE		✓ INE	✓ INE		✓ INE	✓ INE
Muller & Phipps (Ceylon) PLC*	✓ C/NE		✓ NE			✓ NE			✓ INE		✓ INE	✓ INE
Laxapana PLC*	✓ C/NE		✓ NE			✓ NE			✓ INE		✓ INE	✓ INE
Beruwala Resorts PLC*	✓ C/NE	✓ DC/INE		✓ NE								✓ INE
Marawila Resorts PLC*	✓ C/NE	✓ DC/INE		✓ NE								✓ INE
Sigiriya Village Hotels PLC*	✓ C/NE	✓ DC/INE		✓ NE								✓ INE
C W Mackie PLC*	✓ NE	✓ INE		✓ NE				✓ INE				✓ INE
ACME Printing & Packaging PLC*	✓ NE			✓ NE		✓ INE					✓ INE	
Colombo Fort Investments PLC*	✓ C/NE			✓ NE		✓ INE		✓ INE				
Colombo Investment Trust PLC*	✓ C/NE			✓ NE		✓ INE		✓ INE				
Alliance Five (Private) Limited*	✓ C			✓ D	✓ MD	✓ D					✓ D	✓ D
American Lloyd Travels Limited*	✓ D			✓ D								
Associated Farms (Private) Limited*	✓ C				✓ D							
ACME Packaging Solutions (Private) Limited*	✓ D			✓ D		✓ D						
BOT Hotel Services (Private) Limited*	✓ C				✓ D			✓ D				

COMPANIES	Mr. S.D.R. Arudpragasam	Mr. C.P.R. Perera (Resigned w.e.f. 31.12.2024)	Mr. R.N. Bopearatchy (Resigned w.e.f. 31.12.2024)	Mr. Anushman Rajaratnam	Mr. K.P. David (Resigned w.e.f. 31.12.2024)	Mr. P.M.A. Sirimane (Resigned w.e.f. 31.12.2024)	Mr. S.S. Poholiyadde	Mr. A.M. de. S. Jayaratne (Resigned w.e.f. 31.12.2024)	Mr. S.N.P. Palihena (Resigned w.e.f. 31.12.2024)	Mr. K. Mohideen	Mr. K.G. Punchihewa (Appointed w.e.f. 31.12.2024)	Mr. S.B. Perera (Appointed w.e.f. 31.12.2024)
C. W. M. Hotels Holdings Limited	✓ D			✓ D				✓ D				
Candy Delights Limited*	✓ C/MD		✓ D			✓ D		✓ D	✓ D			
Capital Investments Limited*	✓ D											
Capital Leasing Company Limited*	✓ C			✓ D		✓ D						
Century Equity Trust Limited	✓ D											
Ceyflex Rubber Limited*	✓ C		✓ D			✓ D						
Ceylon Tapes (Private) Limited*	✓ C			✓ D	✓ MD	✓ D					✓ D	✓ D
Ceytape (Private) Limited*	✓ C			✓ D	✓ D	✓ D					✓ D	✓ D
Colombo Fort Group Services (Private) Limited*	✓ D			✓ D		✓ D						
Colombo Fort Holdings Limited*	✓ D											
Colombo Fort Hotels Limited*	✓ C			✓ D								
Colombo Fort Properties (Private) Limited*				✓ D								
Colombo Fort Travels Limited*	✓ D											
Colombo Residencies (Private) Limited	✓ D											
Colonial Motors (Ceylon) Limited*	✓ DC			✓ D				✓ C				
Company Holdings (Private) Limited	✓ D											
Consolidated Commercial Investments (Private) Limited				✓ D								
Consolidated Holdings (Private) Limited	✓ D			✓ D								
Consolidated Tea Plantations Limited*	✓ D	✓ D		✓ D		✓ D	✓ D	✓ D		✓ D	✓ D	✓ D
Corporate Systems Limited*	✓ C		✓ D									
Creasy Plantation Management Limited*	✓ D											
Darley Butler & Company Limited*	✓ C/MD		✓ D			✓ D		✓ D	✓ D			
E B Creasy Ceylon (Private) Limited*	✓ C		✓ D			✓ D						
E. B. Creasy Logistics Limited*	✓ C		✓ D			✓ D						
E.B. Creasy Trading Limited*	✓ D		✓ D									
Far Eastern Exports (Colombo) Limited*	✓ D			✓ D								
Financial Trust Limited				✓ D								
Fortland Finance Limited	✓ C											
Galle Fort Hotel (Private) Limited*	✓ D			✓ D								
Guardian Asset Management Limited*	✓ D											
Great Eastern Resorts Ltd				✓ D								
Group Three Associate (Private) Limited*	✓ C		✓ D									
Horton Plains Resorts and Spa Limited				✓ D								
Imperial Hotels Limited*	✓ C			✓ D								
J.F.Packaging Limited*	✓ C			✓ D	✓ MD	✓ D					✓ D	✓ D
JF Ventures Limited*	✓ C			✓ D	✓ D	✓ D					✓ D	✓ D
Kiffs (Private) Limited*	✓ C			✓ D	✓ MD	✓ D					✓ D	✓ D

COMPANIES	Mr. S.D.R. Arudpragasam	Mr. C.P.R. Perera (Resigned w.e.f. 31.12.2024)	Mr. R.N. Bopearatchy (Resigned w.e.f. 31.12.2024)	Mr. Anushman Rajaratnam	Mr. K.P. David (Resigned w.e.f. 31.12.2024)	Mr. P.M.A. Sirimane (Resigned w.e.f. 31.12.2024)	Mr. S.S. Poholiyadde	Mr. A.M. de. S. Jayaratne (Resigned w.e.f. 31.12.2024)	Mr. S.N.P. Palihena (Resigned w.e.f. 31.12.2024)	Mr. K. Mohideen	Mr. K.G. Punchihewa (Appointed w.e.f. 31.12.2024)	Mr. S.B. Perera (Appointed w.e.f. 31.12.2024)
Lanka Special Steel Limited*	✓ C		✓ D			✓ D						
Lankem Agrochemicals Limited*	✓ C		✓ D	✓ D	✓ D							
Lankem Cargo Storage Limited*	✓ D			✓ D								
Lankem Chemicals Limited*	✓ C		✓ D	✓ D	✓ D							
Lankem Consumer Products Limited*	✓ C		✓ D	✓ D	✓ D							
Lankem Exports (Private) Limited*	✓ C				✓ D							
Lankem Minerals Limited*	✓ D			✓ D		✓ D						
Lankem Paints Limited*	✓ C		✓ D	✓ D	✓ D							
Lankem Plantation Services Limited*	✓ D											
Lankem Research Limited*	✓ C		✓ D	✓ D	✓ D							
Lankem Tea & Rubber Plantations (Private) Limited*	✓ C	✓ D		✓ D		✓ D	✓ MD	✓ D		✓ D		
Lankem Technology Services Limited*	✓ C		✓ D		✓ D							
Maitland & Knox (Private) Limited	✓ D			✓ D								
Mayfield Investments (Private) Limited				✓ D								
Motor Mart Ceylon (Private) Limited*	✓ D			✓ D								
Muller & Phipps (Health Care) Limited*	✓ C		✓ D			✓ D			✓ D			
Nature's Link Limited*	✓ C		✓ D		✓ D							
Nutriklim (Ceylon) Limited	✓ D											
Oakley Investments (Private) Limited	✓ D			✓ D								
Property and Investment Holdings (Private) Limited	✓ D			✓ D								
Rubber & Allied Products (Colombo) Limited*	✓ C	✓ D		✓ D		✓ D	✓ D	✓ D		✓ D		
Sherwood Holidays Limited*	✓ C											
Sigiriya Resorts Limited				✓ D								
Sunagro Farms Limited*	✓ C		✓ D	✓ D	✓ D							
Sunagro Lifescience Limited*	✓ C		✓ D	✓ D	✓ D	✓ D						
Sunrise Resorts Limited				✓ D								
Teacom (Private) Limited*	✓ C			✓ D								
Transways (Private) Limited*				✓ D								
Tropical Beach Resorts Limited				✓ D								
Udaveriya Plantations Limited	✓ D			✓ D								
Unicom Clearing and Forwarding (Private) Limited*	✓ C			✓ D								
Union Commodities (Private) Limited*	✓ C			✓ D		✓ D	✓ D	✓ D		✓ D		
Union Commodities Exports (Private) Limited*	✓ C			✓ D								
Union Commodities Teas (Private) Limited*	✓ C			✓ D								
Union Group (Private) Limited*	✓ D			✓ D								
Union Investments (Private) Limited*	✓ D			✓ D				✓ D				
Voyages Ceylan (Private) Limited*				✓ D								
Waverly Power (Private) Limited*	✓ C	✓ D		✓ D		✓ D	✓ D	✓ D		✓ D		
Weligama Hills Limited	✓ D			✓ D								
York Conventions (Private) Limited*				✓ D								

COMPANIES	Mr. S.D.R. Arudpragasam	Mr. C.P.R. Perera (Resigned w.e.f. 31.12.2024)	Mr. R.N. Bopearatchy (Resigned w.e.f. 31.12.2024)	Mr. Anushman Rajaratnam	Mr. K.P. David (Resigned w.e.f. 31.12.2024)	Mr. P.M.A. Sirimane (Resigned w.e.f. 31.12.2024)	Mr. S.S. Poholiyadde	Mr. A.M. de. S. Jayaratne (Resigned w.e.f. 31.12.2024)	Mr. S.N.P. Palihena (Resigned w.e.f. 31.12.2024)	Mr. K. Mohideen	Mr. K.G. Punchihewa (Appointed w.e.f. 31.12.2024)	Mr. S.B. Perera (Appointed w.e.f. 31.12.2024)
York Hotel Management Services Limited*	✓ C			✓ D								
York Tours Limited*				✓ D								
Sterling Steels (Private) Limited*	✓ C					✓ D						
ACL Cables PLC								✓ INE				
Mireka Capital Land (Pvt) Ltd								✓ D				
Overseas Realty (Ceylon) PLC								✓ C/ INE				
Innovest Investments (Pvt) Ltd								✓ C				
Kelani Valley Canneries Limited				✓ D								
Sunquick Lanka (Pvt) Ltd				✓ D								
Sunquick Lanka Properties (Pvt) Ltd				✓ D								
Lanka Agro Plantations PTE Limited				✓ D								
Insite Holdings (Pvt) Ltd		✓ C										
Insite Factories (Pvt) Ltd		✓ C										
Ceylon Tea Brokers PLC		✓ NE										
Logicare (Pvt) Limited		✓ D										
Tempest P E Partners (Pvt) Limited		✓ D										
Plantation Human Development Trust											✓ D	
Fintrex Finance Limited												✓ D
Teejay Lanka PLC												✓ INE
Teejay Lanka Prints (Private) Limited												✓ D
Teejay India Private Limited												✓ D
Teejay Mauritius Private Limited												✓ D
Nubian Threads (Egypt)												✓ D

NOTES:

The Companies marked with an * are Subsidiaries of Associates of The Colombo Fort Land & Building Group.

Mr. C.P.R. Perera who served as the Deputy Chairman and as an Independent Non-Executive Director until the close of business on 31st December 2024, continues to serve in the capacity of Deputy Chairman and as a Non-Executive Director of The Colombo Fort Land & Building PLC with effect from 1st January 2025. Mr. Perera was re-designated as a Non-Executive Director on the Board of Ceylon Tea Brokers PLC with effect from 7th October 2024.

Mr. C.P.R. Perera resigned from the Boards of Lankem Developments PLC, Agarapatana Plantations PLC, Kotagala Plantations PLC, Beruwala Resorts PLC, Marawila Resorts PLC and Sigiriya Village Hotels PLC with effect from 31st December 2024, and C.W. Mackie PLC with effect from 30th December 2024.

Mr. P.M.A. Sirimane, who served as an Independent Non-Executive Director, until the close of business on 31st December 2024, continue to serve as Non-Executive Director of the Board of The Colombo Fort Land & Building PLC effective 1st January 2025.

Mr. P.M.A. Sirimane resigned from the Boards of Lankem Developments PLC, Agarapatana Plantations PLC, Kotagala Plantations PLC, Lankem Ceylon PLC, E.B. Creasy & Company PLC, Muller & Phipps (Ceylon) PLC, Laxapana PLC, Colombo Fort Investments PLC and Colombo Investment Trust PLC with effect from 31st December 2024 and ACME Printing and Packaging PLC with effect from 31st March 2025. He was also resigned from the Boards of J.F. Packaging Limited, J F Ventures Limited, Ceylon Tapes (Pvt) Ltd, Ceytape (Pvt) Ltd, Alliance Five (Pvt) Ltd and Kiffs (Pvt) Ltd with effect from 29th January 2025.

CORPORATE GOVERNANCE

Mr. A.M.de.S. Jayaratne, served as an Independent Non-Executive Director, until the close of business on 31st December 2024, continued to serve as Non-Executive Director of the Board of The Colombo Fort Land & Building PLC with effect from 1st January 2025 until his demise on 10th July 2025.

Mr. A.M. de. S. Jayaratne resigned from the Boards of Lankem Developments PLC, Agarapatana Plantations PLC, Kotagala Plantations PLC, C M Holdings PLC, York Arcade Holdings PLC, E.B. Creasy & Company PLC, Colombo Fort Investments PLC, Colombo Investment Trust PLC and ACL Cables PLC with effect from 31st December 2024, and C.W. Mackie PLC with effect from 30th December 2024.

Mr. A.M. de. S. Jayaratne - Deceased 10th July 2025.

Mr. R.N. Bopearatchy resigned from the Boards of Lankem Developments PLC, E.B. Creasy & Company PLC, Muller & Phipps (Ceylon) PLC and Laxapana PLC with effect from 31st December 2024 and SunAgro LifeScience Limited with effect from 7th October 2024.

Mr. K.P. David resigned from the Boards of Lankem Developments PLC with effect from 31st December 2024 and SunAgro LifeScience Limited with effect from 7th October 2024.

Mr. S.N.P. Palihena resigned from the Boards of Lankem Developments PLC, E.B. Creasy & Company PLC, Muller & Phipps (Ceylon) PLC, Laxapana PLC, York Arcade Holdings PLC, Candy Delights Limited, Darley Butler & Company Limited and Muller and Phipps (Health Care) Limited with effect from 31st December 2024.

Mr. Anushman Rajaratnam was appointed to the Board of York Hotel Management Services Limited with effect from 1st August 2024.

Mr. Anushman Rajaratnam was appointed as Managing Director of Union Commodities (Private) Limited with effect from 16th May 2025.

Mr. K.G. Punchihewa was appointed to the Board of Agarapatana Plantations PLC and Kotagala Plantations PLC with effect from 1st November 2024, Lankem Developments PLC and Lankem Ceylon PLC with effect from 31st December 2024, E.B. Creasy & Company PLC, Muller & Phipps (Ceylon) PLC and Laxapana PLC with effect from 1st January 2025, ACME Printing & Packaging PLC with effect from 5th February 2025 and The Colombo Fort Land & Building PLC with effect from 20th February 2025. He was also appointed to the Boards of Consolidated Tea Plantations Limited with effect from 3rd February 2025 and J.F. Packaging Limited, JF Ventures Limited, Ceylon Tapes (Pvt) Ltd, Ceytapes (Pvt) Ltd, Alliance Five (Pvt) Ltd and Kiffs (Pvt) Ltd with effect from 20th February 2025.

Mr. S.B. Perera was appointed to the Boards of Lankem Developments PLC, Agarapatana Plantations PLC, Kotagala Plantations PLC, Lankem Ceylon PLC, Beruwala Resorts PLC, Marawila Resorts PLC and Sigiriya Village Hotels PLC with effect from 31st December 2024, C.W. Mackie PLC with effect from 30th December 2024, E.B. Creasy & Company PLC, Muller & Phipps (Ceylon) PLC and Laxapana PLC with effect from 1st January 2025 and The Colombo Fort Land & Building PLC with effect from 20th February 2025. He was also appointed to the Boards of Consolidated Tea Plantations Limited with effect from 3rd February 2025, J.F. Packaging Limited, JF Ventures Limited, Ceylon Tapes (Pvt) Ltd, Ceytape (Pvt) Ltd, Kiffs (Pvt) Ltd and Alliance Five (Pvt) Ltd with effect from 20th February 2025 and Nubian Threads (Egypt) with effect from 9th March 2025.

Mr. S.B. Perera resigned from the Boards of Ceytape (Private) Limited, JF Ventures Limited, Kiffs (Private) Limited, Alliance Five (Private) Limited and Teejay India Private Limited with effect from 10th May 2025 and from the Board of Teejay Mauritius Private Limited with effect from 31st May 2025.

RISK MANAGEMENT REVIEW

Risk management involves identifying potential risk exposures faced by the Company and implementing proper risk management techniques to mitigate such risks. A disciplined approach to risk is important in a diversified organisation such as Lankem Developments PLC in order to ensure that we are executing according to our strategic objectives. On this perspective we only accept risk for which we are adequately compensated.

Lankem Developments PLC has overall responsibility for risk oversight with a focus on the most significant risks facing the Company. We consider risk management as a vital component in our operations and build upon management's risk assessment and mitigation processes, which include standardised reviews of long-term strategic and operational planning, regulatory and litigation compliance, health and safety, environmental compliance, financial reporting and controls and information technology and security.

RISK FACTORS

1. FINANCIAL RISK

Financial risk covers a broad area of risk, which mainly incorporates credit risk and market risk stemming from business operations.

1.1 Credit Risk Management

Credit risks arise due to the non-payment by debtors, which can lead to working capital issues. Lankem Developments PLC implements proper credit controls and debt collection policies to ensure that the Company selects only reliable distributors who are able to honour their debts.

1.2 Market Risk Management

Market risk refers to the risk arising from the volatilities in market forces. Lankem Developments PLC faces market risks in the financial sphere in terms of the local rates of interest, inflation and exchange rates. Given the current business environment, the Company is in a position to manage its interest rate risk. The other market risk that the Company faces is the risk associated with raw material pricing.

1.2.1 Liquidity Risk

Due to the nature of the businesses that Lankem Developments PLC operates in, it needs to ensure that working capital cycles are properly maintained so as to ensure that operations are not compromised due to the lack of adequate working capital. Lankem Developments PLC implements appropriate cash flow management techniques.

1.2.2 Inflation Rate Risk

Upward movements in inflation will mainly reduce the purchasing power of individuals as well as institutional customers. This will deteriorate the potential demand for Company products and increase the Company's cost base. The Company closely monitors fluctuations in price levels and focuses on the efficient management of its cost base so as to ensure the minimal increase in price to customers.

1.2.3 Foreign Exchange Risk

The Group is exposed to currency risk mostly on purchases that are denominated in a currency other than Sri Lankan Rupees (LKR). The foreign currencies in which these transactions primarily denominated are United Stated Dollars (USD).

Since the frequency of the transaction done in foreign currency is very low, the Group is not exposed to a higher degree of currency risk.

2. BUSINESS RISK

New entrants into markets that Lankem Developments PLC is already present in as well as intensification of competition from existing players in existing markets are the significant business risk that the Company faces. Variation in consumer spending patterns is also a potential business risk. Further relating to the plantation operations, worldwide consumption patterns and demand for tea has diverted consumers to other alternatives due to negative effects of global economic slowdown, climate changes, decreasing exports, etc. This in turn reduced the average global consumption of tea. This has constituted a significant business risk to the Company in the past year.

3. OPERATIONAL RISK

Operational risk relates to the risk arising from execution of business operations. The Company has established sound internal control systems in all its operations and continuously reviews and monitors those procedures to ensure accountability and transparency in all its operations such as plantation, investments, and power generation. The Company is in the process of strengthening its controlling and monitoring processes to ensure that the achievement of high quality and cost effectiveness of the processes while carrying out periodic compliance checks to ensure smooth functioning in all operations and minimised operational losses.

4. LEGAL AND COMPLIANCE

Legal and compliance risk relates to changes in the Government and regulatory environment, compliance requirements with policies and procedures, including those relating to financial reporting, environmental health and safety and intellectual property risks. Lankem Developments PLC continuously monitors regulatory changes in the environment and promptly responds and adapts to new changes.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Related Party Transactions Review Committee (RPTRC) is entrusted with the responsibility of ensuring that the interests of the Shareholders are taken into consideration when entering into a Related Party Transactions.

COMPOSITION

The Related Party Transactions Review Committee of the Company until the close of business on 31st December 2024 comprised of the following members:

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

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

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

The Related Party Transactions Review Committee of the Company was reconstituted with effect from 1st January 2025 and comprised the following members as at 31st March 2025 and as of the date of this report.

Mr. K.G. Punchiewa - Chairman - Independent Non-Executive Director

Mr. S.B. Perera - Member - Independent Non-Executive Director

Mr. Anushman Rajaratnam - Member - Non-Executive Director

Brief profiles of the Committee members are given on pages 5 and 6.

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

MEETINGS OF THE COMMITTEE

The Related Party Transactions Review Committee has met in total on five occasions during the period under review and the attendance of the Committee prior to 31st December 2024 was as follows:

Mr. A. M. de S. Jayaratna	- 2/3
Mr. C. P. R. Perera	- 3/3
Mr. P. M. A. Sirimane	- 3/3

The attendance of the Related Party Transactions Review Committee which was reconstituted with effect from 1st January 2025 was as follows:

Mr. K. G. Punchihewa	- 2/2
Mr. S. B. Perera	- 2/2
Mr. Anushman Rajaratnam	- 2/2

Minimum of one meeting of the RPTRC has been held in each quarter of the financial year. In addition to these Meetings on several occasions Related Party Transactions were referred to the RPTRC and have been reviewed and recommended by Resolutions in writing.

The RPTRC has reviewed and recommended to the Board for approval, Related Party Transactions during the financial year under reviews in a manner consistent with the Listing Rules and the activities, views, comments and observation of the Committee are communicated on a regular basis to the Board of Directors.

Other members of the Board were present at discussions where appropriate.

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

POLICIES, PROCEDURES AND FUNCTIONS OF THE COMMITTEE

The Policies and Procedures adopted by the Related Party Transactions Review Committee when reviewing and recommending transactions are consistent with Section 9.14 of the Listing Rules of the Colombo Stock Exchange.

The Functions of the Committee are as Follows:

- To identify the persons/entities considered to be Related Parties.
- Review all proposed Related Party Transactions. (Except for transactions which are exempted)
- Advise Management on Related Party Transactions and where necessary direct the transactions for Board approval / Shareholder approval as deemed appropriate.
- Obtain updates on previously reviewed Related Party Transactions from Senior Management and approve any material changes.
- Establish guidelines for Senior Management to follow ongoing dealings with Related Parties.
- Review and assess on an annual basis the transactions for Compliance against the Committee guidelines.
- Ensuring that immediate market disclosures and disclosures in the Annual Report are made as required by the applicable rules and regulations.

CONCLUSION

The Board of Directors have declared in the Annual Report of the Board of Directors that there were no recurrent or non-recurrent related party transactions which exceeded the respective thresholds mentioned in Section 9.14 of the Colombo Stock Exchange Listing Rules. The Company has complied with the requirements of Section 9.14 of the CSE the Listing Rules on Related Party Transactions.

K. G. Punchihewa
Chairman
Related Party Transactions Review Committee

6th August 2025

REPORT OF THE REMUNERATION COMMITTEE

The main function of the Remuneration Committee is to assist the Board in developing and administering an equitable and transparent method for setting policy on the overall human resources strategy of the Company and the remuneration of Executive Directors, if any and senior management of the Company. There is a Board approved non-discriminatory remuneration policy for all Non-Executive Directors to ensure that their Independence is not impaired.

The Remuneration Committee has defined Terms of Reference outlining the Committee's composition, quorum, authority and its responsibilities.

COMPOSITION

The Remuneration Committee of Lankem Developments PLC comprised of the following members until the close of business on 31st December 2024:

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

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

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

The Remuneration Committee of the Company was reconstituted on 1st January 2025 and comprised of the following members as at 31st March 2025 and as of the date of this Report:

Mr. K. G. Punchihewa - Chairman - Independent Non Executive Director

Mr. S.B. Perera - Member - Independent Non Executive Director

Mr. Anushman Rajaratnam - Member - Non Executive Director

Brief Profiles of the Members are given on pages 5 and 6 of the Annual Report.

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

MEETINGS AND ATTENDANCE

The Committee met on two occasions during the period under review.

The attendance of the Committee prior to 31.12.2024 was as follows:

Mr. A. M. de S. Jayaratne - Chairman - Independent Non Executive Director	1/1
Mr. C. P. R. Perera - Member - Non Executive Director	1/1
Mr. S.D.R. Arudpragasam - Member – Non Executive Director	1/1

The attendance of the Committee appointed with effect from 01.01.2025 was as follows:

Mr. K. G. Punchihewa - Chairman - Independent Non Executive Director	1/1
Mr. S.B. Perera - Member - Independent Non Executive Director	1/1
Mr. Anushman Rajaratnam - Member - Non Executive Director	1/1

Other members of the Board are invited to attend meetings as and when required. The proceedings of the Remuneration Committee are reported to the Board of Directors. The aggregate value of the Directors' Fees paid for the financial year ended 31st March 2025 is given in the Note 32.6.2. to the Financial Statements.

K. G. Punchihewa
Chairman
Remuneration Committee

6th August 2025

AUDIT COMMITTEE REPORT

FOCUS OF AUDIT COMMITTEE

The Audit Committee has the responsibility of assisting the Board in fulfilling its overall responsibility to the shareholders/ stakeholders in relation to the integrity of the Company's financial reporting process and monitoring the internal control systems in accordance with the Companies Act and other legislative reporting requirements through independent and objective review including the adequacy of disclosures in the financial statements in accordance with the Sri Lanka Accounting Standards. The Terms of References of the Audit Committee is set out in the Audit Committee Charter which has been reviewed by the Audit Committee and approved by the Board of Directors of the Company in line with the 'Code of best Practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

COMPOSITION

The Audit Committee of the Company comprised of the following three members who were Independent Non-Executive Directors until the close of business on 31st December 2024.

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

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

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

Consequent to their resignation of the aforesaid Directors on 31st December 2024 the Audit Committee of the Company was reconstituted with effect from 01.01.2025 to be in line with the Corporate Governance Rules of the Colombo Stock Exchange and comprised the following members as at 31st March 2025 and as of the date of this report:

Mr. K. G. Punchihewa - Chairman - Independent Non-Executive Director

Mr. S. B. Perera - Member - Independent Non-Executive Director

Mr. Anushman Rajaratnam - Member – Non-Executive Director.

The Committee has a blend of knowledge and experience in the commercial sector with financial expertise and high standing of integrity and business acumen in order to carry out their role efficiently and effectively.

The Chairman of the Committee Mr. K. G. Punchihewa is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA) and Member of the Certified Public Accountants (CPA) – Australia. All three members are professionals in the financial sector.

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

MEETINGS AND ATTENDANCE

The Audit Committee has met in total on six occasions during the financial year ended 31st March, 2025 and the attendance of the committee prior to 31st December 2024 was as follows:

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

Meeting attendance of the committee appointed with effect from 1st January 2025 was as follows:

Mr. K. G. Punchihewa – Chairman	2/2
Mr. S. B. Perera – Member	2/2
Mr. Anushman Rajaratnam - Member	2/2

At least one meeting of the Audit Committee has been held in each quarter of the financial year.

Other Directors attend by invitation as and when required.

In addition to the meetings, other matters referred to the Committee are reviewed and recommended by Resolution in writing.

The proceedings of the Audit Committee are regularly reported to the Board.

TERMS OF REFERENCE

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

a) Risk Management.
b) Efficiency of the system of internal controls.
c) Independence and objectivity of the External (Statutory) Auditors.
d) Appropriateness of the principal accounting policies used.
e) Financial Statement integrity.

ROLE OF THE AUDIT COMMITTEE

The Audit Committee principally performs an advisory role to the Board and its main objective is to assist the Board of Directors by advising the management in ensuring that the Company follows best practices of sound financial reporting and adhering to relevant accounting standards and principles, adequacy of internal controls and risk control measures, efficient management reporting systems and adherence to other statutory requirements. In fulfilling this role, the Audit Committee is empowered to examine the financial records of the Company and other communications prepared by the management as necessary in order to ensure that the Company adheres to accepted norms of ethical guidelines, rules and regulations.

The Audit Committee recommends to the Board the appointment or re-appointment of external Auditors ensuring independence and maintains a close professional relationship with them. The Committee also recommends to the Board the fees payable to external Auditors.

RISK MANAGEMENT, INTERNAL CONTROL AND FINANCIAL REPORTING

The Committee has reviewed the Letter of Representation from the management of the Company confirming that adequate internal control measures and risk management measures are in place and implemented in the Company, including the Company's operations and finances and safeguarding the assets. The risk management strategy of the Company is given on page 29 of this report. The Committee has also reviewed the Risk Management framework adopted by the Company

The Audit Committee reviewed the financial reporting system adopted to prepare Financial Statements to ensure that the reliability of the process and consistency of the accounting policies and methods adopted are in compliance with financial reporting requirements, information requirements under the CSE Listing Rules, the Companies Act, the SEC Act, Sri Lanka Accounting Standards (SLFRS/LKAS) and other relevant financial reporting related regulations and requirements. The Committee satisfied itself that adequate internal controls and procedures are in place to provide reasonable assurance that the Company's assets are safeguarded.

INTERNAL AUDIT

The Company functions mainly as an Investment Holding Company, as such, there is no business operations warranting Inventory Control, Debtors Control, Creditors Control etc. However, there are other transactions related to professional service charges on an annual basis and loans and advances which are non-recurrent transactions.

Although an Internal Audit function was not in place during the year under review, arrangements are being made for the internal audit services of the dedicated Internal Audit Division of subsidiary Agarapatana Plantations PLC (APPLC) to be assigned to perform quarterly reviews of the Company.

Risk Management Review of the Company is given on page 29 of the Annual Report.

The Committee effectively discharged its apex function of reviewing and recommending the quarterly unaudited financials and the annual audited financials for approval of the Board. The Company is currently reviewing key regulatory developments and ensures compliance of relevant financial, secretarial and statutory requirements.

EXTERNAL AUDIT

The Board of Directors have appointed KPMG as its External Auditors and the services provided by them are segregated between audit/ assurance services and other advisory services such as tax consultancy.

KPMG has also issued a declaration as required by the Company's Act No. 07 of 2007 that they do not have any relationship or interest in any of the companies in the Group, which may have a bearing on the independence of their role as Auditors.

The Audit Committee has evaluated the auditor's independence and determined that they are in fact independent and objective in their role. No non-audit work was performed by them or affiliated parties in the year under review. The current Auditors, KPMG has been functioning as the External Auditors for the Company for over 40 years. A Partner rotation of the External Auditors takes place periodically.

The Committee after evaluating the independence and performance of the External Auditors has recommended to the Board the reappointment of KPMG for the financial year ending 31st March 2026 subject to the approval of the Shareholders at the Annual General Meeting of the Company.

K. G. Punchihewa
Chairman

6th August 2025

REPORT OF THE NOMINATIONS & GOVERNANCE COMMITTEE

The Nominations & Governance Committee ensures that the governance framework of the company aligns with the requirements of the Colombo Stock Exchange (CSE), and the Securities and Exchange Commission of Sri Lanka (SEC).

The Committee supports the Board in fulfilling its statutory and fiduciary responsibilities relating to corporate governance and selection/ appointment of new Directors and re-election and reappointment of current Directors to ensure the highest levels of Corporate Governance in the Company and among members of the Board of Directors.

There is a formal and transparent procedure for the appointment of new Directors to the Board, and the re-election and reappointment of current Directors which is in accordance with the recommendations made by the Nominations & Governance Committee, in consultation with the Chairman and in compliance with the provisions of the Articles of Association of the Company, the Policies adopted by the Company and the Rules on Corporate Governance.

The composition and the scope of work of the Committee are in line with the Terms of Reference of the Committee which will be periodically reviewed and revised with the concurrence of the Board.

COMPOSITION

In terms of the Corporate Governance Rules of the Colombo Stock Exchange, on 18th September 2024, the Board of Directors of the Company resolved that the Nomination Committee of the Company would continue to function as the Nominations and Governance Committee of the Company with effect from the said date.

Consequent to the above the Chairman and the members of the Nomination Committee of the Company continued to serve on the Company's Nominations and Governance Committee until 31st December 2024 and the composition of the Committee was as follows:

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

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

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

Consequent to the resignation of Mr. A. M. de S. Jayaratne and Mr. C. P. R. Perera from the Board of Directors at the close of business on 31st December 2024 and the subsequent appointments of Mr. K. G. Punchihewa and Mr. S. B. Perera on 31st December 2024 as Independent Non-Executive Directors, this Committee was reconstituted on 1st January 2025 and comprises of the following members:

Mr. K. G. Punchihewa – Chairman - Independent Non Executive Director

Mr. S. B. Perera – Member - Independent Non Executive Director

Mr. Anushman Rajaratnam - Member- Non Executive Director

Brief profiles of the Members are given on pages 5 and 6 of the Annual Report.

The Company's Secretaries, Corporate Managers & Secretaries (Private) Limited, functions as the Secretaries to the Nominations & Governance Committee.

MEETING ATTENDANCE

The Nominations and Governance Committee has met on 02 occasions during the financial year ended 31st March 2025 and the attendance was as follows:

Attendance of the Committee which functioned prior to 31st December 2024:

Mr. A. M. de S. Jayaratne – Chairman – Independent Non Executive Director	1/1
Mr. C. P. R. Perera - Member - Independent Non Executive Director	1/1
Mr. S.D.R Arudpragasam - Member - Non Executive Director	1/1

Attendance of the Committee appointed with effect from 1st January 2025:

Mr. K. G. Punchihewa – Chairman - Independent Non Executive Director	1/1
Mr. S. B. Perera – Member - Independent Non Executive Director	1/1
Mr. Anushman Rajaratnam - Member- Non Executive Director	1/1

Other members of the Board are invited to attend meetings as and when required. The proceedings of the Nominations and Governance Committee are reported to the Board.

PURPOSE OF THE COMMITTEE

The Committee oversees the corporate governance structure of the organization, providing an overview of the principles, policies, and practices of the Board of Directors. This framework enables the company to meet the governance requirements of the Colombo Stock Exchange (CSE), and the Securities and Exchange Commission of Sri Lanka (SEC).

Furthermore, the Committee is responsible for reviewing and recommending improvements to the Company's governance policies and practices.

The Committee monitors the effectiveness of compliance with the relevant regulatory and legal requirements and makes recommendations to the Board on such matters and any corrective action to be taken, as the Committee may deem appropriate.

Whilst exercising the oversight with respect to the corporate governance by the Board of Directors, the Committee also considers and recommends succession arrangements from time to time for the retiring Directors, taking into account the additional/new expertise required. The Committee regularly reviewed the structure, size, composition and competencies (including the skills, knowledge and experience) of the Board members and made recommendations to the Board with regard to any changes.

The fitness and propriety of the Directors were considered during the year as and when required to ensure compliance with requirements and Corporate Governance Rules of the CSE.

Performance evaluations of the Board were conducted in March 2025, reviewed of by the Committee and discussed at Board meeting.

The policies have been documented and recommendations have been made to the Board of Directors by the committee when nominating Directors for re-election/re-appointment at the forthcoming Annual General Meeting.

The newly appointed Directors were briefed on the structure, processes and resources of the Company and the applicable corporate governance framework, applicable Listing Rules, securities market regulations and other applicable laws and regulations. Further an annual update was given to existing Directors on Corporate Governance, Listing Rules, securities market regulation and other applicable laws and regulations. Any major issues relating to the Company are communicated to the Directors and special meetings of the Board are held when the need arises to address such matters.

Messrs. C. P. R. Perera, A. M. de S. Jayaratne, P. M. A. Sirimane and S. N. P. Palihena who were determined to be nevertheless independent, served as Independent Non Executive Directors until the close of business on 31st December 2024. Mr. K. G. Punchihewa and Mr. S. B. Perera who were appointed to the Board on 31st December 2024 as Independent Non-Executive Directors, meet the criteria for independence as set out in Listing Rule 9.8.3 of the Colombo Stock Exchange and were determined to be independent by the Board.

RE-APPOINTMENTS/RE-ELECTIONS

In terms of the Articles of the Association any Director appointed by the Board holds office until the next Annual General Meeting at which he seeks re-election by the Shareholders.

The Articles of Association require one third of the Directors in office to retire at each Annual General Meeting. The Directors to retire in each year are who have been longest in office since the last election or appointment. The retiring Directors are eligible for re-election by the Shareholders.

Accordingly, respective members of the Committee whilst refraining from participating in recommending their own re-election or re- appointment, in terms of the Articles of Association of the Company, recommended the re-election of Mr. S. S. Poholiyadde who retires by rotation and as well as the re - election of Mr. K. G. Punchihewa and Mr. S. B. Perera who were appointed to fill casual vacancies on the Board during the year, and to reappoint in terms of Section 211 of the Companies Act No. 7 of 2007, Mr. S. D.R. Arudpragasam who is over seventy years of age, based on their performance and the contribution made to achieve the objectives of the Board.

In view of the pivotal leadership role played by Mr. S.D.R. Arudpragasam, Chairman, his Management oversight skills, integrity, expertise, extensive experience and business acumen, the Committee has recommended to the shareholders to reappoint Mr. S.D.R. Arudpragasam who is over seventy years of age and who retires in terms of Section 210 of the Companies Act No. 7 of 2007.

The Directors coming up for re-election or reappointment do not have any close family relationship with the directors, the listed entity nor do they have any relationship with shareholders holding over 10% of shares, other than disclosed hereunder.

REPORT OF THE NOMINATIONS & GOVERNANCE COMMITTEE

Board Member	Date first appointed Director	Date last re-appointment as a Director	Board Committees served on	Any relationships including close family relationships between the member and the directors of Lankem Developments PLC, the Company or its shareholders holding more than ten per-centum (10%) of the shares of Lankem Developments PLC (LDEV)
Mr. S. D. R. Arudpragasam – Chairman (Non-Executive)	10.10.1989	27.09.2024	Nominations & Governance Committee, Remuneration Committee	Mr. S. D. R. Arudpragasam is a Director of Consolidated Tea Plantations Ltd which holds 47.57% of equity in LDEV as at 31.03.2025
Mr. S. S. Poholiyadde – Director (Non- Executive)	15.12.2022	26.09.2023	None	Mr. S. S. Poholiyadde is a Director of Consolidated Tea Plantations Ltd which holds 47.57% of equity in LDEV as at 31.03.2025
Mr. S. B. Perera – Director (Independent Non-Executive)	31.12.2024		Audit Committee, Related Party Transactions Review Committee, Nominations & Governance Committee, Remuneration Committee	Mr. S. B. Perera is a Director of Consolidated Tea Plantations Ltd which holds 47.57% of equity in LDEV as at 31.03.2025
Mr. K. G. Punchihewa - Director (Independent Non-Executive)	31.12.2024		Audit Committee, Related Party Transactions Review Committee, Nominations & Governance Committee, Remuneration Committee	Mr. K. G. Punchihewa is a Director of Consolidated Tea Plantations Ltd which hold 47.57% of equity in LDEV as at 31.03.2025

The names, qualifications, principal commitments and other Directorships or Chairmanships of the aforesaid directors coming up for re-election or reappointment and of the rest of the Board members of Lankem Developments PLC are given in their profiles on Pages 5 and 6 and under the caption "Details of Directors other Directorships" appearing on pages 24 to 28.

The Corporate Governance requirements stipulated under the Listing Rules of the CSE have been met by the Listed Entity. The Company's compliance status with the Colombo Stock Exchange Listing Rules on Corporate Governance is disclosed on pages 10 to 28.

K. G. Punchihewa
Chairman
Nominations and Governance Committee

6th August 2025

MANAGEMENT DISCUSSION AND REVIEW

THE GLOBAL ECONOMY

The International Monetary Fund (IMF) released a reference forecast following the new tariff measure that the United States proposed and countermeasures by trading partners. A reference forecast relies on historical data to ensure prediction accuracy. The report indicates that advanced economies are likely to attain a growth rate of 1.4 percent, while the growth rate in the United States is likely to slowdown to approximately 1.8 percent pace, indicating a 0.9 percentage point lower to the projections detailed in January 2025. IMF further predicts that growth in the Euro area is likely to slowdown by 0.2 percent. The current policy uncertainty, trade tensions and declining demand are contributing to the overall slowdown of growth, while economies negatively impacted by the tariff measures are at risk of downgrading.

Nonetheless, there are reasons for cautious optimism. If tariff measures de-escalate and policy coordination improves, clarity and confidence could return to the global trade environment, brightening prospects for the period ahead.

GROWTH TRAJECTORY AND ECONOMIC OUTLOOK

The erosion of policy buffers is reducing the capacity of economies to withstand future shocks. Volatile policy shifts and weakening investor sentiment could trigger further asset repricing and capital flow volatility, especially in debt-distressed markets. Broader financial instability remains a real possibility. So does disruption to the international monetary system.

At the same time, demographic headwinds such as a shrinking foreign labour force may weigh heavily on long-term productivity and fiscal stability. The cost-of-living crisis persists. Combined with constrained fiscal space and weak growth expectations, it could reignite social unrest in vulnerable economies.

For low-income countries, tightening global financial conditions and falling development assistance may force deep fiscal adjustments. These could further erode living standards

SECTORAL AND REGIONAL INSIGHTS

The country's economy experienced a growth of 5.0% in 2024, recording a positive shift after two years. The growth remained stable throughout the four quarters. The Central Bank of Sri Lanka revealed that the growth stemmed from the revival industry activities, in particular manufacturing and construction activities. Additionally, the revival in the tourism industry contributed to increased gains from accommodation and transport services, which contributed to improving the services sector outcome. Meanwhile, agricultural activities indicated a modest growth in comparison mainly driven by animal production and growing of fruit.

Sri Lanka's Gross Domestic Product (GDP) at current market prices expanded to Rs. 29,898.6 billion in 2024. This was supported by sustained real economic growth and a GDP deflector of 3.8%. Gross National Income (GNI), after accounting for net primary income outflows, amounted to Rs. 29,153.9 billion.

In US dollar terms, GDP rose to USD 99.0 billion, compared to USD 83.8 billion in 2023. This increase reflects both the appreciation of the rupee and underlying nominal expansion. The performance underscores the gradual stabilisation of the economy. Improvements in key sectors such as industry and services contributed to stronger domestic output and supported external sector resilience.

Agricultural exports recorded higher earnings in 2024 compared to 2023. Among these exports, tea, coconut-based products, and spices saw particularly notable gains. Earnings from tea exports rose due to a combination of increased export volumes and stronger prices. This trend underscores the steady global demand for Sri Lankan tea.

However, despite the year-on-year growth, the volume of tea exports in 2024 remained well below the pre-pandemic annual average recorded between 2015 and 2019.

Although Sri Lanka experienced an initial surge in inflation during early 2024, primarily due to the increase in Value Added Tax (VAT), the removal of VAT exemptions on key consumer goods, and elevated food prices, inflation trended downward over the remainder of the year. This easing was supported by the reduction in electricity tariffs in March 2024, which helped mitigate cost pressures. By year-end, headline inflation measured by both the CCPI and NCPI showed marked declines, reflecting base effects, lower food inflation, and further administrative price adjustments. Year-on-year CCPI-based inflation fell to -1.7% (from 4.0% in 2023), while NCPI-based inflation dropped to -2.0% (from 4.2%). Annual average inflation decelerated sharply, with CCPI-based inflation reaching 1.2% and NCPI-based inflation easing to 1.6%. These deflationar conditions persisted into early 2025, as electricity tariff revisions and the high base from VAT-related price hikes continued to exert downward pressure on consumer prices.

THE SRI LANKAN TEA INDUSTRY INSIGHTS AND OUTLOOK FOR 2025

The Sri Lankan tea sector displayed resilience in 2024, supported by steady demand for quality teas across key export destinations. The momentum in tea value, which began building in the latter part of the previous year, remained evident across all elevations. Moderate crop intake and production during the first two quarters provided a stable foundation for supply, while the appreciation of the rupee contributed to price corrections in the third quarter. Thereafter, prices held firm, underpinned by sustained buyer interest. Western and Uva quality seasonal teas were particularly well-received, reflecting strong demand and consistent premiums for superior grades, while other categories experienced selective easing. Low-grown teas mirrored this demand trend, although continued currency volatility influenced rupee-denominated prices.

Provisional industry data indicates production increased by approximately 2.0% year-on-year, while tea export volumes rose by about 2 to 3 million kilograms, marking an improvement of 0.75% to 1.25%. Export earnings recorded gains estimated between Rs. 0.50 and 1.5 billion, reflecting the combination of stable demand and improved price realisation. The Colombo

Auction achieved a total average price of USD 4.08 per kilogram, representing the second highest annual auction average in US dollar terms, surpassed only by the record of USD 4.11 per kilogram established in 2017. The National Average for the year 2024 stood at Rs. 1,225.17, indicating an increase of Rs. 53.88 and 0.49 in USD terms compared to 2023.

Globally, tea production trends were mixed. While African countries continued to record increases in output, production declined notably in Bangladesh and India, with North India alone seeing a reduction of nearly 60 million kilograms year-on-year. Overall world production data up to October and November 2024 pointed to a deficit of around 30 million kilograms. However, given the predominance of CTC tea in this shortfall, the impact on Sri Lanka's orthodox segment is expected to be limited.

Looking ahead to 2025, Sri Lanka faces both opportunities and challenges. The decline in domestic crop levels over recent years, coupled with deficits in Indian production, suggests a tight supply situation for orthodox large-leaf teas. The first quarter typically represents a lean cropping period across major producer countries, coinciding with Sri Lanka's Western quality season, which is likely to support buoyant pricing through the early part of the year. Over the remainder of the year, market dynamics will be shaped by global supply conditions, foreign exchange fluctuations as import restrictions ease, and structural factors such as climate change, input costs, and labour considerations.

Despite these uncertainties, the outlook remains cautiously optimistic. The industry anticipates annual production of around 280 million kilograms, underpinned by a continued focus on quality enhancement and sustainability. Growing consumption in India and China, coupled with emerging opportunities such as the "Tea for Oil" initiative with Iran, reinforces the importance of Sri Lankan tea's reputation for premium quality in maintaining its competitive position in the global market.

REGULATORY OUTLOOK

The tea industry continues to evolve within a complex regulatory landscape shaped by heightened scrutiny on food safety, environmental sustainability, and consumer health. Producers must comply with stringent international standards on pesticide residues, hygiene, and labeling, alongside local regulations governing cultivation and processing practices. Growing demand for sustainable and ethically produced tea has accelerated the adoption of certifications such as Organic, Fair Trade, and Rainforest Alliance, which require adherence to rigorous environmental and social criteria. Meanwhile, evolving consumer preferences for health-focused products and the increasing impact of climate change are driving investment in traceability systems, adaptive farming practices, and innovation in product development. Navigating diverse export regulations, including import tariffs, residue limits, and packaging requirements, remains critical for maintaining market access and protecting brand reputation. Against this backdrop, the Group remains committed to proactively aligning operations with emerging standards and trends to reinforce competitiveness and long-term sustainability.

SRI LANKA'S RENEWABLE ENERGY LANDSCAPE

Sri Lanka's national goal of achieving 70% renewable energy generation by 2030, alongside the climate action goal of becoming carbon neutral by 2050 has laid out ambitious aspirations. Meanwhile, the Public Utilities Commission of Sri Lanka (PUCSL), is implementing Nationally Determined Contributions (NDCs) to reduce greenhouse gas (GHG) emissions. To meet the set goals, the country needs increase approximately 7,000 MW of renewable energy capacity over the next 25 years.

Additionally, the authorities strive to foster renewable energy development through the integration of regulatory frameworks and encouraging private sector investments through the newly introduced Electricity Act No. 36 of 2024. While the country's abundance in renewable energy sources provide an opportune foundation for progress in the renewable energy sector, the challenges need to be addressed, such as increased involvement from the private sector and effective public private partnerships.

According to media reports, the recent years witnessed a growth in rooftop solar, which has led to supply surge within the course of four years, facilitating the reach of levels expected to be reached by 2028. However, demand has fallen back to the levels of 2018.

REGULATORY OUTLOOK

The renewable energy sector, while offering greater stability compared to fossil fuel-based industries, continues to face challenges arising from regulatory uncertainties, evolving environmental standards and climate variability. To mitigate these risks, the Group maintains a disciplined approach that emphasizes on sustained investment in robust compliance frameworks, comprehensive technical due diligence, and proactive engagement with regulatory authorities. This strategy supports operational resilience and positions the

GROUP PERFORMANCE OVERVIEW

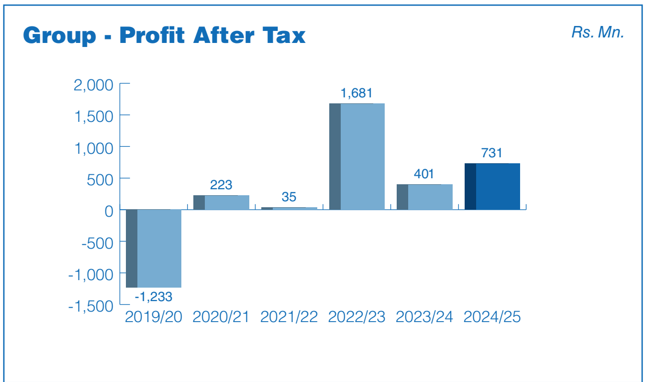
During the year under review, Lankem Developments PLC executed sustained transformation into a consistently profitable business, demonstrating resilience and strategic focus across a dynamic operating environment. Building on the momentum of recent years, the Group delivered steady revenue growth and notable improvements in profitability, underscoring the strength of our business model and disciplined execution of priorities. The Group achieved steady revenue growth and significant improvements in profitability across our core business segments.

Our consolidated revenue stood at Rs 7,286 million, indicating a modest growth year on year. This illustrated sustained demand, and the Group's ability to maintain market share despite operational challenges and cost pressures. Gross profit increased significantly to Rs. 1,377 million, compared to Rs. 915 million in the prior year, highlighting effective cost management and improved efficiency across key functions.

Summary of Key Trends		2024/25	2023/24	YoY Change
Group Revenue	Rs Mn	7,286	7,215	↑ 1%
Group PAT	Rs Mn	731	401	↑ 82%
Tea Revenue	Rs Mn	7,219	7,153	↑ 1%
Tea PAT	Rs Mn	790	454	↑ 74%
Hydro Revenue	Rs Mn	67	62	↑ 9%
Hydro PAT	Rs Mn	38	11	↑ 242%
Tea Crop	Mn Kgs	6.34	6.78	↓ 7%
Power Generated	Mn KWhrs	4.61	4.23	↑ 9%

Our concentrated efforts that responded in a prudent manner to operational and environmental challenges in the core sectors of Tea and Hydropower, steered the steady performance that Lankem Developments PLC achieved during the year under review.

Meanwhile, the Group's stable performance in Profit After Tax, stemmed from sustained focus on optimizing operations, reinforcing core capabilities, and aligning resources to areas of highest potential.



Throughout the year, we continued to recalibrate strategies to respond to evolving market dynamics while preserving the foundations for long-term growth. Operational improvements, disciplined resource allocation, and an emphasis on value creation remained central to this approach. The ability to navigate external volatility and maintain a consistent performance trajectory reflects the resilience embedded in the Group's culture and the adaptability of our teams.

TEA SECTOR PERFORMANCE

The Tea segment was the largest contributor to Group revenue during the year under review. Revenue from this segment illustrated a significant turnaround, rising from Rs. 3,188 million in FY 2019/20 to Rs. 7,219 million in FY 2024/25. This transformation illustrates the sustainable approach that the Group directed towards developing the tea sector, through strategic market positioning and sustained production.

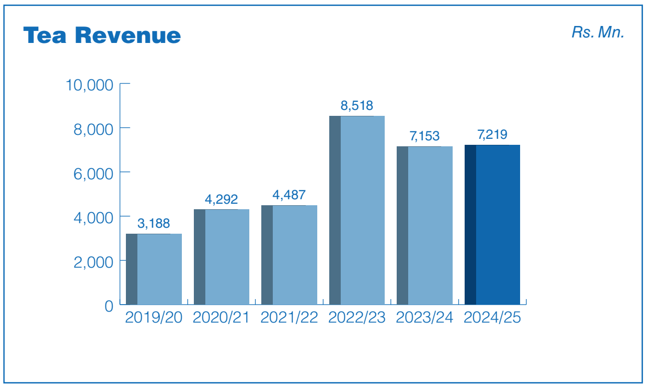
Nevertheless, the segment faced several structural and external challenges that affected operational performance. Prolonged droughts and irregular rainfall demonstrated the increasingly uncertain climate variability, which resulted in a 7% decline in tea crop volumes, following a 9% increase recorded in the previous year. The volatility in yields highlights the ongoing vulnerability of agricultural operations to environmental factors.

Aging plantations, a factor that contribute to limited output and disease susceptibility continued to negatively impact productivity. While we continue replanting programmes, these require sustained investment and time to achieve the desired impact on yields and quality.

Labour shortages continued to pose operational challenges, particularly in attracting and retaining skilled estate workers in remote locations. Rising labour costs further compressed margins, necessitating a heightened focus on efficiency and productivity measures.

From an external impact perspective, the tea segment had to navigate global market uncertainty. Volatile demand in key export destinations as well as price unpredictability added to the pressure on revenue streams. Regulatory pressures also increased, as evolving environmental and labour requirements added compliance costs and operational complexity.

Despite these headwinds, the Tea segment delivered robust financial performance. Gross profit rose to Rs. 1,300 million, while profit before tax reached Rs. 1,108 million. Profit after tax stood at Rs. 790 million, reflecting the positive outcomes of disciplined cost control, strategic positioning, and continued improvements in product quality.



Looking ahead, the segment will focus on accelerating replanting initiatives, embedding climate-resilient agricultural practices, and enhancing operational agility to navigate the dynamic market landscape. Lankem Developments PLC will continue to strengthening the sustainability and profitability of the Tea business as a core pillar of the Group's growth strategy.

HYDRO POWER SECTOR PERFORMANCE

The Hydro Power segment continued to contribute meaningfully to Group performance during the year under review. Revenue from this segment recorded steady growth, increasing from Rs. 62 million in FY 2023/24 to Rs. 67 million in FY 2024/25. This upward trajectory reflects the Group's commitment to expanding its renewable energy footprint through sustained investments and disciplined operational practices.

Nevertheless, the segment encountered several operational and external challenges that influenced performance outcomes. Climate variability remained a key concern, with fluctuations in rainfall patterns affecting water availability and, consequently, generation capacity. While the segment achieved a 9% increase in power generation to 4.61 million KWhrs, the inherent dependence on weather conditions underscored the importance of adaptive resource planning.

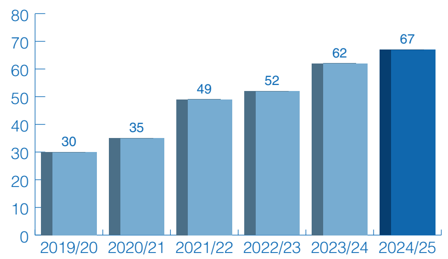
Operational efficiencies remained a priority as the Group focused on proactive maintenance, process optimisation, and asset reliability to secure stable output. Financing constraints in the renewable energy sector also posed challenges, requiring prudent capital allocation and careful assessment of new project viability.

Externally, the segment operated within a regulatory landscape characterised by evolving environmental standards and compliance requirements. Navigating approval processes and ensuring adherence to sector guidelines demanded sustained engagement with authorities and investment in compliance frameworks.

Despite these dynamics, the Hydro Power segment delivered strong financial results. Gross profit remained healthy at Rs. 38 million, while profit before tax advanced substantially to Rs. 53 million. Profit after tax rose to Rs. 38 million, reflecting the effectiveness of disciplined cost management and consistent generation performance.

Hydro Power Revenue

Rs. Mn.



Looking ahead, the segment will focus on strengthening its operational foundations, enhancing climate resilience, and exploring growth opportunities within Sri Lanka's renewable energy transition. We remain committed to positioning the Hydro Power business as a strategic driver of long-term sustainability and value creation for the Group.

STRATEGIC OUTLOOK

In the near future, we will continue to build on the progress achieved during the year by advancing strategic initiatives that reinforce resilience and unlock long-term value.

As such, we will consistently focus on the acceleration of replanting programmes, adoption of climate-smart agricultural practices, and strengthening estate management to improve yields and sustain profitability in the tea segment.

The Group plans on more focussed expansion in the renewable energy sector. We will explore fresh hydro and solar projects to diversify our energy portfolio and support Sri Lanka's transition toward a low-carbon economy. To complement sustainability, we will integrate compliance efforts and robust engagement with regulatory authorities to navigate the changing policy landscape.

Across all areas of the business, we will leverage digital transformation to drive operational efficiency, enhance data-driven decision-making, and improve agility in responding to market dynamics.

With disciplined execution and a clear strategic direction, Lankem Developments PLC remains committed to delivering sustainable growth, creating enduring stakeholder value, and upholding environmental stewardship as core pillars of our future growth goals.

INDEPENDENT AUDITORS' REPORT

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TO THE SHAREHOLDERS OF LANKEM DEVELOPMENTS PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Lankem Developments PLC ("the Company") and the consolidated Financial Statements of the Company and its subsidiary ("the Group"), which comprise the statement of financial position as at 31st March 2025, and the statements of profit or loss and other comprehensive income, changes in equity and 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 49 to 104.

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

Basis for Opinion

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

Key Audit Matters

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

Impairment of Investment in Subsidiary and Goodwill

Refer to the material accounting policies in Notes 3.2, 3.10.2. and explanatory Notes 16 and 17 to the Financial Statements).

Risk Description

The Group has reported a goodwill of Rs. 629 Mn as at 31st March 2025. Recoverable amounts of the identified CGUs have been determined based on fair value less cost to sell calculation. The Company's investment in subsidiary amounted to Rs. 2,111.5 Mn as at 31st March 2025. The subsidiary operating in the plantation industry has already been tested for impairment in previous years. The Management carried out an impairment assessment for investment of this subsidiary as at 31st March 2025 as per the requirements of LKAS 36 – "Impairment of Assets" and determined that no impairment was required as at 31st March 2025.

We considered the audit of management's impairment assessment of goodwill and investment in subsidiary to be a key audit matter due to the magnitude of the carrying amounts of goodwill and investment in subsidiary in the financial statements as at 31st March 2025. In addition, these areas were significant to our audit because the impairment assessment process involves significant management judgement and required the management to make various assumptions in the underlying fair value less cost to sell calculation.

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Our audit procedures included;

- Evaluating the investments in subsidiary and goodwill balances for impairment indicators and comparing carrying amounts and recoverable amounts to assess the adequacy of the provision for impairment.
- Assessing and challenging the appropriateness of the valuation methodologies and key assumptions used by the management with reference to recent transactions and market data.
- Assessing the appropriateness of the input data to supporting evidence and assessing the arithmetical accuracy and reasonableness of the use of control premiums in fair value less cost to sell calculation.
- Assessing the adequacy and appropriateness of the disclosures made in the financial statements of the Company and the Group.

Measurement of Biological Assets

(Refer to the material accounting policy in Note 3.6 and explanatory Notes 13 and 14 of the consolidated Financial Statements).

Risk Description

The Group has reported biological assets amounting to Rs. 4,172 Mn as at 31st March 2025. This amount consists of bearer biological assets amounting to Rs. 2,195 Mn and consumable biological assets amounting to Rs. 1,977 Mn.

Bearer biological assets mainly include mature and immature tea fields. Inappropriate transfer from immature to mature plantations has a significant impact on the carrying value of the bearer plants and the reported profits as capitalization of costs will cease from the point of transfer and the mature plantations are depreciated over the useful lives of the plants. As per the industry practice, transfer of immature plantations to mature plantation fields happens at the point of commencement of commercial harvesting. The actual point at which commercial harvesting could start depends on the soil condition, weather patterns and plant breed.

The valuation of consumable biological assets requires significant levels of judgments and technical expertise in selecting appropriate valuation models and assumptions. The management engaged an external valuation expert to assist in determining the fair value of the consumable biological assets. We considered this as a key audit matter because the valuation of consumable biological assets involved significant judgments exercised by the management and the external valuation expert and were subject to significant level of estimation uncertainty. Further, immature to mature transfer of bearer biological assets require management to exercise their judgement in determining the point at which a plant is deemed ready for commercial harvesting.

Our audit procedures for consumable biological assets included reviewing the conclusions and workpapers related to the following audit procedures performed by the component auditors of the plantation sector on behalf of us;

- Evaluating the competence, capability and objectivity of the external valuer engaged by the subsidiary.
- Assessing the completeness and accuracy of the key data used by the external valuer, by tracing those to the underlying books and records maintained by the subsidiary. This also included assessing the appropriateness and consistency of the application of the formula used for deriving the expected timber volume.
- Reading the external valuer's report and understanding key estimates made and approach taken by the valuer in determining the fair value of consumable biological assets.
- Assessing the reasonableness of significant assumptions, judgements and estimates made by the valuer such as discount rate, expected timber volume, price per cubic foot and valuation technique in assessing the fair value of consumable biological assets by comparing with the industry practices that are generally used in determining fair value of consumable biological assets.
- Assessing the adequacy of the disclosures of consumable biological assets made in the notes to the financial statements relating to the significant estimates and judgements.

Our audit procedures for bearer biological assets included reviewing the conclusions and workpapers related to the following audit procedures performed by the component auditors of the plantation sector on behalf of us;

- Obtaining an understanding of management's expense allocation process and evaluating the design of relevant key controls over the identification of expenses to be capitalized in relation to immature plantations.
- Testing the significant expenses incurred by examining related invoices, capital expenditure authorizations and other corroborative evidence.
- Testing transfer of immature plants to respective matured plantation categories by examining ageing profile of immature plantations.
- Assessing the reasonableness of depreciation provided on the matured plantations by performing independent computations.
- Inspecting the ageing profile of the immature biological assets as of the reporting date to ensure that possible indicators of impairment have been identified, assessed for probable impairment charges/ losses accounted for in the financial statements.
- Assessing the adequacy of the disclosures of bearer biological assets made in the notes to the financial statements.

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Valuation of Retirement benefit Obligation

(Refer to the material accounting policy in Note 3.13.3, explanatory Notes 30 of the consolidated financial statements).

Risk Description

The Group has recognized retirement benefit obligation of Rs. 2,210 Mn as at 31st March 2025. The retirement benefit obligation of the Group is significant in the context of the total liabilities of the Group. The valuation of the Group's retirement benefit obligation requires significant judgment and estimation to be applied across numerous assumptions, including salary/ wage increases and discount rate. Minor changes in those assumptions could have a significant effect on the financial performance and financial position of the Group.

Management engaged an independent actuary to assist them in the estimation of the Retirement benefit obligation. We considered the estimation 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.

Our audit procedures for valuation of retirement benefit obligation included reviewing the conclusions and workpapers related to the following audit procedures performed by the component auditors of the plantation sector on behalf of us and/ or the Group engagement team;

- Assessing the competency, capability and objectivity of the external actuary engaged by the entities within the Group.
- Reading the external actuary's report and identifying the key estimates made and the approach taken by the actuary in determining the value of the retirement benefit obligation.
- Checking the completeness and accuracy of the data used in the valuation of retirement benefit obligations by agreeing key information to source documents and accounting records.
- Assessing the reasonableness of the significant judgements, assumptions and estimates made by the external actuary such as discount rate and future salary / wage growth rate in measuring the value of the retirement benefit obligation.
- Evaluating the adequacy of disclosures on retirement benefit obligation given in notes to the financial statements.

Revaluation of Land

(Refer to the material accounting policy in Note 3.5.3. explanatory Notes 12.4 of the consolidated financial statements).

Risk Description

As at 31st March 2025 the Group and the company carried freehold land at fair value, classified as property, plant and equipment amounting to Rs.24.5 Mn and Rs. 24.5 Mn respectively.

Accordingly, the Group and Company have recognized fair value gain of Rs. 2.1 Mn and Rs. 2.1 Mn respectively during the year ended 31 March 2025.

The assessment of fair value of these lands are based on valuations performed by qualified independent property valuers.

We considered this as a key audit matter because the valuation of land involved significant judgements exercised by external valuation experts and were subjected to significant level of estimation uncertainty and management bias.

Our audit procedures included;

- Assessing the objectivity, independence, competence and qualifications of the external valuer engaged by the management.
- Assessing the reasonableness of the valuers' assumptions and methods used in the valuation and comparing the same with evidence of current market values.
- Engaging our own internal experts where applicable to assess the reasonability of the valuation technique and per square feet prices.
- Assessing the adequacy of disclosures made in relation to the revaluation of Land in the financial statements, including the description, including the description and appropriateness of the inherent degree of subjectivity and key assumptions used.

Other Information

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

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

INDEPENDENT AUDITORS' REPORT

KPMG

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3707.

Chartered Accountants
Colombo
6th August 2025

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March	Notes	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	COMPANY 2025 Rs. '000	COMPANY 2024 Rs. '000
Revenue	5	7,285,917	7,214,937	359,685	-
Cost of Sales		(5,908,794)	(6,300,047)	-	-
Gross Profit		1,377,123	914,890	359,685	-
Change in the Fair Value of the Biological Assets	14.3	133,842	299,665	-	-
Other Income	6	118,015	129,536	5,807	-
Administrative Expenses		(468,314)	(399,432)	(10,818)	(8,095)
Other Reversals / (Expenses)	7	(1,067)	(3,097)	(1,067)	(3,097)
Reversals for Impairment of Amount due from Related Parties	32	101	208	101	208
Result from operating activities		1,159,700	941,770	353,708	(10,984)
Finance Income	8	129,969	99,945	202	-
Finance Cost	8	(170,207)	(346,149)	(50,889)	(90,317)
Net Finance Cost		(40,238)	(246,204)	(50,687)	(90,317)
Profit / (Loss) before Tax	9	1,119,462	695,566	303,021	(101,301)
Tax Expenses	10	(388,780)	(294,395)	-	-
Profit / (Loss) for the Year		730,682	401,171	303,021	(101,301)
Other Comprehensive Income / (Expense)					
Items that will not reclassified to Profit and Loss					
Actuarial (Gain)/Loss on Retirement Benefit Obligation	30	(663,465)	(455,257)	-	-
Tax Effect on Components of Retirement Benefit Obligation	29	199,039	136,577	-	-
Revaluation Surplus on PPE (Net of Tax)	12	2,100	-	2,100	-
Tax Effect on Components of OCI	29	(630)		(630)	-
Changes in Fair Value of Financial Assets classified as FVOCI	18	14,645	937	7,160	937
Other Comprehensive Income/(Expenses) for the Year		(448,311)	(317,743)	8,630	937
Total Comprehensive Income/ (Expense) for the Year		282,371	83,428	311,651	(100,364)
Profit / (Loss) for the Year Attributable to:					
Owners of the Company		358,449	182,706	303,021	(101,301)
Non- Controlling Interest		372,233	218,465	-	-
Profit / (Loss) for the Year		730,682	401,171	303,021	(101,301)
Total Comprehensive Income / (Expense) Attributable to:					
Owners of the Company		110,049	4,386	311,651	(100,364)
Non- Controlling Interest		172,322	79,042	-	-
Basic Earnings / (Loss) per Share (Rs.)	11.1	2.99	1.52	2.53	-0.84

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related Notes, which form a part of the Financial Statements set out on the pages 49 to 104.

STATEMENT OF FINANCIAL POSITION

As at 31st March	Notes	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	COMPANY 2025 Rs. '000	COMPANY 2024 Rs. '000
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	12	1,270,342	995,404	24,500	22,400
Bearer Biological Assets	13	2,194,698	2,228,651	-	-
Consumable Biological Assets	14	1,977,314	1,832,487	-	-
Right to Use Assets	15	131,188	142,682	-	-
Intangible Assets	16	629,064	629,064	-	-
Investments in Subsidiaries	17	-	-	2,111,496	2,111,496
Deferred Tax Assets	29	-	-	-	-
Financial Assets Measured at Fair Value Thorough Other Comprehensive Income	18	59,317	47,662	27,530	25,288
Total Non-Current Assets		6,261,923	5,875,950	2,163,526	2,159,184
Current Assets					
Inventories	19	1,117,059	922,075	-	-
Produce on Bear Biological Assets	14	22,519	19,547	-	-
Trade & Other Receivables	20	561,966	761,253	-	-
Amounts due from Related Parties	32.1.1	517,007	440,329	-	5,379
Loans due from Related Parties	32.1.3	-	-	-	-
Taxes Recoverable	21	-	7,242	-	1,067
Cash & Cash Equivalents	22	864,788	822,067	122,334	17
Total Current Assets		3,083,339	2,972,513	122,334	6,463
TOTAL ASSETS		9,345,262	8,848,463	2,285,860	2,165,647
EQUITY AND LIABILITIES					
Stated Capital	23	1,558,006	1,558,006	1,558,006	1,558,006
General Reserve	25	500	500	500	500
Revaluation Reserves	24	12,285	10,815	12,285	10,815
Reserve for Financial Assets at Fair Value Through OCI		(104,668)	(116,039)	8,100	940
Retained Earnings/ Accumulated Losses		266,332	169,123	187,837	(115,184)
Equity Attributable to Equity Holders of the Parent		1,732,455	1,622,405	1,766,728	1,455,077
Non-Controlling Interest		1,351,681	1,503,002	-	-
Total Equity		3,084,136	3,125,407	1,766,728	1,455,077
Non-Current Liabilities					
Interest Bearing Borrowings	26	245,872	262,874	-	-
Deferred Income	28	164,695	174,150	-	-
Deferred Tax Liabilities	29	892,910	787,006	5,265	4,635
Lease Liabilities	27	119	122	-	-
Retirement Benefit Obligations	30	2,209,860	1,791,113	-	-
Loans due to Related Parties	32.2	-	-	-	-
Total Non-Current Liabilities		3,513,456	3,015,265	5,265	4,635
Current Liabilities					
Trade & Other Payables	31	1,263,906	1,184,916	19,194	18,396
Income Tax Payable		10,956	1,676	-	-
Amounts due to Related Parties	32.3	179,815	202,640	178,868	211,726
Loans due to Related Parties	32.2	315,805	342,255	315,805	470,755
Interest-Bearing Borrowings	26	654,626	716,295	-	-
Lease Liabilities	27	3	2	-	-
Bank Overdraft	22	322,559	260,007	-	5,058
Total Current Liabilities		2,747,670	2,707,791	513,867	705,935
Total Liabilities		6,261,126	5,723,056	519,132	710,570
TOTAL EQUITY AND LIABILITY		9,345,262	8,848,463	2,285,860	2,165,647
Net Asset per Share (Rs.)		14.44	13.52	14.72	12.13

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related Notes, which form a part of the Financial Statements set out on the pages 49 to 104.

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

Induka Chandrapala
Management Accountant

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

S S Poholiyadde
Director

Kowdu Mohideen
Director

6th August 2025
Colombo

STATEMENT OF CHANGES IN EQUITY

GROUP	Equity Attributable to Owners of the Company							
	Stated Capital	General Reserve	FVOCI Reserve	Revaluation Reserve	Retained Earnings/ Accumulated Losses	Total	Non-Controlling Interest	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st April 2023	1,558,006	500	(116,976)	10,815	68,364	1,520,709	773,639	2,294,348
Profit for the Year	-	-	-	-	182,706	182,706	218,465	401,171
Other Comprehensive Income/ (Expense) for the Year	-	-	937	-	(179,257)	(178,320)	(139,423)	(317,743)
Effect of changes in Effective Holdings in Subsidiaries (Note 39)	-	-	-	-	97,310	97,310	650,321	747,631
Balance as at 1st April 2024	**1,558,006**	**500**	**(116,039)**	**10,815**	**169,123**	**1,622,405**	**1,503,002**	**3,125,407**
Profit for the year	**-**	**-**	**-**	**-**	**358,449**	**358,449**	**372,233**	**730,682**
Other Comprehensive Income / (Expense) for the Year	**-**	**-**	**11,371**	**1,470**	**(261,240)**	**(248,399)**	**(199,912)**	**(448,311)**
Dividend to Non Controlling Interest						**-**	**(323,642)**	**(323,642)**
Balance as at 31st March 2025	**1,558,006**	**500**	**(104,668)**	**12,285**	**266,332**	**1,732,455**	**1,351,681**	**3,084,136**

COMPANY	Stated Capital	General Reserve	FVOCI Reserve	Revaluation Reserve	Accumulated Losses	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st April 2023	1,558,006	500	3	10,815	(13,883)	1,555,441
Loss for the Year	-	-	-	-	(101,301)	(101,301)
Other Comprehensive Expense for the Year, Net of Tax	-	-	937	-	-	937
Balance as at 1st April 2024	**1,558,006**	**500**	**940**	**10,815**	**(115,184)**	**1,455,077**
Profit for the Year	**-**	**-**	**-**	**-**	**303,021**	**303,021**
Other Comprehensive Income for the Year, Net of Tax	**-**	**-**	**7,160**	**1,470**	**-**	**8,630**
Balance as at 31st March 2025	**1,558,006**	**500**	**8,100**	**12,285**	**187,837**	**1,766,728**

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related Notes, which form a part of the Financial Statements set out on the pages 49 to 104.

STATEMENT OF CASH FLOWS

For the year ended 31st March	Notes	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	COMPANY 2025 Rs. '000	COMPANY 2024 Rs. '000
Cash Flows from Operating Activities					
Profit /(Loss) before Tax		1,119,462	695,566	303,021	(101,301)
Adjustments for :					
Depreciation of Property, Plant & Equipment	12	104,257	86,584	-	-
Depreciation of Bearer Biological Assets	13	76,398	70,594	-	-
Amortization of Right of Use Assets	15	6,503	12,488	-	-
Interest Expense	8	170,207	346,149	50,889	90,317
Profit on Disposal of Property, Plant & Equipment	6	(9,921)	(1,831)	(2,121)	-
Interest Income	8	(129,969)	(99,945)	(202)	-
Provision for Retirement Benefit Obligation	30	328,950	280,303	-	-
Provision / (Reversal) for Impairment of Loans and Amounts due from Related Parties	32.1	(101)	(208)	(101)	(208)
Provision for Tax Recoverable		1,067	3,097	1,067	3,097
Net Gain on Change in Fair Value of Biological Assets	14.3	(133,842)	(299,665)	-	-
Provision for Impairment of Trade & Other Receivable	20.1	6,695	12,321	-	-
Amortization of Deferred Income	6	(9,455)	(9,454)	-	-
(Profit) / Loss from sale of Valuable Timber Trees		-	(21,468)	-	-
Provision for Surcharge		50,000	65,301	-	-
Operating Profit/ (Loss) before Working Capital Changes		1,580,251	1,139,832	352,553	(8,095)
Decrease / (Increase) in Inventories		(194,984)	229,673	-	-
Decrease / (Increase) in Trade & Other Receivables		198,746	(170,846)	-	-
Decrease / (Increase) in Amounts due from Related Parties		43,832	(348,114)	5,682	-
Increase in Trade & Other Payables		279,510	6,491	797	2,333
Decrease Loan Granted to Related Parties		-	(82,668)		-
Increase / (Decrease) in Amounts due to Related Parties		(193,506)	48,324	(83,329)	(10,468)
Cash Generated from (Used in) Operations		1,713,849	822,692	275,703	(16,230)
Income Tax, WHT and Other Tax Paid		(327,610)	(23,506)	-	-
Interest Paid		(153,137)	(377,922)	(417)	(926)
Gratuity Paid	30	(573,667)	(143,120)	-	-
Net Cash (Used in) / Generated from Operating Activities		659,435	278,144	275,286	(17,156)
Cash Flows from Investing Activities					
Acquisition of Property, Plant & Equipment	12	(372,104)	(269,847)	-	-
Investment in Bearer Plants	13	(24,321)	(30,543)	-	-
Investment in Consumable Biological Assets	14	(13,958)	(8,921)	-	-
Interest Received		145,045	99,945	-	-
Proceeds from Sale of Trees		-	34,198	-	-
Proceeds from Disposal of Property, Plant & Equipment		7,800	5,726	-	-
Proceeds from Disposal of Financial Assets Measured at FVOCI		7,040	-	7,040	-
Net Cash Generated From (Used in) Investing Activities		(250,498)	(169,442)	7,040	-
Cash Flows from Financing Activities					
Proceeds from Interest Bearing Borrowings		1,105,468	1,142,677	-	-
Loans Obtained from Related Parties		145,360	-	224,998	100,000
Repayment of Loans Due to Related Parties		(171,810)	-	(379,948)	(82,666)
Repayment of Interest Bearing Borrowings		(1,184,140)	(1,290,497)	-	-
Repayment of Lease Rental		(2)	(2)	-	-
Dividend Paid		(323,644)	-	-	-
Share issued by the Subsidiary to Non Controlling Interest		-	747,631	-	-
Net Cash Generated from / (Used in) Financing Activities		(428,768)	599,809	(154,950)	17,334
Net Increase / (Decrease) in Cash & Cash Equivalents		(19,831)	708,511	127,375	178
Cash & Cash Equivalents at the Beginning of the Year	22	562,060	(146,451)	(5,041)	(5,219)
Cash & Cash Equivalents at the End of the Year	22	542,229	562,060	122,334	(5,041)
Analysis of Cash & Cash Equivalents at the End of the Year					
Cash in Hand and at Bank		864,788	822,067	122,334	17
Bank Overdrafts		(322,559)	(260,007)		(5,058)
Cash & Cash Equivalents at the End of the Year		542,229	562,060	122,334	(5,041)

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related Notes, which form a part of the Financial Statements set out on the pages 49 to 104.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

1.1. Domicile and Legal Form

Lankem Developments PLC (the 'Company') is a Company domiciled in Sri Lanka which was incorporated on 14th October 1974. The registered office of the Company is situated at No. 98, Sri Sangaraja Mawatha, Colombo 10, Sri Lanka.

The consolidated Financial Statements of Lankem Developments PLC, as at and for the year ended 31st March 2025, comprise of the Company and its subsidiaries (together referred to as the Group, individually as 'group Entities').

The immediate and ultimate holding Companies of Lankem Developments PLC are Consolidated Tea Plantations Limited and The Colombo Fort Land & Building PLC, respectively.

1.2. Principal activities and nature of the operation

The principal activity of the Company is Investment Holding.

The Group consists of subsidiaries named, Agarapatana Plantations PLC and Waverly Power (Pvt) Ltd. Principal activities of Agarapatana Plantations PLC is cultivation, manufacture and sale of black tea and the principal activities of Waverly Power (Pvt) Ltd is generating electricity for the National Grid.

2. BASIS OF PREPARATION

2.1. Statement of Compliance

The Financial Statements of the Company and those consolidated with such, comprise of the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows together with the Accounting Policies and Notes to the Financial Statements. The consolidated Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS), as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) .

Further these statements comply with the requirements of the Companies Act No. 07 of 2007.

The consolidated Financial Statements were authorised for issue by the Board of Directors on 6th August 2025.

2.2. Basis of Measurement

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

- Consumable Biological Assets measured at fair value less cost to sell
- Produce on Bearer Biological Asset measured at fair value less cost to sell
- Retirement Benefit Obligation has been measured at fair value
- Class of Land under Property, Plant and Equipment is carried Revaluation model.
- Financial Assets classified at Fair Value Through Other Comprehensive Income

2.3. Functional and Presentation Currency

The consolidated Financial Statements are presented in Sri Lankan Rupees, which is the Group's functional currency, rounded to the nearest thousand, unless otherwise stated.

2.4. Use of Estimates, Judgments and Assumptions

The preparation of the Consolidated Financial Statements in conformity with Sri Lanka Accounting Standards (SLFRS/LKAS) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these 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 and in any future periods affected.

2.4.1. Judgments

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

Note 35 - Going Concern Assessment

Note 15.1 - Lease Term

2.4.2. Assumptions and Estimation Uncertainties

Information about the assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31st March 2025 is included in the following notes.

Note 30 - Measuring of defined benefit obligations: key actuarial assumptions;

Note 29 - Recognition of deferred tax liabilities/ (assets)

Note 17 - Impairment test: key assumptions underlying recoverable amounts;

Note 12 - Valuation of Property Plant and Equipment

Note 34 - Contingent Liabilities

Note 16. - Recoverable value of goodwill

Note 13 - Valuation of Bearer Biological Assets

Note 14 - Valuation of Consumable Biological Assets

2.4.3. Measurement of Fair Values

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

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Finance Director.

When measuring fair value of an asset or liability, the Group uses observable market data as far as possible. Fair Values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques 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 inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is 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 Group recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2.5. Accounting Policies and Comparative Information

The Accounting Policies applied by the Company are, unless otherwise stated, consistent with those used in the previous year. Previous year's figures and phrases have been rearranged, wherever necessary, to conform to the current year's presentation.

2.6. Materiality and Aggregation

Each material class of similar items is presented separately in the consolidated financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by LKAS 1: Presentation of Financial Statements.

3. MATERIAL ACCOUNTING POLICIES

Accounting policies set out below have been applied consistently to all periods presented in these consolidated Financial Statements and have been applied consistently by the Group entities, unless otherwise indicated.

3.1. Changes in Material Accounting Policies

3.1.1. Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Covenants

The Group has adopted Classification of Liabilities as Current or Non-current (Amendments to (LKAS 1) and Non-current Liabilities with Covenants (Amendments to LKAS 1) from 1 January 2024.

The amendments apply retrospectively. They clarify certain requirements for determining whether a liability should be classified as current or non-current and require new disclosures for non-current loan liabilities that are subject to covenants within 12 months after the reporting period.

3.2. Basis of Consolidation

3.2.1. Business Combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meet the definition of a business and control is transferred to the Group.

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

From 1st April 2020, in determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business, The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships, such amounts are generally recognised in Profit or Loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

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

3.2.2. Non-Controlling Interest

The total profit and loss for the year of the Company and its subsidiaries included in consolidation, are shown in the consolidated Statement of Profit or Loss with the proportion of profit and loss after taxation pertaining to minority shareholders of subsidiaries being deducted as 'Non-Controlling Interest'. All assets and liabilities of the Company and of its subsidiaries included in consolidation are shown in the consolidated Statement of Financial Position. The interest of minority shareholders of subsidiaries in the fair value of net assets of the Group are indicated separately in the consolidated Statement of Financial Position under the heading 'Non-Controlling Interest'. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill.

3.2.3. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it has control if there are changes to one or more of the elements of control.

The Financial Statements of subsidiaries are included in the consolidated Financial Statements from the date that control commences until the date that control ceases.

3.2.4. Loss of Control

On the loss of control, the Group de-recognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in Profit or Loss.

3.2.5. Transactions Eliminated on Consolidation

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

3.3. Foreign Currency

Transactions in foreign currencies are translated to the respective functional currencies of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are re-translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.4. Financial Instruments

3.4.1. Recognition and Initial Measurement

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not a 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.

3.4.2. Classification and Subsequent Measurement

3.4.2.1. Financial Assets

On initial recognition, a financial asset is classified as measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) or Fair Value through Profit or Loss (FVTPL).

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

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

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On the 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.

a) Business Model Assessment

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

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

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

3.4.2.2. Assessment Whether Contractual Cash Flows are Solely Payments of Principal and Interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. 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 Group 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 principle 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.

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 and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in 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.

3.4.2.3. Financial Liabilities

i) Classification, subsequent measurement and gains and losses

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

3.4.3. De-recognition

3.4.3.1. Financial Assets

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

The Group enters in to transactions where by it transfers assets recognised in its Statements 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 derecognised.

3.4.3.2. Financial Liabilities

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

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

3.4.4. Other Payables

Other payables are stated at the amounts they are estimated to realise inclusive of provisions for impairment. Other payables includes amounts due to related companies and income tax payables.

3.4.5. Assets and Basis of their Valuation

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

3.5. Property, Plant and Equipment

Property, Plant and Equipment are tangible items that are held for use in the production or supply of goods or services or for administrative purposes and are expected to be used for more than one year.

3.5.1. Recognition and Measurement

Property, Plant and Equipment are recognised, if it is probable that future economic benefits associated with the asset will flow to the Company and cost of the asset can be measured reliably. Property, Plant & Equipment except Land are initially measured at its cost and subsequently at cost less accumulated depreciation and accumulated impairment losses.

At the time of transition from SLASs to SLFRSs/ LKASs, the Group has elected to recognise their land at deemed cost by applying the optional exemption included in the transitional provisions of SLFRS 1, "First time Adoption of Sri Lanka Accounting Standards". Accordingly, previously recognised revalued amount has been considered as deemed cost of the land as at 1st April 2011 and the cost model has been applied subsequently as per LKAS 16. LKAS 16 provides that when an item of property, Plant and equipment is revalued, the carrying amount of that asset is adjusted to the revalued amount at the date of revaluation.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing cost. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant 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.

3.5.2. Cost Model

The Group applies cost model for Property, Plant and Equipment except for lands and records at cost of purchase or construction together with any incidental expenses thereon, less accumulated depreciation and any accumulated impairment losses.

3.5.3. Revaluation Model

The Group applies the revaluation model for the entire class of lands. Such lands are carried at a revalued amount, being their fair value at the date of revaluation, less subsequent accumulated impairment losses. Land of the Group are revalued at once in every three years on a roll over basis to ensure that the carrying amounts do not differ materially from the fair values at the reporting date. On revaluation of an asset, any increase in the carrying amount is recognised in Other Comprehensive Income and accumulated in equity, under capital reserve or used to reverse a previous revaluation decrease relating to the same asset, which was charged to the Statement of Profit or Loss. In this circumstance, the increase is recognised as income to the extent of the previous write down. Any decrease in the carrying amount is recognised as an expense in the Statement of Profit or Loss or debited in the Other Comprehensive Income to the extent of any credit balance existing in the capital reserve in respect of that asset. The decrease recognised in other Comprehensive Income reduces the amount accumulated in equity under capital reserves. Any balance remaining in the revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

3.5.4. Gains and Losses on 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/other expenses" in Profit or Loss.

3.5.5. Subsequent Costs

The cost of replacing a 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 Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of Property, Plant and Equipment are recognised in profit or loss as incurred.

3.5.6. De-Recognition

The carrying amount of an item of Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an item of Property, Plant and Equipment is included in Profit or Loss when the item is derecognised. When replacement costs are recognised in the carrying amount of an item of Property, Plant and Equipment, the remaining carrying amount of the replaced part is derecognised. Major inspection costs are capitalised. At each such capitalisation, the remaining carrying amount of the previous cost of inspections are derecognised.

3.5.7. Depreciation

Items of Property, Plant and Equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of Property, Plant and Equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in Profit or Loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated. Lease period of land acquired from JEDB/SLSPC will expire in the year 2045.

The estimated useful lives are as follows:

LANKEM DEVELOPMENTS PLC

Plant, Machinery & Equipment	10 Years
Furniture, Fixtures & Fittings	10 Years
Office Equipment	10 Years
Motor Vehicles	07 Years
Computers	04 Years
Other Equipment	01 Years

WAVERLY POWER (PRIVATE) LIMITED

Freehold Building	40 Years
Plant, Machinery & Equipment	13 1/3 Years
Furniture, Fixtures & Fittings	10 Years
Tools & Equipment	08 Years
Motor Vehicles	05 Years
Computers	04 Years

AGARAPATANA PLANTATION LIMITED

Buildings	40 Years
Roads	25 Years
Sanitation, Water & Electricity Supply	20 Years
Plant & Machinery	13 1/3 Years
Furniture & Fittings	10 Years
Equipment	8 Years
Motor Vehicles	5 Years
Mature Plantations	
(Replanting and New Planting)	Useful Life
Mature Plantations	
Tea	33 1/3 Years
Rubber	20 Years
Cinnamon	25 Years

No depreciation is provided for immature plantations.

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Amortisation of Leasehold Rights

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

Freehold Assets	Useful Life
Right to Use of Land	53 Years
Roads & Bridges	40 Years
Improvements to land	30 Years
Mature Plantations – Tea	30 Years
Vested Tea	30 Years
Buildings	25 Years
Fences & Securities	20 Years
Water Supply	20 Years
Power Augmentation	20 Years
Machinery	15 Years

3.5.8. Capital Work in Progress

Capital expenses incurred during the year which are not completed as at the reporting date are shown as capital work-in-progress, while the capital assets which have been completed during the year and put to use are transferred to Property, Plant and Equipment.

3.5.9. Land Improvement Cost

Permanent land development costs are those costs incurred in making major infrastructure development and building new access roads on leasehold lands. These costs have been capitalised and amortised over the remaining lease period.

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

3.6. Biological Assets

Biological assets are classified as Mature Biological Assets and Immature Biological Assets. Mature Biological Assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature Biological Assets are those that have not yet attained harvestable specifications. Tea, rubber, other plantations and nurseries are classified as Biological Assets.

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

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

3.6.1. Bearer Biological Assets

The cost of Replanting and New Planting are classified as immature plantations upto the time of harvesting the crop. Further, the general charges incurred on the plantation are apportioned based on the labour days spent on respective Replanting and New Planting and capitalised on the immature areas. The remaining portion of the general charges is expensed in the accounting period in which it is incurred.

The cost of areas coming into bearing are transferred to mature plantations and depreciated over their useful life period.

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.

3.6.2. Consumable Biological Assets

The managed timber is measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial. The fair value of timber trees are measured using DCF method taking into consideration the current market prices of timber applied to expected timber content of a tree at the maturity by an independent professional valuer.

The main variables in DCF model concerns:

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

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

3.6.3. Infilling Cost on Bearer Biological Assets

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

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

3.6.4. Nursery Plants

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

3.6.5. Borrowing Costs

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

Borrowing Costs that are not capitalised are recognised as expenses in the period in which they are incurred and charged to the Statement of Comprehensive Income.

The amounts of the Borrowing Costs which are eligible for capitalisation determined in accordance with LKAS 23 – Borrowing Costs.

Borrowing Costs incurred in respect of loans that are utilised for field development activities have been capitalised as a part of the cost of the relevant Immature Plantation. The capitalisation will cease when the crops are ready for commercial harvest.

3.7. Leases

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

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either;
- the Group has the right to operate the asset; or
- the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. Where the lease agreement includes an annual adjustment on a variable such as GDP deflater, the Group shall annually reassess the liability considering such variable and recognise the amount of remeasurement of the lease liabilities as an adjustment to the right-of-use asset.

3.8. Intangible Assets

Goodwill

Goodwill that arises on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash Generating Unit. (or Group of cash Generating Unit) to which the goodwill relates. When the recoverable amount of the cash Generating Unit is less than it's carrying value, an impairment loss is recognised. Impairment losses relating to goodwill cannot be revised in future periods.

3.9. Inventories

Inventories are measured at the lower of cost or net realisable value after making due allowances for obsolete & slow-moving items. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Finished Goods Manufactured from Agricultural Produce of Biological Assets

These are valued at the lower of cost and estimated realisable value, after making due allowances for obsolete and slow-moving items. Net realisable value is the price at which the stocks can be sold in the normal course of business after allowing for cost of realisation and/or cost of conversion from their existing state to saleable condition.

3.9.1. Produce on Bearer Biological Assets

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

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

For the valuation of the harvestable agricultural produce, the Company uses the following price formulas:

Tea – Brought Leaf rate (Current month) less cost of harvesting & transport.

Input Material

At average cost.

Growing Crop – Nurseries

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

Spares and Consumables

At actual cost.

3.10. Impairment

3.10.1. Non-Derivative Financial Assets

a) Financial Instruments and Contract Assets

The Group recognises loss allowances for ECLs (Expected Credit Loss) on trade and other receivables.

Financial assets measured at amortised cost

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the bank balances for which credit risk has not increased significantly since initial recognition which are measured at 12 month ECLs.

Loss allowance for trade receivables are 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 Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward-looking information.

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

- The debtor is unlikely to pay its credit obligation to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The financial asset is more than 365 days past due.
- The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade".

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

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

b) Measurement of ECLs

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

c) Presentation of allowance for ECL in the statement of financial position

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

d) Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. For Individual customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the written off. However, Financial Assets that are written off could still be subject to enforcement activities in order to comply with the Group procedures for recovery of amount due.

3.10.2 Non-Financial Assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount.

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

3.11. Cash and Cash Equivalents

Cash and cash equivalents comprise of cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short term commitments.

3.12. Stated Capital

Ordinary Shares

Ordinary shares are classified as equity. As per the Companies Act No. 07 of 2007, Section 58 (1), stated capital in relation to a Company means the total of all amounts received by the Group or due and payable to the Group in respect of the issue of shares and in respect of call in arrears.

Incremental cost directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of tax.

3.13. Employee Benefits

3.13.1. Short-Term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.13.2. Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in Profit or Loss in the periods during which related services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments are available.

a) Employees' Provident Fund/ Ceylon Planters' Provident Society

The Group and employees contribute 12-15% and 8-10% respectively on the salary of each employee to the Employees' Provident Fund/ Ceylon Planters' Provident Society.

b) Employees' Trust Fund

The Group contributes 3% of the salary of each employee to the Employees' Trust Fund. The total amount recognised as an expense of the Group for contribution to ETF is disclosed in the notes to Financial Statements.

3.13.3. Defined Benefit Plan – Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted.

The defined benefit obligation for Agarapatana Plantations Limited is calculated by a qualified actuary using the Projected Unit Credit (PUC) method as recommended by LKAS 19 – 'Employee Benefits'. When the calculation results in a benefit to the Company, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realisable during the life of the plan, or on settlement of the plan liabilities. When the benefits of a plan are improved, the portion of the increased benefit relates to past service by employees is recognised in Profit or Loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in Profit or Loss. Actuarial gain/losses for the period are recognised fully in the statement of Other Comprehensive Income.

However, according to the Payment of Gratuity Act No. 12 of 1983, the liability for the gratuity payment to an employee arises only on the completion of 5 years of continued service with the Company.

3.14. Provisions

A provision is recognised if as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably; and it is probable that an outflow, of economic benefits will be required to settle the obligation.

3.15. Revenue Recognition

3.15.1. Revenue

Revenue will be recognised upon satisfaction of performance obligation. The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods and service.

a) Revenue Streams

The Group generates revenue primarily from sale of goods under revenue from contracts with customers. The rental income and Dividend Income are the other sources of income included under revenue.

b) Disaggregation of Revenue from Contract with Customers

Revenue from contract with customers (including revenue related to a discontinuing operation) is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition under Note 5.

c) Contract Balances

Contract Assets

Cost to obtain contract

The Group capitalises incremental costs to obtain a contract with a customer for the assets with more than one year amortisation period and if it expects to recover those costs. The costs that will be incurred regardless of whether the contract is obtained – including costs that are incremental to trying to obtain a contract, are expensed as they are incurred. The cost to obtain contract will be amortised over the contract period on a systematic basis.

Cost of fulfilling a contract

The Group capitalises the costs incurred in fulfilling a contract with a customer for which are not in the scope of other guidance and only if the fulfilment costs meet the following criteria:

- relate directly to an existing contract or specific anticipated contract;
- generate or enhance resources that will be used to satisfy performance obligations in the future; and
- are expected to be recovered.

The cost of fulfilling a contract will be amortised over the contract period on a systematic basis.

Contract Liabilities

The Group recognise a contract liability for the deferred revenue on the extended warranty provided for the customers.

The contract liability shall be realized to revenue on the basis of utilizing the warranty by the customers or on a systematic basis accordingly.

d) Performance Obligations and Revenue Recognition Policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control over a good or services to a contract.

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

Type of Product	Nature and timing of performance obligations including significant payment terms	Revenue recognition
Sale of Agricultural products	The Company is in the business of cultivation, manufacturing and sale of Black Tea. Revenue from the contracts with customers recognized when control of the goods transferred to the customers at an amount that reflects the consideration to which the company expects to be entitled in exchange for the goods. Invoices are usually payable immediately or in advance not exceeding 20 days or on credit terms ranging from 7 to 15 days.	Revenue from the 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 acceptable shall be the buyer and the sale can be complete at the fall of hammer, at which point control is transferred to the customer.
Supply of Electricity	Supply of electricity to national grid. Invoices are generated at the end of each month as per the supply of Electricity to national grid. Invoices are usually payable within 2 months.	Revenue is recognized to the extent that is probable that the economic benefits will flow to the Company and the revenue associated costs incurred can be reliably measured at the fair value of the consideration or receivable net of trade discounts and sales taxes.

Dividend Income

Dividend Income is recognised in the Statement of Profit or Loss on the date when the entities right to receive payment is established.

3.15.2. Other Sources of Revenue

Finance Income

Finance income comprises interest income on funds invested (including financial assets measured at FVOCI and gains on the disposal of Financial Assets measured at FVOCI). Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Other Income - Other income recognised based on the accrual basis.

Gains and losses of a revenue nature on the disposal of Property, Plant and Equipment and other non-current assets are recognised by comparing the net sales proceeds with the carrying amount of the corresponding asset and are recognised net within 'other income' in the Statement of Profit or Loss.

3.16. Expenses

All expenditure incurred in running the business and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to Statement of Profit or Loss and Other Comprehensive Income in arriving at the profit/(loss) for the year. Expenditure incurred for the purpose of acquiring and extending or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

3.16.1. Finance Cost

Finance costs comprise of interest expense on borrowings, unwinding of the discount on provisions and losses on disposal of FVOCI financial assets, and impairment losses recognised on financial assets (other than trade receivables).

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying assets are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on Financial Assets and Financial Liabilities are reported on a net basis as either Finance Income or Finance Cost depending on whether foreign currency movements are in a net gain or net loss position.

3.17. Taxation

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

The Group 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

Current Tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates and tax laws enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.
Current income tax relating to items recognised directly in equity is recognized in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred Tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: goodwill not deductible for tax purposes. The initial recognition of assets or liabilities that affect neither accounting nor taxable profit, nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

The principal temporary differences arise from depreciation on Property, Plant and Equipment; tax losses carried forward, impairment of trade and other receivables and provisions for defined benefit obligations. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred Tax Assets are reviewed at reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred Tax Assets and Liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

3.18. Deferred Income – Grants and Subsidies

Grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is set up as deferred income. Where the Group receives non-monetary grants, the asset and that grant are recorded at nominal amounts and are released to the Statement of Profit or Loss over the expected useful life of the relevant asset by equal annual instalments.

3.19. Earnings per Share

The Group presents basic earnings/(loss) per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

3.20. Segmental Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues an expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.21. Events Occurring After the Reporting Date

All material, events after the reporting date have been considered and where appropriate adjustments or disclosures have been made in respective notes to the Financial Statements.

3.22. Cash Flow Statement

The Cash Flow Statement has been prepared using 'indirect method'. Interests paid are classified as operating cash flows while dividends paid are classified as financing cash flows. Interest and dividends received are classified as investing cash flows for the purpose of presentation Statement of Cash Flow.

3.23. Capital Commitments and Contingencies

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Group's control. Contingent liabilities are disclosed in Note 34 to the Financial Statements. Commitments are disclosed in Note 33 to the Consolidated Financial Statements.

3.24. Related Party Transactions

Related Party Transaction disclosures have been made in respect of the transactions between parties who are defined as related parties as per LKAS 24 - Related Party Disclosure.

4. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE AS AT THE REPORTING DATE

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

4.1. Lack of Exchangeability (Amendments to LKAS 21)

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

- the nature and financial impacts of the currency not being exchangeable;
- the spot exchange rate used;
- the estimation process; and
- risks to the company because the currency is not exchangeable.

Amendments to LKAS 21 is not expected to have a material impact on the financial statements.

4.2. Sustainability Disclosure Standard – SLFRS S1 on "General Requirements for Disclosure of Sustainability-related Financial Information" (SLFRS S1) and SLFRS S2 on "Climate-related Disclosures" (SLFRS S2)

Due to the investors growing demand for ESG information, the International Sustainability Standards Board (ISSB) released its first two sustainability disclosure standards, IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures).

As a local accounting standard setter, CA Sri Lanka issued the localised standards based on these IFRSs designated as SLFRS S1 and SLFRS S2 during the year 2024. The adoption of the Sri Lanka Sustainability Disclosure Standards, SLFRS S1 and SLFRS S2 will become effective for the Group from 1st January 2025 and no material financial impact is expected on the Group except for additional disclosures.

5. REVENUE

For the year ended 31st March	GROUP		COMPANY	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Gross Revenue	7,285,917	7,214,937	359,685	-
Net Revenue	7,285,917	7,214,937	359,685	-

5.1. Revenue Streams

For the year ended 31st March	GROUP		COMPANY	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue from Contracts with customers				
Sale of Goods	7,218,634	7,153,269	-	-
Supply of Services	67,283	61,668	-	-
Total Revenue from Contracts with Customers	7,285,917	7,214,937	-	-

5.2. Disaggregation of revenue from contracts with customers

	GROUP		COMPANY	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Major Products / Divisions				
Tea	7,218,634	7,153,269	-	-
Supply of Electricity to CEB	67,283	61,668	-	-
Total Revenue from Contracts with Customers	7,285,917	7,214,937	-	-

5.3. Contract Balances

	GROUP		COMPANY	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Receivables (Included in Trade and Other Receivables)	140,978	201,690	-	-
	140,978	201,690	-	-

5.4. Segmental Analysis

5.4.1. Segmental Revenue

	GROUP		COMPANY	
	2025	2024	2025	2024
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Plantations	7,218,634	7,153,269	-	-
Other	67,283	61,668	-	-
Net Revenue	7,285,917	7,214,937	-	-

5.4.2. Segmental Profit/(Loss) before Tax

	GROUP		COMPANY	
	2025	2024	2025	2024
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Plantations	1,096,492	743,134	-	-
Other	22,970	(47,568)	303,021	(101,301)
Profit before Tax	1,119,462	695,566	303,021	(101,301)

5.4.3 Segmental Assets and Liabilities

	GROUP		COMPANY	
	2025	2024	2025	2024
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Segmental Assets				
Plantations	8,802,048	7,978,336	-	-
Other	(85,850)	241,063	174,364	54,151
	8,716,198	8,219,399	174,364	54,151
Goodwill on Consolidation	629,064	629,064	-	-
Investments in Subsidiary	-	-	2,111,496	2,111,496
	9,345,262	8,848,463	2,285,860	2,165,647
Segmental Liabilities				
Plantations	6,011,746	5,168,460	-	-
Other	249,381	554,596	519,131	710,570
	6,261,127	5,723,056	519,131	710,570

6. OTHER INCOME

For the year ended 31st March	GROUP		COMPANY	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Profit on Disposal of Property, Plant and Equipment	7,800	1,831	-	-
Realised Gain On Disposal of Investment in Unit Trust	2,121	-	2,121	-
Dividend Income	480	-	-	-
Amortisation of Capital Grants	9,455	9,454	-	-
Rent Income	28,983	17,918	-	-
Sale of Timber	-	21,468	-	-
Income from Sale of Other Trees	14,775	37,911		-
Writeback of Unclaimed Expenditure	3,686	-	3,686	-
Others	50,715	40,954	-	-
	118,015	129,536	5,807	-

7. OTHER EXPENSES / (REVERSALS)

For the year ended 31st March		GROUP		COMPANY	
		2025	2024	2025	2024
	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Provision for Income Tax Receivable	21	1,067	3,097	1,067	3,097
Impairment in Related party receivable	32.1.2	(101)	-	(101)	(208)
		966	3,097	966	2,889

8. NET FINANCE INCOME / (COSTS)

For the Year Ended 31st March	GROUP		COMPANY	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
(A) Finance Income				
Interest from Related Companies	129,969	99,945	202	-
Commission on Corporate Guarantee	-	-	-	-
Others	-	-		
Total Finance Income	129,969	99,945	202	-
(B) Finance Costs				
Interest Expense on Bank Overdraft	(27,962)	(48,985)	(417)	(926)
Interest Expense on Related Party Loan	(35,241)	(71,394)	(50,472)	(88,740)
Commission on Corporate Guarantee	-	(3,403)	-	(651)
Interest Expense on Term Loan	(101,695)	(164,441)	-	-
Interest on Leases	(10)	(10)	-	-
Other Interest	(23,423)	(89,689)	-	-
	(188,331)	(377,922)	(50,889)	(90,317)
Amount Capitalised	18,124	31,773	-	-
Total Finance Costs	(170,207)	(346,149)	(50,889)	(90,317)
Net Finance Costs	(40,238)	(246,204)	(50,687)	(90,317)

9. PROFIT / (LOSS) BEFORE TAXATION

For the Year Ended 31st March	GROUP		COMPANY	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Is stated after charging all expenses including the following;				
Depreciation / Amortization				
Property, Plant & Equipment	99,267	86,584	-	-
Bearer Biological Assets	76,399	70,594	-	-
Right-of-Use Assets	11,476	12,488	-	-
Auditor's Remuneration				
Statutory Audit - KPMG	1,695	1,420	1,695	1,420
Other Auditors	6,891	6,543	-	-
Salaries and Wages	3,282,163	2,979,776	-	-
Defined Contribution Plan Cost - EPF & ETF	314,621	303,066	-	-
Defined Benefit Plan Cost - Retiring Gratuity	328,949	280,303	-	-

10. TAX EXPENSES

For the Year Ended 31st March		GROUP		COMPANY	
		2025	2024	2025	2024
	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Current Income Tax Expense					
Income Tax on Profit for the Year	10.1	(86,393)	(8,844)	-	-
Under/Over Provision in respect of Previous Years		-	-	-	-
		(86,393)	(8,844)	-	-
Deferred Tax Expense					
(Charge) / Reversal for the Year	29	(302,387)	(285,551)	-	-
Income Tax (Expense) / Reversal		(388,780)	(294,395)	-	-

10.1. Current Income Tax Expense

For the Year Ended 31st March	Note	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	COMPANY 2025 Rs. '000	COMPANY 2024 Rs. '000
Reconciliation of Accounting Profit / (Loss) to Income Tax Expense					
Profit / (Loss) before Taxation		1,119,462	695,566	303,021	(101,301)
Aggregate Disallowed Expenses		728,611	656,459	967	-
Aggregate Non Taxable Items		(301,665)	-	(301,665)	-
Aggregate Allowable Items		(1,090,154)	(723,898)	-	-
Inter Group Adjustments		344,180	(37,448)	-	-
Business Profit / (Loss)		800,434	590,679	2,323	(101,301)
Tax Exempt Losses from Agro Farming		-	334,631	-	-
Taxable Income from Agro Farming		-	204,387	-	-
Other Source of Income		496,432	176,361	359,685	-
Tax exempt income		(362,883)	-	(359,685)	-
Taxable Income /(Loss) from Power Generation		-	29,481	-	-
Taxable Income /(Loss) from Other Operations	10.2	-	(101,301)	-	(101,301)
Business Profit / (Loss)		933,983	643,559	2,323	(101,301)
Tax losses brought forward and utilised				-	
Other Source of Income		(432)	(176,361)	-	-
Taxable Profit /(Loss) from the Business		933,551	467,198	2,323	(101,301)
Profits from Businesses excluding Agro Operations		-	176,361	-	-
Other Source of Income		432	-	-	-
Taxable Income from Businesses excluding Agro Operations				-	-
Taxable at 14%			-	-	-
Taxable at 24%		-	-	-	-
Taxable at 30%		933,983	29,481	2,323	-
Taxable Profit / (Loss) from Agro Operations		-	380,748	-	-
Tax Loss Utilised during the Year	10.2	(870,886)	(380,748)	(2,323)	-
Taxable Profit / (Loss) excluding Agro Operations for the Year		63,096	29,481	-	-
Taxable at 14%		-	-	-	
Taxable at 24%		-	-	-	-
Taxable at 30%		18,929	8,844	-	-
WHT Payment on Dividend Income		67,464	-	-	-
Income Tax on Current Year Profit		86,393	8,844	-	-

10.2. Accumulated Tax Losses

	Note	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	COMPANY 2025 Rs. '000	COMPANY 2024 Rs. '000
Tax Loss Brought Forward		1,391,026	1,665,373	366,183	259,782
Tax Expired		(85,950)	5,100	(85,742)	5,100
Tax loss Utilised during the Year		(870,886)	(380,748)	(2,323)	-
Tax Loss for the Year	10.1	-	101,301	-	101,301
Tax Loss Carried Forward		434,190	1,391,026	278,118	366,183

10.3. Agarapatana Plantations PLC - Subsidiary

According to the Inland Revenue (Amendment) Act No. 45 of 2022 Agro farming is exempt from income tax for a period of 5 years effective from 1st April 2019 and agro processing is liable at 30%. Accordingly, where applicable, the Company has separated its income and expenses as agro farming and agro processing and applied respective tax rates. Other income of the Company is also taxed at 30% (2024; 30%) as per the above Act.

10.4. Waverly Power (Private) Limited - SUBSIDIARY

According to the Inland Revenue (Amendment) Act No. 45 of 2022, the Company is liable for tax rate of 30% (2024; 30%) for its taxable profits.

10.5. Lankem Developments PLC - Parent Company

Based on the Inland Revenue Amendment Act No 45 of 2022, the Company is liable for income tax on its taxable profits at the rate of 30%. (2024: 30%).

11. EARNINGS/(LOSS) PER SHARE

11.1. Basic Earnings Per Share

Basic Earnings / (Loss) Per Share has been calculated based on the Profit / (Loss) for the Year attributable to Equity Shareholders of the Company After Tax divided by the Weighted Average Number of Ordinary Shares in issue as at the Reporting Date and is calculated as follows.

For the Year Ended 31st March	GROUP		COMPANY	
	2025	2024	2025	2024
Profit / (Loss) for the Year (Rs. 000)	730,682	401,171	303,021	(101,301)
Attributable to Non - Controlling Interest (Rs. 000)	(372,233)	(218,465)	-	-
Profit / (Loss) attributable to Owners of the Company (Rs. 000)	358,449	182,706	303,021	(101,301)
Weighted Average Number of Ordinary Shares (No.000)	120,000	120,000	120,000	120,000
Basic Loss Per Share (Rs.)	2.99	1.52	2.53	(0.84)

11.2. Diluted Earnings Per Share

There were no dilution of ordinary shares outstanding at anytime during the Year. Therefore, diluted Earnings Per Share is same as basic earnings/(loss) per share.

12. PROPERTY, PLANT & EQUIPMENT

12.1. Group

	Balance As at 01.04.2024 Rs. '000	Capitalised during the Year Rs. '000	Revaluations During the Year Rs. '000	Additions/ Transfers during the Year Rs. '000	Disposals during the Year Rs. '000	Balance As at 31.03.2025 Rs. '000
Cost / Revalued Amount						
Freehold						
Land	22,400	-	2,100	-	-	24,500
Buildings	680,066	-	-	9,576	-	689,642
Water, Sanitation and Electricity	86,057	-	-	-	-	86,057
Roads	69,315	-	-	-	-	69,315
Plant & Machinery	830,152	-	-	25,984	-	856,136
Motor Vehicles	388,005	-	-	82,826	(6,490)	464,341
Computer Equipment	262	-	-	-	-	262
Office Equipment	206,776	-	-	252,799	-	459,575
Other Equipment	651	-	-	-	-	651
Furniture & Fittings	11,196	-	-	-	-	11,196
	2,294,880	-	2,100	371,185	(6,490)	2,661,675
Capital Work in Progress	854	(643)	-	1,563	-	1,774
Total Cost / Revalued Amount	2,295,734	(643)	2,100	372,748	(6,490)	2,663,449

Capital Work in Progress recognized above represents the cost incurred by the subsidiary, Agarapathana Plantations PLC on Buildings as at 31st March 2025.

	Balance As at 01.04.2024 Rs. '000	Other Transfers Rs. '000	Revaluations During the Year Rs. '000	Charge for the Year Rs. '000	Accumulated Depreciation on Disposal Rs. '000	Balance As at 31.03.2025 Rs. '000
Accumulated Depreciation						
Freehold						
Land	-			-	-	-
Buildings	211,275	-	-	17,272	-	228,547
Water, Sanitation and Electricity	69,355	-	-	3,198	-	72,553
Roads	42,853	-	-	2,761	-	45,614
Mature / Immature Plantation	-		-	-	-	-
Plant & Machinery	522,932	-	-	40,807	-	563,739
Motor Vehicles	354,761	-	-	13,123	(6,490)	361,394
Computer Equipment	262	-	-	-	-	262
Office Equipment	88,671	-	-	21,872	-	110,543
Other Equipment	651	-	-	-	-	651
Furniture & Fittings	9,570	-	-	234	-	9,804
Total Depreciation	1,300,330	-	-	99,267	(6,490)	1,393,107
Net Carrying Value of Property, Plant & Equipment	995,404	(643)	2,100	273,481	-	1,270,342

Category wise Carrying Value of Assets

	GROUP	
	Balance As at 31.03.2025 Rs. '000	Balance As at 01.04.2024 Rs. '000
Land	24,500	22,400
Buildings	461,095	468,791
Water, Sanitation and Electricity	13,504	16,702
Roads	23,701	26,462
Plant & Machinery	292,397	307,220
Motor Vehicles	102,947	33,244
Computer Equipment	-	-
Office Equipment	349,032	118,105
Other Equipment	-	-
Furniture & Fittings	1,392	1,626
Capital Work in Progress	1,774	854
	1,270,342	995,404

12.2. Company

	Balance As at 01.04.2024 Rs. '000	Balance As at 31.03.2025 Rs. '000
Cost / Revalued Amount		
Land (Note 12.3)	22,400	24,500
Plant & Machinery	2,310	2,310
Motor Vehicles	72	72
Computer Equipment	15	15
Office Equipment	1,544	1,544
Other Equipment	651	651
Furniture & Fittings	503	503
Total Cost / Valuation	27,495	29,595

	Balance As at 01.04.2024 Rs. '000	Balance As at 31.03.2025 Rs. '000
Accumulated Depreciation		
Plant & Machinery	2,310	2,310
Motor Vehicles	72	72
Computer Equipment	15	15
Office Equipment	1,544	1,544
Other Equipment	651	651
Furniture & Fittings	503	503
Total Depreciation	5,095	5,095
Net Carrying Value of Property, Plant & Equipment	22,400	24,500

The Company did not have any additions or disposals during the year ended 31st March 2025. (2024 : Nil)

The Fully Depreciated Assets of the Company as at 31st March 2025 are as follows:

	2024 Rs. '000	2025 Rs. '000
Plant & Machinery	2,310	2,310
Motor Vehicles	72	72
Office Equipment	1,544	1,544
Other Equipment	651	651
Computer Equipment	15	15
Furniture & Fittings	503	503
	5,095	5,095

The Cost of Fully Depreciated Assets, but still in use of the Group amounts to Rs. 808 Mn (As at 31st March 2024 - Rs. 780 Mn)

12.3. The Portfolio of the Land of the Group is as follows:

Company Name	: Lankem Developments PLC
Location	: Maguruwila Road, Gonawala
Extent in Perches	: 85.75
Date of the Latest Valuation	: 31.03.2025
Name of the Valuer	: WikiFrank Chartered Valuers (Pvt) Ltd.
Market Value	: Rs. 24.5 million (31st March 2025)

12.4. Revaluation of Land

The Company has revalued its Lands as at 31st March 2025. The Fair Value of the Lands are determined by WikiFrank Chartered Valuers (Pvt) Ltd., an external independent property valuer, having appropriate recognised professional qualifications and experience in the category of the property being valued.

12.5. Fair Value Hierarchy

Fair Value measurement of the Land has been categorised under Level 3 in the Fair Value Hierarchy based on the valuation techniques used.

Address of the Property	Extent of the Land	Significant Unobservable Inputs/Market Price Per Perch Rs.'000	Carrying value as at the date of Valuation Rs.'000	Revalued Amount Rs.'000	Net Gain on Revaluation Rs.'000	Valuation Method	Interrelationship between Key Unobservable Inputs and Fair Value
Magurwila Road, Gonawala	85.75 perches	350	22,400	24,500	2,100	Market comparable method	Positive correlated sensitivity

11 perches falling with in the high tension wire, are valued at Zero rate.

Market Comparable Method

This method considers the selling prices of a similar properties in terms of size, nature, location and condition. (Excluding any outlier transactions) within a reasonably recent period of time in determining the fair value of the property being revalued.

12.6. Sensitivity Analysis

Possible changes at the Reporting Date to one of the significant unobservable inputs, holding the other inputs constant, would have the following impacts.

As at 31st March 2025	OTHER COMPREHENSIVE INCOME, NET OF TAX	
	Increase Rs.'000	Decrease Rs.'000
Market Price Per Perch (10% Movement)	2,450	(2,450)

12.7. If Lands were stated at Deemed Cost, the Amounts would have been as Follows

	2025 Rs.'000	2024 Rs.'000
Land	6,950	6,950

13. BEARER BIOLOGICAL ASSETS

Group

As at 31st March	Immature Plantations Rs. '000	Mature Plantations Rs. '000	Total as at 31.03.2025 Rs. '000	Total as at 31.03.2024 Rs. '000
Cost				
Balance at the Beginning of the Year	324,623	2,520,235	2,844,858	2,782,542
Additions During the Year	42,445	65,626	108,071	255,825
Transfer In / (Out)	(65,626)	-	(65,626)	(193,509)
Balance at the End of the Year	301,442	2,585,861	2,887,303	2,844,858
Depreciation				
Balance at the Beginning of the Year	-	616,207	616,207	545,613
Charge for the Year	-	76,398	76,398	70,594
Balance at the End of the Year	-	692,605	692,605	616,207
Carrying Value at the End of the Year	301,442	1,893,256	2,194,698	2,228,651

13.1. Agarapatana Plantations PLC

These are investments in immature/mature plantations since the formation of the Company. The assets (including plantation assets) taken over by way of estate leases are set out in Notes 15. Further investment in immature plantations taken over by way of these leases are shown in the above notes. When such plantations become mature, the additional investments since taken over to bring them to maturity are transferred from immature to mature under this note.

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

Borrowing costs amounting to Rs. 18.1 Mn (2023/24 – Rs. 31.8 Mn) incurred on long term loans obtained to meet expenses relating to immature plantations have been capitalised as part of the cost of the immature plantations. Capitalisation will cease when crops are ready for harvest.

14. CONSUMABLE BIOLOGICAL ASSETS

As at 31st March	GROUP	
	2025	2024
	Rs. '000	Rs. '000
Balance at the Beginning of the Year	1,832,487	1,532,913
Decrease due to Harvesting		(12,730)
Increased due to New Planting	13,958	8,921
Gain Arising from Changes in Fair Value for the Year	130,869	303,383
Balance at the End of the Year	1,977,314	1,832,487

Managed timber plantation were measured at fair and corresponding gains/losses are recognised in the statement of profit and loss each year.

Managed trees include commercial timber plantations cultivated on estates. The cost of immature trees is treated at approximate to fair value particularly on the ground of little biological transformation has taken place and impact of the biological transformation on price is not material.

The fair value of managed trees was ascertained by the independent, Incorporated valuer Mr. A. A. M Fathihu, FIV for the current year in accordance with LKAS. 41, " Agriculture" using discounted cash flows (DCF) method.

A risk adjusted discount rates per annum set out in below table in real terms excluding the effect of inflation have been used in determining the present value of estimated future cash flows as at 31st March 2025. The Fair value of consumable biological assets has been classified as level 3 in terms of the fair value hierarchy.

Valuation Techniques and Significant Unobservable Inputs

Following table shows the valuation techniques in measuring Level 3 fair value of consumable biological assets as well as the significant unobservable inputs used,

1. The harvesting is approved by the PMMD and Forest Department based on the forestry development plan
2. The price adopted are net of expenditure
3. Discount rate is considered as per below table
4. Though the replanting is a condition precedent for harvesting, yet the cost are not taken in to consideration.

Assets	Valuation Technique	Unobservable Inputs	Range of Unobservable Inputs (Probability weighted Average)	Relation of Unobservable Input to Fair Value
Consumable Biological Assets	Discounted Cash Flow Method	Discounted Rate	Age to harvest 5 years or below - 14%	The higher the discount rate, the lesser the fair value
			Age to harvest 6 to 15 years - 15%	
			Age to harvest 15 years or above 16%	
		Optimum Rotation (Maturity)	25 years	Lower the rotation period, the higher the fair value
		Volume at Rotation	19.4 - 88.5 cu.ft.	The higher the volume, the higher the fair value
		Price per cu.ft.	Rs.400/- to Rs.1,260/-	The higher the price per cu.ft the higher the fair value

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

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

Agarapatana Plantations Limited is exposed to the following risks relating to its timber plantation

(a) 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.

(b) Supply and Demand Risks

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

(c) Climate 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.

14.1. Sensitivity Analysis

Sensitivity Variation Sales Price

Values as appearing in the Statement of Financial Position are very sensitive to price changes with regard to the average sales prices applied. Simulations made for timber show that a rise or decrease by 10% of the estimated future selling price has the following effect on the Net Present Value of Biological Assets:

As at 31st March 2025	GROUP	
	Rs. '000	Rs. '000
	-10%	+10%
Managed Timber	(197,922)	197,922
Total	(197,922)	197,922

Sensitivity Variation Discount Rate

Values as appearing in the Statement of Financial Position are very sensitive to changes of the discount rate applied. Simulations made for timber trees show that a rise or decrease by 1% of the estimated future discount rate has the following effect on the Net Present Value of Biological Assets:

As at 31st March 2025	GROUP	
	Rs. '000	Rs. '000
	-1%	+1%
Managed Timber	44,039	(41,511)
Total	44,039	(41,511)

14.2. Produce on Bearer Biological Assets

	GROUP	
	2025 Rs. '000	2024 Rs. '000
Produce on Bearer Biological Assets		
Balance at the Beginning of the Year	19,547	23,265
Change in Fair Value Less Cost to Sell	2,973	(3,718)
Balance at the End of the Year	22,519	19,547

No Biological Assets are pledged as securities for liabilities during the year 2025 (2024 - Nil). There are no commitments for the development or acquisition of Biological Assets.

14.3. Change in Fair Value of Biological Assets

	GROUP	
	2025 Rs. '000	2024 Rs. '000
Consumable Biological Assets - Gain arising from Changes in Fair Value Less Cost to Sell	130,869	303,383
Produce on Bearer Biological Assets - Gain / (Loss) arising from Changes in Fair Value Less Cost to Sell	2,973	(3,718)
	133,842	299,665

15. RIGHT- OF -USE ASSETS

As at 31st March

		GROUP	
	Note	2025 Rs. '000	2024 Rs. '000
Lands (JEDB/SLSPC)	15.1	130,068	136,572
Immovable Bearer Biological Assets	15.2	-	4,973
Immovable Assets	15.3	1,120	1,137
		131,188	142,682

15.1. Land (JEDB/SLSPC Estates)

"Right-of-Use-Asset-Land"has accounted in accordance with SLFRS16-Leases with effect from 01 January 2019."Right-of-Use-Asset-Land"have been executed for all estates for a period of 53 years. The unexpired period of the lease as at the Statement of Financial Position date is 21 years.

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

Description	Revaluation as at 22.06.1992 Rs. '000	Accumulated Amortisation 01.04.2024 Rs. '000	Amortisation for the Year Rs. '000	Accumulated Amortisation 31.03.2025 Rs. '000	Carrying Amount 31.03.2025 Rs. '000	Carrying Amount 31.03.2024 Rs. '000
Leasehold Right to Bare Land of JEDB/SLSPC Estates	341,588	205,017	6,503	211,520	130,068	136,571

15.2. Immovable Bearer Biological Assets

All the leases executed as at the reporting date will be retroactive to 22nd June 1992, the date of formation of the Company. The leasehold right to bare land on all of these estates have been taken in to the books of the Company as at 22nd June 1992 immediately after the formation of the Company. The Board decided at its meeting on 8th March 1995 that these assets would be taken at their book values as they appear in the books of JEDB/SLSPC on the day immediately preceding the date of formation of the Company. These assets are taken into the balance sheet as at 22nd June 1992 and depreciated as follows:

	CAPITALISED VALUE 26 JUNE 1992		ACCUMULATED DEPRECIATION			CARRYING AMOUNT	
Description	Balance as at 01.04.2024 Rs. '000	Balance as at 31.03.2025 Rs. '000	Balance as at 01.04.2024 Rs. '000	Charge for the Year Rs. '000	Balance as at 31.03.2025 Rs. '000	31.03.2025 Rs. '000	31.03.2024 Rs. '000
Coffee, Pepper, Cardamom	305	305	305	-	305	-	-
Mature Plantations	179,093	179,093	174,120	4,973	179,093	-	4,973
Vested Tea	1,223	1,223	1,223	-	1,223	-	-
	180,621	180,621	175,648	4,973	180,621	-	4,973

15.3. Immovable Assets (Other than Right to Use Land and Bearer Biological Assets)

	REVALUED AMOUNT			ACCUMULATED DEPRECIATION			CARRYING AMOUNT	
Description	Balance as at 22.06.1992 Rs. '000	Transfers Rs. '000	Balance as at 31.03.2025 Rs. '000	Balance as at 01.04.2024 Rs. '000	Charge for the Year Rs. '000	Balance as at 31.03.2025 Rs. '000	31.03.2025 Rs. '000	31.03.2024 Rs. '000
Improvement to Land	5,407	-	5,407	5,407	-	5,407	-	-
Unimproved Land	998	-	998		-	-	998	998
Roads and Bridges	677	-	677	538	17	555	122	139
Buildings	62,634	-	62,634	62,634	-	62,634	-	-
Fences and Securities	49	-	49	49	-	49	-	-
Machinery	8,822	(621)	8,201	8,201	-	8,201	-	-
Water Supply	6,158	-	6,158	6,158	-	6,158	-	-
Power Augmentation	972	-	972	972	-	972	-	-
Other Vested Assets	30	-	30	30	-	30	-	-
	85,747	(621)	85,126	83,989	17	84,006	1,120	1,137

15.4. Motor Vehicles

As at 31st March	2025 Rs. '000	2024 Rs. '000
Cost		
Balance at the Beginning of the Year	8,374	8,374
Transferred from Property, Plant and Equipment	-	-
Balance at the End of the Year	8,374	8,374
Depreciation		
Balance at the Beginning of the Year	8,374	8,374
Transferred from Property, Plant and Equipment	-	-
Charge for the Year	-	-
Balance at the End of the Year	8,374	8,374
Net Carrying Amount	-	-

16. INTANGIBLE ASSETS

As at 31st March	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000
Goodwill		
Balance at the Beginning of the Year	629,064	629,064
Balance at the End of the Year	629,064	629,064

This represents the excess of the cost of acquisition of the net assets of Agarapatana Plantations PLC.

Impairment of Goodwill of Agarapatana Plantations PLC has been tested by considering the assumptions disclosed under Note 17. Valuation was based on the Adjusted Market Value and accordingly, no provision for impairment is required as at the reporting date. In assessing the impairment of goodwill the group has considered Agarapatana Plantations Limited as the cash generating unit.

16.1. Impairment testing for CGUs containing goodwill

The Management has identified that a reasonably possible change in below key assumption could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which this assumption would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

16.2. Impairment testing for CGUs containing goodwill (continued)

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately Rs. 1,572,600,586/- (2024: Rs. 281,760,504/-). Management has identified that a reasonably possible change in this key assumption could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which this key assumption would need to change individually fro the estimated recoverable amount to be equal to the carrying amount.

	CHANGE REQUIRED FOR CARRYING AMOUNT TO EQUAL RECOVERABLE AMOUNT	
In percent	2025	2024
Control premium	(42.7)	(4.8)

17. INVESTMENTS IN SUBSIDIARIES

As at 31st March	Group Holding 2025 %	Company Holding 2025 %	No. of Shares 2025	Cost 2025 Rs. '000	No. of Shares 2024	Cost 2024 Rs. '000
Company						
Unquoted Investments						
Agarapatana Plantations PLC	56	56	281,228,778	2,111,496	281,228,778	2,111,496
				2,111,496		2,111,496
Less: Provision for Impairment in Value of Investments				-		-
				2,111,496		2,111,496

The Company has applied market approach to determine fair value of Agarapatana Plantations PLC as specified in SLFRS 13 – 'Fair Value Measurement'. The recoverable value of Agarapatana Plantations PLC for the year ended 31st March 2025 has been calculated based on appropriate market prices with an adjustment on control premium. In this calculation the Company has used a control premium within the range of 8% - 20%. The fair value measurement is categorised as level 2 according to the fair value hierarchy. The applicable control premium has been determined based on comparable historical transactions.

18. OTHER FINANCIAL INVESTMENTS

18.1. Financial Assets Measured at Fair Value Through Other Comprehensive Income

The Group/Company designated the investments shown below as financial assets measured at fair value through other comprehensive income because these investments represent instruments that the Group/Company intends to hold for long term as strategic investments

		GROUP			COMPANY	
	Notes	2025 Rs. '000	2024 Rs. '000	Notes	2025 Rs. '000	2024 Rs. '000
Quoted Investments	18.1.1	4,810	1,820	18.1.4	-	-
Unquoted Investments	18.1.2	54,507	41,100	18.1.4	27,530	20,546
Unit Trusts	18.1.3	-	4,742	18.1.5	-	4,742
		59,317	47,662		27,530	25,288

Net (loss) / gain on financial assets at fair value through OCI

	GROUP			
As at 31st March,	No. of Shares 2025	Carrying Value 2025 Rs. '000	No. of Shares 2024	Carrying Value 2024 Rs. '000
18.1.1. Quoted Investments				
DFCC Bank PLC	-	-	-	-
Agarapatana Plantations PLC	-	-	-	-
Beruwala Resorts PLC	1,300,000	4,810	1,300,000	1,820
Total Quoted Investments		4,810		1,820
18.1.2. Unquoted Investments				
Colombo Fort Hotels Ltd	4,418,083	54,507	4,418,083	41,100
Far Eastern Exports Ltd	150,000	-	150,000	-
Union Commodities (Pvt) Ltd	1,200,000	-	1,200,000	-
Total Unquoted Investments		54,507		41,100
18.1.3. Unit Trusts				
Pyramid Unit Trust		-	87,321	4,742
Total Unit Trusts		-		4,742
		59,317		47,662

Market value per share of quoted investments are based on published stock market prices on 31st March 2025. Unquoted investments in Union Commodities (Pvt) Ltd. and Far Eastern Export Limited have been valued based on the net assets per share as at 31st March 2025 of Rs. NIL. (2024 : Rs. NIL)

Unquoted investment in Colombo Fort Hotels Limited by group and company has been valued based on the net assets per share as at 31st March 2025 of Rs. 12.34.

There were no strategic disposals during the financial year.

As at 31st March	COMPANY No. of Shares 2025	Market Value 2025 Rs. '000	No. of Shares 2024	Market Value 2024 Rs. '000
18.1.4. Unquoted Investments				
Fareastern Exports Ltd			150,000	-
Colombo Fort Hotels Ltd	2,231,462	27,530	2,231,462	20,546
Total Unquoted Investments		27,530		20,546
18.1.5. Unit Trusts				
Pyramid Unit Trust	-	-	87,321	4,742
Total Unit Trusts		-		4,742
		27,530		25,288

Gain in related to Investment in Colombo Fort Hotels Ltd were recognised and transfer to the equity during the year ended 31st March 2025.

As part of the Company's investment strategy, the Unit Trust investment with NDB Wealth Management was fully disposed during the year. The disposal generated proceeds amounting to Rs. 7,039,849/-, resulting in a realized gain of Rs. 2,121,036/-, recorded under other income (Note 6).

19. INVENTORIES

As at 31st March	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	COMPANY 2025 Rs. '000	COMPANY 2024 Rs. '000
Raw Materials	224,818	275,613	512	512
Growing Crop-Nurseries	6,009	5,078	-	-
Producing Tea	751,739	552,883	-	-
Spares & Consumables	135,005	89,013	-	-
	1,117,571	922,587	512	512
Less: Provision for Obsolete Inventories	(512)	(512)	(512)	(512)
	1,117,059	922,075	-	-

20. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
As at 31st March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Trade Debtors	141,201	201,913	223	223
Employee Related debtors	99,749	88,161	-	-
VAT Recoverable	44,630	44,630	-	-
Income Tax Receivable	2,607			
WHT Receivable	8,206			
Less: Provision for Impairment (Note 20.1)	(24,442)	(17,747)	(223)	(223)
Total Trade Debtors	271,951	316,957	-	-
Other Receivables	46,494	79,659	-	-
Advance paid on Investment - Waverly Power (Pvt) Ltd	-	-		
Deposits Advances & Prepayments	243,521	364,637	-	-
Staff Loan	-	-	-	-
Other Tax Recoverable (Note - 17.1)	-	-	-	-
Total Other Receivables	290,015	444,296	-	-
	561,966	761,253	-	-

20.1. Provision for Impairment

Opening Provision	17,747	5,426	223	223
Provision for the year	6,695	12,321	-	-
Closing Provision	24,442	17,747	223	223

21. TAXES RECOVERABLE

	GROUP		COMPANY	
As at 31st March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Income Tax	3,097	5,705	3,097	3,097
Withholding Tax & ACT	1,067	4,634	1,067	1,067
VAT Recoverable	5,993	5,993	5,993	5,993
	10,157	16,332	10,157	10,157
Less: Provision for Tax Recoverable	(10,157)	(9,090)	(10,157)	(9,090)
	-	7,242	-	1,067

22. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
As at 31st March,	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Favorable Balance				
Fixed Deposits	689,500	743,251	-	-
Cash at Bank	171,882	76,010	122,334	17
Cash in Hand	1,155	2,806	-	-
Cash in Transit	2,251			
	864,788	822,067	122,334	17
Unfavourable Balance				
Bank Overdraft	(322,559)	(260,007)	-	(5,058)
Cash and Cash Equivalents for the Purpose of the Cash Flow Statement	542,229	562,060	122,334	(5,041)

23. STATED CAPITAL

	2025		2024	
	Number of Shares Nos.'000	Value of Shares Rs. '000	Number of Shares Nos.'000	Value of Shares Rs. '000
Balance at the Beginning of the Year	120,000	1,558,006	120,000	1,558,006
Balance at the End of the Year	120,000	1,558,006	120,000	1,558,006

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per individual present at meetings of the shareholders or one vote per share in the case of poll.

RIGHTS ISSUE

The Company made a Rights Issue of Forty million (40,000,000) Ordinary Shares at a price of Rs. 15/- per share to the holders of the Issued Ordinary Shares of the Company as at end of trading on 18th March 2025 in the proportion of one (01) new ordinary share for every three (3) existing issued ordinary shares held in the capital of the Company. The issue closed on 10th April 2025. The issue was fully subscribed and the consideration received was Rs. 600,000,000/-.

The purpose of the Rights Issue was to raise funds to settle Related Party dues, further investment in subsidiary Company, Agarapatana Plantations PLC and for future working capital requirements.

The details on the utilization of proceeds is set out under share information in page 107 of this report. Due disclosure on the utilization of proceeds has been made to the Colombo Stock Exchange (CSE) in the published Interim Financial Statements.

Consequent to the Rights Issue of shares, the Company's Stated Capital amounted to Rs. 2,158,005,620/- represented by 160,000,000 Ordinary Shares.

24. REVALUATION RESERVE

		GROUP		COMPANY	
	Note	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Balance at the Beginning of the Year		10,815	10,815	10,815	10,815
Other comprehensive income/ (loss) for the year, net of tax		-	-	-	-
Surplus on revaluation		2,100	-	2,100	-
Deferred tax impact on revaluation surplus	29.2	(630)	-	(630)	-
Balance at the End of the Year		12,285	10,815	12,285	10,815

Revaluation reserve consists gain related to freehold land of the Company.

25. GENERAL RESERVE

	GROUP		COMPANY	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Balance at the Beginning of the Year	500	500	500	500
Balance at the End of the Year	500	500	500	500

General Reserve is a capital reserve created by the Company. The directors may utilize the reserve as they deemed appropriate.

26. INTEREST BEARING BORROWINGS

As at 31st March,	Note	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	COMPANY 2025 Rs. '000	COMPANY 2024 Rs. '000
Payable after one Year		-			
Term Loans	26.1	245,872	262,874	-	-
Total		245,872	262,874	-	-
Payable within one Year					
Term Loans	26.1	223,967	289,142	-	-
Short Term Loans	26.2	430,659	427,153	-	-
		654,626	716,295	-	-
Loans from Related Parties (Note 26.1)		-	-	-	-
Total		654,626	716,295	-	-
Total Interest Bearing Borrowings		900,498	979,169	-	-

26.1. Long Term Loans

As at 31st March,	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	COMPANY 2025 Rs. '000	COMPANY 2024 Rs. '000
Balance at the Beginning of the Year	552,016	942,030	-	-
Loans Obtained during the Year	200,000	-	-	-
Payments Made during the Year	(282,177)	(390,014)	-	-
Balance at the End of the Year	469,839	552,016	-	-
Maturity Analysis				
Payable within one Year	223,967	289,142	-	-
Payable after one Year	245,872	262,874		-
	469,839	552,016	-	-

26.2. Short Term Loans

As at 31st March,	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	COMPANY 2025 Rs. '000	COMPANY 2024 Rs. '000
Balance at the Beginning of the Year	427,153	184,959	-	-
Loans Obtained during the Year	50,000	1,142,677	-	-
Payments Made during the Year	(46,494)	(900,483)	-	-
Balance at the End of the Year	430,659	427,153	-	-

26.3. Assets Pledged as Security Against Interest Bearing Borrowings

	Company/ Lender	Balance as at 31.03.2025 Rs. Mn	Balance as at 31.03.2024 Rs. Mn	Terms of Repayment	Security Pledged	Rate of Interest
Agarapatana Plantations PLC	Sampath Bank PLC	41.30	124.70	71 installments of Rs. 7 Mn and a final installment of Rs. 6.6 Mn commencing from 26.04.2019	Mortgage over leasehold rights over the estate land & Factory building of Diyagama West Estate	AWPLR + 3%
	Bank of Ceylon	56.82	102.27	72 monthly installments commencing from 20.05.2020 including six months grace period for the capital	A primary mortgage over lease hold rights of Glenanore and Haputhale Estates including machinery fixed each of these estates	AWPLR + 3.5%
	Seylan Bank PLC	15.75	26.65	84 installments commencing from 30.11.2018	Mortgage over leasehold rights over the estate,land & buildings,fixed & floating assets of Diyagama East Estate	16%
	Commercial Bank of Ceylon PLC	34.85	85.87	48 monthly installments commencing from 21.01.2022	Duly accepted Letter of Offer supported by board Resolution. General Terms and conditions relating to term Loans Deposits of original title deeds and plan relating to the Damberenne Estate.	AWPLR+3%
	Bank of Ceylon - Rs 68 Mn	5.73	28.65	36 monthly installments commencing from 13/04/2020		6.93%
	Bank of Ceylon - Rs 13 Mn	1.12	5.62	24 monthly installments commencing from 10/03/2020		6.93%
	Bank of Ceylon - Rs 75 Mn	20.66	27.56	36 monthly installments commencing from 30/04/2023		AWPLR + 3%
	Bank of Ceylon - Rs 68 Mn	34.09	47.48	60 Monthly installments of Rs. 312,500/- commencing from 30/07/2022		16%
	Bank of Ceylon - Rs 57 Mn	29.76	40.61	60 Monthly installments from 30/07/2022		18%
	Bank of Ceylon - Rs 200 Mn	200.00	-	84 monthly instalments commencing from 23/07/2025		AWPLR+2%
	Amana Bank - 180 Mn	180.00	180.00	Within 3 months Commencing from 11/03/2024		10.10%
	Bank of Ceylon - Rs 150 Mn	150.00	16.89	Within 2 months		AWPLR + 2.5%
	Bank of Ceylon - Rs 200 Mn	50.66	180.26	Within 4 months		AWPLR + 2.5%
	Amana Bank - 50 Mn	50.00		Within 4 months		11.08%
	Forebes and Walker Tea Brokers (Pvt) Ltd - 50 Mn		50.00			
		870.74	916.57			

	Company/ Lender	Balance as at 31.03.2025 Rs. Mn	Balance as at 31.03.2024 Rs. Mn	Terms of Repayment	Security Pledged	Rate of Interest
Waverly Power (Pvt) Ltd	Sampath Bank PLC					
	Sampath Bank PLC Loan 1	-	8.26	96 monthly installments commencing one month after the date of first disbursement.	a) Loan agreement for Rs. 25 Mn.	AWPLR+2%
					b) Primary mortgage bond for Rs. 25 Mn over entirety of shares issued by the company, supported by an irrevocable Power of Attorney.	
	Sampath Bank PLC Loan 2	29.76	46.08	96 monthly installments commencing one month after the date of first disbursement.	a) Loan agreement for Rs. 125 Mn.	AWPLR+2%
	Sampath Bank PLC Loan 3	0	8.26	12 monthly installments commencing from date of grant	a) Loan agreement for Rs. 4.2 Mn.	AWPLR+2%
		29.76	62.60			
		900.50	979.17			

26.4. Assets Pledged as Security Against Bank Overdrafts

Name of the Lender	Nature of the Facility	Facility Obtained Rs. Mn	Amount Outstanding as at end of the Year Rs. Mn	Security Pledged
Bank of Ceylon	Bank Overdraft	200Mn	201.12	A primary mortgage over leasehold rights of Glenanore and Haputale Estates including machinery fixed each of these estates. Overdraft Agreement

There were no breaches during the financial year.

27. LEASE LIABILITIES

As at 31st March,	Note	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	COMPANY 2025 Rs. '000	COMPANY 2024 Rs. '000
Payable after One Year					
Lease Liabilities other than JEDB/SLSPC Estates	27.1	-	-	-	-
Net Liability to the Lessor JEDB/SLSPC Estates	27.2	119	122	-	-
		119	122	-	-
Payable within One Year					
Lease Liabilities other than JEDB/SLSPC Estates	27.1	-	-	-	-
Net Liability to the Lessor JEDB/SLSPC Estates	27.2	3	2		
		3	2	-	-

27.1. Net liability to the Lessor of JEDB/SLSPC Estate

For the Year Ended 31st March	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	COMPANY 2025 Rs. '000	COMPANY 2024 Rs. '000
Gross Liability	250	263	-	-
Payments during the year	-	-	-	-
Finance charges allocated to future periods	(128)	(139)	-	-
	122	124	-	-

Net liability to lessor of JEDB/SLSCP Estates represents the Net Present Value of annual rental over the lease period discounted at a nominal discount rate of 8.16% per annum. Nominal discount rate consists of a real discount rate of 4.16% per annum and projected inflation 4% per annum.

27.2. Below note shows the contractual undiscounted future cash flows of lease liabilities

For the Year Ended 31st March	GROUP 2025 Rs. '000
Less than one year	13
One to five years	63
More than 5 years	187
Total undiscounted lease liabilities as at 31st March	263

28. DEFERRED INCOME

As at 31st March	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000
Cost		
Balance at the Beginning of the Year	342,849	342,849
Additions during the year	-	-
Balance at the End of the Year	342,849	342,849
Amortisation		
Balance at the Beginning of the Year	168,699	159,245
Amortisation for the Year	9,455	9,454
Balance at the End of the Year	178,154	168,699
Net Carrying Value at the End of the Year	164,695	174,150

28.1. Agarapatana Plantations PLC

The Agarapatana Plantations PLC., has received funding from the Plantation Housing and Social Welfare Trust, Asian Development Bank, Plantation Reform Project and Ministry of Livestock Development for the development of worker welfare facilities such as re-roofing of line rooms, latrines, water supply and sanitation etc. The funds received from Sri Lanka Tea Board are utilised for Tea Replanting. The amounts spent are included under the relevant classification of Property, Plant and Equipment and the Grant Component is reflected under Deferred Income.

29. DEFERRED TAX LIABILITIES/ ASSETS

As at 31st March	Note	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	COMPANY 2025 Rs. '000	COMPANY 2024 Rs. '000
Balance at the Beginning of the Year		787,006	638,032	4,635	4,635
Charged / (Reversal) to the Income Statements	29.1	302,387	285,551	-	-
Charged / (Reversed) to the Other Comprehensive Income	29.2	(196,483)	(136,577)	630	-
Balance at the End of the Year		892,910	787,006	5,265	4,635

The Deferred Tax Liability is arrived at by applying the effective Income Tax rate of 30% for the Group applicable for the year of assessment 2024/25 to the temporary difference as at 31st March 2025. (2023/24; 30%)

29.1. Amount Charged / (Reversed) to the Income Statement

	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	COMPANY 2025 Rs. '000	COMPANY 2024 Rs. '000
Due to change in the effective tax rate	-	-	-	-
Due to change in the temporary difference	302,387	285,551	-	-
	302,387	285,551	-	-

29.2. Amount Charged / (Reversed) to the Other Comprehensive Income

	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	COMPANY 2025 Rs. '000	COMPANY 2024 Rs. '000
Due to change in the temporary difference	(196,483)	(136,577)	630	-
	(196,483)	(136,577)	630	-

29.3. Group

The Group recognized deferred tax liabilities attributable to below temporary differences.

	2025		2024	
	(Taxable)/ Deductible Temporary Difference Rs. '000	Tax Effect Rs. '000	(Taxable)/ Deductible Temporary Difference Rs. '000	Tax Effect Rs. '000
Property, Plant and Equipment	(988,367)	(296,510)	(999,962)	(299,989)
Revaluation Reserve	(31,051)	(9,315)	(15,450)	(4,635)
Reserve for Financial Assets at fair value though OCI	(6,423)	(1,927)		
Right of Use Assets	(131,188)	(39,357)	(142,682)	(42,804)
Biological Assets	(4,194,531)	(1,258,359)	(4,061,138)	(1,218,341)
Retirement Benefit Obligation	2,209,860	662,958	1,791,113	537,334
Lease Liability	121	36	124	37
Accumulated Tax Losses	140,989	42,297	790,976	237,293
Provision for Bad Debts	24,219	7,266	13,665	4,099
	(2,976,369)	(892,910)	(2,623,354)	(787,006)

Identified Rs. 15,083/- as Unrecognized Tax losses.

29.4. Company

The recognized deferred tax liability of the company is attributable to the following temporary difference.

	2025		2024	
	Taxable Temporary Difference Rs. '000	Tax Effect Rs. '000	Taxable Temporary Difference Rs. '000	Tax Effect Rs. '000
Revaluation Reserve	(17,550)	(5,265)	(15,450)	(4,635)
	(17,550)	(5,265)	(15,450)	(4,635)

The company has not recognized deferred tax assets attributable to the following tax losses, since it is not probable that future taxable profits will be available against which these tax losses can be claimed.

	2025		2024	
	Deductible Temporary Difference Rs. '000	Tax Effect Rs. '000	Deductible Temporary Difference Rs. '000	Tax Effect Rs. '000
Company				
Accumulated Tax Losses	278,118	83,435	366,183	109,855
	278,118	83,435	366,183	109,855

The Group has not recognized deffered tax assets attributable to the following tax losses, since it is not probable that future taxable profits will be available against which these tax losses can be claimed

	2025		2024	
	Deductible Temporary Difference Rs. '000	Tax Effect Rs. '000	Deductible Temporary Difference Rs. '000	Tax Effect Rs. '000
Group				
Accumulated Tax Losses	278,118	83,435	600,500	180,015
	278,118	83,435	600,500	180,015

30. RETIREMENT BENEFIT OBLIGATIONS

	GROUP		COMPANY	
As at 31st March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Movement in Present Value of Funded Obligations				
Balance at the Beginning of the Year	1,791,113	1,198,673	-	-
Current Service Cost	114,016	58,548	-	-
Interest Cost	214,933	221,755	-	-
Benefits Paid	(573,668)	(143,120)	-	-
Actuarial (Gains)/Loss	663,465	455,257	-	
Present value of Defined Benefit Obligations	2,209,860	1,791,113	-	-

30.1. Agarapatana Plantations PLC

The retirement benefit obligation for all workers and staff is on an actuarial basis, using the projected unit credit (PUC) method as recommended by LKAS 19. The full actuarial valuation was carried out by a professionally qualified actuary firm Messrs Actuarial & Management Consultants (Pvt) Ltd as at 31st March 2025. Assumptions used for the actuarial valuation are given as below.

	2025	2024
Discount Rate	11.0%	12%
Rate of Salary Increment - Worker's	10%	10%
	Per Annum	Per Annum
Rate of Salary Increment - Staff	25%+5%	25%+5%
	Once in 3 years	Once in 3 years
Staff Turnover Rate		10%
Retirement age - Workers and Staff	60	60
Daily Wage Rate	Rs. 1,350/-	Rs.1,000/-

A long term treasury bond rate of 11% p.a (2024 : 12%) has been used to discount future liabilities taking in to consideration remaining working life of eligible employees.

Sensitivity Analysis

Value appearing in the Financial Statement are very sensitive to the changes of financial assumptions used. A sensitivity was carried out as follows:

A one percentage point change in the discount rate	1%	0%	-1%
As at 31st March 2025	(171,120)	2,209,860	195,684

A one percentage point change in the salary increment rate.	1%	0%	-1%
As at 31st March 2025	201,881	2,209,860	(179,441)

The weighted average duration of the Defined Benefit Plan obligation at the end of the reporting period is 7.7 years and 9.2 years for staff and workers respectively.

30.2. Expenses Recognised in the Income Statement

	GROUP		COMPANY	
As at 31st March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Current Service Cost	114,016	58,548	-	-
Interest on Obligation	214,934	221,755	-	-
Provision for the Year	328,950	280,303	-	-

According to the valuation done based on the full actuarial valuation carried out by a professionally qualified actuary firm M/s. Actuarial and Management Consultants (Pvt) Ltd as at 31st March 2025, the liability is Rs.2,209,860,468/-. If the company had provided for gratuity for all employees on the basis of 14 days wages for workers and a half month salary for staff for each completed year of service for the year ended 31st March 2025, the liability would have been Rs.2,238,943,470/- (2024 - Rs.1,968,671,768/-). Hence, there is a contingent liability of Rs.29,083,003/- which would crystallize only if the Company ceases to be a going concern.

Wavely Power (Pvt) Ltd, receives all staff and labour from Agarapathana Plantations PLC. Therefore, retirement benefit liabilities are not taken into consideration by Waverly Power (Pvt) Ltd in their financial statements.

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

	GROUP	
As at 31st March	2025 Rs. '000	2024 Rs. '000
Within Next 12 Months	199,081	216,543
Between 2 and 5 Years	649,800	550,309
Beyond 5 Years	1,360,979	1,024,261
	2,209,860	1,791,113

31. TRADE & OTHER PAYABLES

As at 31st March,	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	COMPANY 2025 Rs. '000	COMPANY 2024 Rs. '000
Trade Payables	122,969	87,108	-	3,454
Other Creditors	705,640	502,797	19,194	14,942
Broker Advances	74,998	317,386	-	-
Payable to Employees	251,831	180,098	-	-
ESC Payable	-	-	-	-
EPF / ETF Payable	89,475	97,527	-	-
Dividends Payable	18,993	-	-	-
	1,263,906	1,184,916	19,194	18,396

32. RELATED PARTY TRANSACTIONS

32.1. Amounts Due From Related Parties

32.1.1. Amounts due from Related Parties-Non Trade

As at 31st March,	Note	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	COMPANY 2025 Rs. '000	COMPANY 2024 Rs. '000
Rubber & Allied Products (Colombo) Ltd		118,979	124,174	-	-
Kotagala Plantations PLC		89,068	-	-	-
Sherwood Holidays Ltd		172	147	-	-
Lankem Ceylon PLC		48,052	48,052	-	-
Consolidated Tea Plantations Ltd		107,916	219,738	-	5,480
Union Commodities (Pvt) Ltd		-	20,537	-	-
Lankem Tea and Rubber Plantations (Pvt) Ltd		-	27,782	-	-
ACME Printing & Packaging PLC		10,706			
Lankem Minerals Limited		136,114			
The Colombo Fort Land & Building PLC		6,000			
Total Amounts due from Related Parties		517,007	440,430	-	5,480
Less: Provision for Impairment	32.1.2	-	(101)	-	(101)
		517,007	440,329	-	5,379

32.1.2. Provision for Impairment - Amount due from Related Parties - Non-Trade

	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	COMPANY 2025 Rs. '000	COMPANY 2024 Rs. '000
Balance at the Beginning of the year	101	309	101	309
(Reversal)/Provision for the Year	(101)	(208)	(101)	(208)
Balance at the End of the Year	-	101	-	101

32.2. Loans due to Related Parties

As at 31 st March	Note	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	COMPANY 2025 Rs. '000	COMPANY 2024 Rs. '000
Non Current					
		-	-	-	-
Current					
Lankem Tea & Rubber Plantations (Pvt) Ltd.	32.2.1	-	82,796	-	82,796
Consolidated Tea Plantations Ltd	32.2.2	107,410	-	107,410	-
Colombo Fort Land & Buildings PLC	32.2.3	66,930	66,930	66,930	66,930
Lankem Ceylon PLC	32.2.4	141,465	139,197	141,465	139,197
Agarapatana Plantations Ltd	32.2.5	-	-	-	128,500
Union Commodities (Pvt) Ltd	32.2.6	-	53,332	-	53,332
		315,805	342,255	315,805	470,755

32.2.1. During the year, Lankem Developments PLC transferred its outstanding balances with related parties from Lankem Tea and Rubber Plantations to its parent entity, Consolidated tea plantation Limited. This transfer was part of the Group's internal restructuring to centralize related party balances and streamline inter-company settlements.

32.2.2. As the part of Group debt restructuring process total outstanding balance amounting to Rs. 134Mn. as of 31st October 2024 (Lankem Tea & Rubber Ltd Rs. 127 Mn and 6.8 Mn and Waverly Power Pvt Ltd Rs. 6.8 Mn) absorbed by Consolidated Tea Plantations Ltd as a loan given to Lankem Developments PLC at an interest rate of AWPLR + 2%.

32.2.3. As previously disclosed in the prior year, an arrangement was reached between Lankem Developments PLC and its subsidiary Agrapatana Plantations PLC regarding Rs. 66.93 million of debt owed by Agrapatana Plantations PLC to The Colombo Fort Land & Building PLC. This debt was restructured under Lankem Developments PLC at an interest rate of AWPLR + 2% per annum, with the interest rate subject to fluctuations at the discretion of the lender.

This arrangement remains in effect as at 31 March 2025, with no significant changes to the terms or conditions.

32.2.4. During the year under review, the Company maintained a loan facility obtained from Lankem Ceylon PLC (LCPLC) in October 2022 amounting to Rs. 184 million, carrying an interest rate of AWPLR + 2%. A repayment of Rs. 45 million was made during the financial year 2023/24.

As part of the ongoing restructuring of Union Commodities (UNICOM), a payable balance of Rs. 11 million due to UNICOM was transferred to LCPLC, thereby converting it into a loan payable to LCPLC. Of this amount, Rs. 9 million was settled within the same financial year.

32.2.5. Loan due to Agarapatana Plantations PLC settled in full during the financial year.

32.2.6. Union Commodities Pvt Ltd total balance due settled in full during the financial year.

32.3. Amounts Due To Related Parties

As at 31st March	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	COMPANY 2025 Rs. '000	COMPANY 2024 Rs. '000
Lankem Ceylon PLC	76,581	64,899	76,581	60,574
E.B. Creasy & Co. PLC	16,698	16,698	-	-
The Colombo Fort Land & Building Company PLC	73,886	66,341	73,886	66,341
Lankem Tea & Rubber Plantations (Pvt) Ltd	2,673	39,261	-	39,261
Waverly Power Pvt Ltd	-	-	-	6,873
Creasy Plantation Management Ltd	4,587	4,598	-	-
Kotagala Plantations PLC	-	4,460	-	-
Agarapatana plantations PLC	-	-	23,567	32,749
Union Commodities (Pvt) Ltd	-	5,928	-	5,928
Sigiriya Village Hotels PLC	-	-	-	-
Colombo Fort Group services (Pvt) Ltd	556	455	-	-
Consolidated Tea Plantations Ltd	4,834	-	4,834	-
	179,815	202,640	178,868	211,726

32.4. Related Party Transactions

32.4.1. Parent and Ultimate Controlling Party

The Company's parent undertaking is Consolidated Tea Plantations Ltd. while the ultimate parent undertaking and controlling party is The Colombo Fort Land & Building PLC.

Except for the following transactions, there were no non-recurrent related party transactions entered into by the Company during the financial year, the value of which exceeded 10% of shareholders equity or 5% of the total assets of the group or recurrent related party transactions the value of which exceeded 10% of gross revenue of the group during the year ended 31st March 2025.

Name of the Related Party	Related Party Relationship	Value of the Related Party transactions entered into during the financial year (Rs)	Value of the related party transactions as a % of Equity and as a % of Total Assets	Terms and Conditions	The rational for entering into the transaction
Consolidated Tea Plantationns Ltd	Immediate Parent	134,091,984	4.5% of equity and 1.4% of total assets	At Interest Rate of AWPLR + 2%	To Facilitate the restructuring.

32.4.2. Related Party Transactions

The Company has a related party relationships with its related Group Companies. The following transactions were carried out with related parties during the year ended 31st March, 2025 and 2024.

32.4.3. The Company's Transaction with its Related Companies

Name of Related Party	Name of Directors	Nature of the Transaction	2025 Amount Rs. '000	2024 Amount Rs. '000
Lankem Ceylon PLC	Mr. S. D. R Arudpragasam	Inter-company Settlements	9,000	45,000
- Common Control	Mr. Anushman Rajaratnam	Commission on Corporate Guarantee		(651)
	Mr. P.M.A. Sirimane (Resigned w.e.f. 31.12.2024)	Loan Taken During the year	(11,268)	-
	Mr. K.G. Punchihewa (Appointed w.e.f. 31.12.2024)	Interest Expense	(16,006)	(32,152)
	Mr. S.B. Perera (Appointed w.e.f. 31.12.2024)			
Colombo Fort Hotels Ltd	Mr. S. D. R Arudpragasam	Interest Income	-	-
- Common Control	Mr. Anushman Rajaratnam	Inter-company Settlements	-	-
		Investment in Shares	-	-
Agarapatana Plantations PLC	Mr. S. D. R Arudpragasam	Advances	(6,446)	(11,864)
- Subsidiary	Mr. Anushman Rajaratnam	Commission on Corporate Guarantee	-	-
	Mr. C.P.R. Perera (Resigned w.e.f. 31.12.2024)	Loan Taken During the year	(79,638)	(100,000)
	Mr. S. S. Poholiyadde	Interest Expense	(15,277)	(17,628)
	Mr. P.M.A. Sirimane (Resigned w.e.f. 31.12.2024)	Sale of Shares	-	-
	Mr. M. Kowdu K. Mohideen	Inter-company Settlements	239,045	-
	Mr. A.M.de.S. Jayaratne (Resigned w.e.f. 31.12.2024) (Deceased - 10.07.2025)			
	Mr. K.G. Punchihewa (Appointed w.e.f. 01.11.2024)			
	Mr. S.B. Perera (Appointed w.e.f. 31.12.2024)			
Lankem Tea & Rubber Plantations (Pvt) Ltd	Mr. S.D.R Arudpragasam	Interest Expense	(5,162)	(13,977)
- Common Control	Mr. Anushman Rajaratnam	Inter-company Settlements	127,220	
	Mr. C.P.R. Perera			
	Mr. A.M. de. S. Jayaratne (Deceased - 10.07.2025)			
	Mr. S. S. Poholiyadde			
	Mr. P.M.A. Sirimane			
	Mr. M. Kowdu K. Mohideen			
Waverly Power (Pvt) Ltd	Mr. S. D. R Arudpragasam	Interest Expense		-
- Subsidiary	Mr. Anushman Rajaratnam	Inter-company Settlements	6,872	
	Mr. C.P.R. Perera			
	Mr. S. S. Poholiyadde			
	Mr. P.M.A. Sirimane			
	Mr. M. Kowdu K. Mohideen			
	Mr. A.M. de. S. Jayaratne (Deceased - 10.07.2025)			

Name of Related Party	Name of Directors	Nature of the Transaction	2025 Amount Rs. '000	2024 Amount Rs. '000
Consolidated Tea Plantations Limited	Mr. S. D. R Arudpragasam	Interest Expense	(4,632)	-
- Parent Company	Mr. Anushman Rajaratnam	Inter-company Settlements	5,480	-
	Mr. C.P.R. Perera	Inter-company Debt Transfer	(134,092)	
	Mr. S. S. Poholiyadde	Settlement	21,000	
	Mr. P.M.A. Sirimane			
	Mr. M. Kowdu K. Mohideen			
	Mr. A.M. de. S. Jayaratne (Deceased - 10.07.2025)			
	Mr. K.G. Punchihewa (Appointed w.e.f. 03.02.2025)			
	Mr. S.B. Perera (Appointed w.e.f. 03.02.2025)			
Union Commodities (Pvt) Ltd	Mr. S. D. R Arudpragasam	Interest Expense	(1,646)	(12,601)
- Common Control	Mr. Anushman Rajaratnam	Inter-company Settlements	60,906	60,000
	Mr. S. S. Poholiyadde			
	Mr. P.M.A. Sirimane			
	Mr. M. Kowdu K. Mohideen			
	Mr. A.M. de. S. Jayaratne (Deceased - 10.07.2025)			
Colombo Fort Land & Building PLC	Mr. S. D. R. Arudpragasam	Interest Expense	(7,545)	(12,381)
- Ultimate Parent	Mr. Anushman Rajaratnam			
	Mr. C. P. R. Perera			
	Mr. P.M.A. Sirimane			
	Mr. A.M. de. S. Jayaratne (Deceased - 10.07.2025)			
	Mr. K.G. Punchihewa (Appointed w.e.f. 20.02.2025)			
	Mr. S.B. Perera (Appointed w.e.f. 20.02.2025)			

32.4.4. Waverly Power (Pvt) Ltd

Lankem Ceylon PLC	Mr. S. D. R. Arudpragasam	Reimbursement of Expenses	-	-
- Common Control	Mr. Anushman Rajaratnam			
	Mr. P.M. A. Sirimane (Resigned w.e.f. 31.12.2024)			
Colombo Fort Group Services (Pvt) Ltd	Mr. S. D. R. Arudpragasam	Reimbursement of Expenses	(69)	(79)
- Common Control	Mr. Anushman Rajaratnam	Inter Company Settlements		-
	Mr. P.M.A. Sirimane	Transfer from other payables		-
Colombo Fort Hotels Ltd	Mr. S. D. R. Arudpragasam	Interest Receivable		-
- Common Control	Mr. Anushman Rajaratnam	Transfer of Shares		-
	Mr. S. Rajaratnam			
	Mr. Amrit Rajaratnam			

32.4.5. Agarapatana Plantations PLC

	Name of Related Party	Name of Directors	Nature of the transaction	2025 Amount Rs. '000	2024 Amount Rs. '000
1.	Lankem Tea & Rubber Plantations (Pvt) Ltd	Mr.S.D.R.Arudpragasam	Settlements	17,545	33,325
	- Common Control	Mr. C.P.R. Perera	Advances given	-	27,782
		Mr. S.S. Poholiyadde	Professional Consultancy Fee Charged	(48,000)	(48,000)
		Mr. Anushman Rajaratnam			
		Mr. D.R. Madena			
		Mr. M. Kowdu K. Mohideen			
		Mr. P.M.A. Sirimane			
		Mr. A.M. de. S. Jayaratne (Deceased - 10.07.2025)			
		Mr. G.K.B. Dasanayaka (Appointed w.e.f. 01.12.2024)			
2.	Lankem Ceylon (Pvt) Ltd	Mr. S. D. R. Arudpragasam	Interest charge on bank guarantee	-	(2,752)
	- Common Control	Mr. Anushman Rajaratnam	Share of group expenses reimbursed	(30,000)	(36,400)
		Mr. P.M.A. Sirimane (Resigned w.e.f. 31.12.2024)	Acquisition of Shares	-	-
		Mr. G.K.B. Dasanayaka (Resigned w.e.f. 31.12.2024)	Settlements	34,325	36,400
		Mr. K.G. Punchihewa (Appointed w.ef. 31.12.2024)			
		Mr. S.B. Perera (Appointed w.e.f. 31.12.2024)			
3.	Sigiriya Village Hotels PLC	Mr. S. D. R Arudpragasam	Settlements	-	-
	- Common Control	Mr. C.P.R. Perera (Resigned w.e.f. 31.12.2024)			
		Mr. Anushman Rajaratnam			
		Mr. S.B. Perera (Appointed w.e.f. 31.12.2024)			
4.	Kotagala Plantations PLC	Mr. S.D.R.Arudpragasam	Transfer of inter company balances	6,692	-
	- Affiliated Company	Mr. C.P.R. Perera (Resigned w.e.f. 31.12.2024)	Settlements	-	(173,191)
		Mr. S.S. Poholiyadde	Advance given	76,777	161,000
		Mr. Anushman Rajaratnam	Advance received	-	-
		Mr. A.M. de. S. Jayaratne (Resigned w.e.f. 31.12.2024) (Deceased - 10.07.2025)	Interest Charged	9,886	16,038
		Mr. P.M.A. Sirimane (Resigned w.e.f. 31.12.2024)			
		Mr. G.K.B. Dasanayaka (Resigned w.e.f. 31.12.2024)			
		Mr. M. Kowdu K. Mohideen			
		Mr. K.G. Punchihewa (Appointed w.e.f. 01.11.2024)			
		Mr. S.B. Perera (Appointed w.e.f. 31.12.2024)			

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	Name of Related Party	Name of Directors	Nature of the transaction	2025 Amount Rs. '000	2024 Amount Rs. '000
5.	The Colombo Fort Land & Building PLC	Mr.S.D.R.Arudpragasam	Building Rent Charged	(10,886)	-
	- Ultimate Parent	Mr. Anushman Rajaratnam	Advances Given	6,000	-
		Mr. P.M.A. Sirimane	Settlements	10,886	
		Mr. A.M. de. S. Jayaratne (Deceased - 10.07.2025)			
		Mr. C.P.R. Perera			
		Mr. K.G. Punchihewa (Appointed w.e.f. 20.02.2025)			
		Mr. S.B. Perera (Appointed w.e.f. 20.02.2025)			
6.	Creasy Plantation Management Ltd	Mr.S.D.R.Arudpragasam	Settlements	11	15
	- Common Control				
7.	Sherwood Holidays Ltd	Mr.S.D.R.Arudpragasam	Rent and bungalow upkeep expenses	2,761	2,399
	- Common Control		Settlements	(2,735)	(2,346)
			Transfer of inter company balances	-	-
10.	Union Commodities (Pvt) Ltd	Mr.S.D.R.Arudpragasam	Interest charged	1,409	3,459
	- Common Control	Mr. Anushman Rajaratnam	Advances given	21,000	-
		Mr. P.M.A. Sirimane	Transfer of inter company balances	(42,947)	-
		Mr. A.M. de. S. Jayaratne (Deceased - 10.07.2025)			
		Mr. S.S.Poholiyadde			
		Mr. M. Kowdu K. Mohideen			
11.	Colombo Fort Group Services (Pvt) Ltd	Mr.S.D.R.Arudpragasam	IT/HR support service expenses	(6,198)	(4,272)
	- Common Control	Mr. Anushman Rajaratnam	Settlement	6,166	3,562
		Mr. P.M.A. Sirimane	Advances given	-	-
12.	Ceylon Tea Brokers PLC	Mr.C.P.R. Perera	Broker advances received		(417,336)
	- Common Director		Broker advances recovered		402,216
			Sale of tea		632,298
			Sales proceeds received		(618,374)
13.	E B Creasy & Co. PLC	Mr.S.D.R.Arudpragasam	Share of group expenses reimbursed	(30,000)	(30,000)
	- Common Control	Mr. P.M.A. Sirimane (Resigned w.e.f. 31.12.2024)	Settlements	30,000	30,000
		Mr. A.M. de. S. Jayaratne (Resigned w.e.f. 31.12.2024) (Deceased - 10.07.2025)			
		Mr. K.G. Punchihewa (Appointed w.e.f. 01.01.2025)			
		Mr. S.B. Perera (Appointed w.e.f. 01.01.2025)			

	Name of Related Party	Name of Directors	Nature of the transaction	2025 Amount Rs. '000	2024 Amount Rs. '000
14.	Darley Butler & Co. Ltd	Mr.S.D.R.Arudpragasam	Settlements	-	-
	- Common Control	Mr. P.M.A. Sirimane			
		Mr. A.M. de. S. Jayaratne (Deceased - 10.07.2025)			
15.	Consolidated Tea Plantations Ltd	Mr.S.D.R.Arudpragasam	Interest charged	14,027	10,365
	- Immediate Parent	Mr.C.P.R. Perera	Advances given	1,621	293,441
		Mr. Anushman Rajaratnam	Settlements	(128,862)	(96,000)
		Mr. S.S.Poholiyadde			
		Mr. P.M.A. Sirimane			
		Mr. A.M. de. S. Jayaratne (Deceased - 10.07.2025)			
		Mr. M. Kowdu K. Mohideen			
		Mr. K.G. Punchihewa (Appointed w.e.f. 03.02.2025)			
		Mr. S.B. Perera (Appointed w.e.f. 03.02.2025)			
16.	Rubber & Allied Products (Colombo) Ltd	Mr.S.D.R.Arudpragasam	Advances given	-	125,000
	- Common Control	Mr.C.P.R. Perera	Settlements	(21,675)	(13,325)
		Mr. Anushman Rajaratnam	Interest charged	16,480	12,499
		Mr. S.S.Poholiyadde			
		Mr. P.M.A. Sirimane			
		Mr. A.M. de. S. Jayaratne (Deceased - 10.07.2025)			
		Mr. M. Kowdu K. Mohideen			
17.	ACME Printing & Packaging PLC	Mr.S.D.R.Arudpragasam	Advances given	20,000	
	- Affiliated Company	Mr. Anushman Rajaratnam	Settlements	(11,480)	
		Mr. G.K.B. Dasanayaka (Resigned w.e.f. 31.12.2024)	Interest charged	2,186	
		Mr. P.M.A. Sirimane (Resigned w.e.f. 31.03.2025)			
		Mr. K.G. Punchihewa (Appointed w.e.f. 03.02.2025)			
18.	Lankem Minerals Limited	Mr.S.D.R.Arudpragasam	Advances given	125,000	
	- Affiliated Company	Mr. Anushman Rajaratnam	Interest charged	11,114	
		Mr. G.K.B. Dasanayaka			
		Mr. P.M.A. Sirimane			

32.5. Terms and Conditions of Transactions with Related Parties

Transactions with related parties are carried out in the ordinary course of the business at commercial rates. Outstanding balances at year end clarified an amounts due to/from related parties are unsecured and no interest was charged during the year. Interest on balances transferred to loans from/to related parties are charged at the market rate.

32.6. Transactions with Key Management Personnel

According to Sri Lanka Accounting Standard 24 - Related Party Disclosures, Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, Key Management Personnel include the members of the Board of Directors of Lankem Developments PLC and its subsidiary companies.

32.6.1. Loans to Key Management Personnel

No loans have been given to Key Management Personnel during the year.

32.6.2. Key Management Personnel Compensation

Details of compensation for Executive and Non - Executive Directors are disclosed below.

	GROUP		COMPANY	
As at 31 st March	2025 Rs. ‘000	2024 Rs. ‘000	2025 Rs. ‘000	2024 Rs. ‘000
Short - Term Employee Benefits	36,240	36,342	-	-

32.6.3. Transactions with Close Family Members

There were no transactions with close family member during the year.

33. CAPITAL AND FINANCIAL COMMITMENTS.

33.1. Company

The Company had no material capital or financial commitments as at the reporting date.

33.2. Group

33.2.1. Agarapatana Plantations PLC

The following are the capital commitments approved as at the reporting date.

	2025 Rs. Mn	2024 Rs. Mn
Field Development	74.1	125.1
Machinery & Factory Development	412.3	307.1

34. CONTINGENT LIABILITIES

34.1. Company

There are no material contingent liabilities outstanding as at the reporting date which require adjustments/disclosure in the Financial Statements.

34.2. Group

There are no material contingent liabilities outstanding as at the reporting date which require adjustments / disclosure in the Financial Statements.

35. GOING CONCERN

The Company has earned a net profit of Rs. 303 Mn/- during the year ended 31 March 2025 (31st March 2024 – Loss Rs. 101 Mn/- and as at that date the Company's accumulated profit amounted to Rs. 188 Mn/- (31st March 2024 – accumulated loss Rs. 115Mn)/- and current liabilities exceeded its current assets by Rs. 392 Mn/- (31st March 2024 - Rs. 699Mn)/- for the year ended 31 March 2025. Included in current liabilities are amounts payable to related parties amounting to Rs. 494Mn (2024: Rs. 682Mn).

Notwithstanding the existence of material uncertainties at the reporting date, the Board of Directors has assessed the Company's ability to continue as a going concern and is of the view that the preparation of the financial statements on a going concern basis is appropriate. This assessment is supported by subsequent events, including the successful issuance of ordinary shares amounting to 40 million and the raising of LKR 600 million in additional funding. These funds have been utilized mostly to settle the Company's current liabilities and improve its overall liquidity position.

Further, the Board of Directors of the Company does not have any intention to liquidate the company and its subsidiary or to cease the operations in the near future.

36. EVENTS OCCURRING AFTER THE REPORTING DATE

There were no material events occurring after the Reporting Date that require adjustments to or disclosure in the Financial Statements except Rights Issue details given in the Share Information (Page No 106).

RIGHTS ISSUE

The company made a Right Issue of forty million (40,000,000) ordinary shares at a price of Rs.15/- per share to the holders of the issued ordinary shares of the company as at end of trading on 18th March 2025 in the proportion of one (01) new ordinary share for every three (03) existing issued ordinary shares held in the capital of the company. The issue closed on 10th April 2025. The issue was fully subscribed and the consideration received was Rs.600,000,000/-.

The purpose of the Rights Issue was to raise funds to settle Related Party dues, further investment in subsidiary Company, Agarapatana Plantations PLC and for future working capital requirements.

The details on the utilization of proceeds are set out under share information in page 107 of this report. Due disclosure on the utilization of proceeds has been made to the Colombo Stock Exchange (CSE) in the published Interim Financial Statements. Consequent to the Right Issue of shares the Company's Stated Capital amounted to Rs.2,158,005,620/- represented by 160,000,000 Ordinary Shares.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

Financial Risk Management - Overview

The Group has exposure to the following risk arising from financial instruments:

- Credit risk
- Market Risk
- Liquidity Risk

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

Risk Management Framework

The Company's Board of Directors has overall responsibility of the establishment and oversight of the Group's risk management Framework. They are responsible for the developing and monitoring the Group's risk management policies and reports regularly to the Board of Directors on its activities.

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

The Audit Committee of Lankem Developments PLC, Oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

37.1. Credit risk

Credit risk is the risk of financial loss to the Group, if a customer or counter-party to a financial instrument fails to meet its contractual obligation, and arises principally from the Group's receivables from customers, amounts due from related companies placements with banking institutions.

Exposure to credit risk

The gross carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

		GROUP		COMPANY	
As at 31st March		2025	2024	2025	2024
	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Amount due from Related Companies	32.1.1	517,007	440,430	-	5,480
Trade and Other Receivables	20	287,444	369,733	-	223
Cash and Cash Equivalents	22	863,633	819,261	122,334	17
		1,668,084	1,629,424	122,334	5,720

37.2. Impairment Losses of Trade and Other Receivable

Group	Gross	Impairment	Gross	Impairment
As at 31st March	2025	2025	2024	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Past due 0 - 365 days	263,002	-	351,986	
More than one year	24,442	24,442	17,747	17,747
	287,444	24,442	369,733	17,747

Company	Gross	Impairment	Gross	Impairment
As at 31st March	2025	2025	2024	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Past due 0 - 365 days	-	-	-	-
More than one year	223	223	223	223
	223	223	223	223

The movements in the allowance for impairment in respect of trade and receivable, amount due to related parties and loan from related parties are disclosed in the respective notes of the Financial Statements.

Based on historic default rates, the Company believe that, apart from the above, no impairment allowance is necessary in respect of amount due from related companies.

37.3. Liquidity Risk

The following are the contractual maturities of financial liabilities, Excluding estimated interest payments.

As At 31st March	2025				2024			
	Carrying Amount Rs'000	Contractual Cash Flows Rs'000	12 months or less Rs'000	1-5 Years Rs'000	Carrying Amount Rs'000	Contractual Cash Flows Rs'000	12 months or less Rs'000	1-5 Years Rs'000
Group								
Non-Derivative Financial Liabilities								
Interest Bearing Borrowings	900,498	900,498	654,626	245,872	979,169	979,169	716,295	262,874
Lease Liabilities	122	122	3	119	124	124	2	122
Trade and Other Payables	1,188,907	1,188,907	1,188,907	-	867,531	867,531	867,531	-
Loan due to Related Parties	315,805	315,805	315,805	-	342,255	342,255	342,255	-
Amounts due to Related Companies	179,815	179,815	179,815	-	202,640	202,640	202,640	-
Bank Overdraft	(322,559)	(322,559)	(322,559)	-	260,007	260,007	260,007	-
	2,262,588	2,262,588	2,016,596	245,991	2,651,726	2,651,726	2,388,730	262,996

As At 31st March	2025				2024			
	Carrying Amount Rs'000	Contractual Cash Flows Rs'000	12 months or less Rs'000	1-5 Years Rs'000	Carrying Amount Rs'000	Contractual Cash Flows Rs'000	12 months or less Rs'000	1-5 Years Rs'000
Company								
Non-Derivative Financial Liabilities								
Trade and Other Payables	19,193	19,193	19,193	-	18,396	18,396	18,396	-
Loan due to Related Parties	315,805	315,805	315,805	-	470,755	470,755	470,755	-
Amount due to Related Companies	178,868	178,868	178,868		211,726	211,726	211,726	-
Bank Overdraft	-	-	-	-	5,058	5,058	5,058	-
	513,866	513,866	513,866	-	705,935	705,935	705,935	

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

37.4. Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates affecting the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

37.4.1. Currency Risk

Foreign currency risk is that the fair value or future cash flows of a financial instrument fluctuating, due to change in foreign exchange rates.

Exposure to Currency Risk

At the reporting date the Group / Company has not been exposed to Currency Risk.

37.4.2. Interest Rate Risk

At the reporting date, the interest rate profit of the Company's interest bearing financial instruments was as follows;

	GROUP		COMPANY	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Fixed Rate Instruments				
Financial Assets	689,500	743,251	-	-
	689,500	743,251	-	-
Variable rate instruments				
Financial Assets	-	-	-	-
Financial Liabilities	1,538,862	1,581,431	315,805	475,813
	1,538,862	1,581,431	315,805	475,813

Sensitivity Analysis

The following table demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the profit before tax. A reasonably possible of +/- 0.1% is used, consistent with current trends in interest rates.

	+0.1% (10 Basis Points) Impact on Profit Rs. '000	-0.1% (10 Basis Points) Impact on Profit Rs. '000
31st March 2025		
Sensitivity to 100 bp - Effect	1,539	(1,539)
31st March 2024		
Sensitivity to 100 bp - Effect	1,581	(1,581)

37.5. Fair Value Hierarchy

The table below analyses Financial Instruments carried at fair value by valuation method. Fair value disclosures are given below:

The different levels have been defined as follows:

Level 1 : Quoted market price (unadjusted) in active markets 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 the 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 techniques includes inputs not based on observable date 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.

	GROUP			
	Level 1	Level 2	Level 3	Total
31st March 2025	Rs'000	Rs'000	Rs'000	Rs'000
Financial Assets Measured at Fair Value Thorough Other Comprehensive Income	4,810	-	54,507	59,317
	4,810	-	54,507	59,317

	GROUP			
	Level 1	Level 2	Level 3	Total
31st March 2024	Rs'000	Rs'000	Rs'000	Rs'000
Financial Assets Measured at Fair Value Thorough Other Comprehensive Income	1,820	4,742	41,100	47,662
	1,820	4,742	41,100	47,662

	COMPANY			
	Level 1	Level 2	Level 3	Total
31st March 2025	Rs'000	Rs'000	Rs'000	Rs'000
Financial Assets Measured at Fair Value Thorough Other Comprehensive Income	-	-	27,530	27,530
	-	-	27,530	27,530

	COMPANY			
	Level 1	Level 2	Level 3	Total
31st March 2024	Rs'000	Rs'000	Rs'000	Rs'000
Financial Assets Measured at Fair Value Thorough Other Comprehensive Income	-	4,742	20,546	25,288
	-	4,742	20,546	25,288

37.6. Accounting Classifications and Fair Value

The value of financial assets and liabilities, together with carrying amounts shown in the Financial Statements of financial position as follows:

As at 31.03.2025	Amortised Cost Rs'000	Financial Assets Measured at FVOCI Rs'000	Other Financial Liabilities Rs'000	Total Carrying Amount Rs'000	Fair Value Rs'000
Group					
Cash & Cash Equivalents	864,788	-	-	864,788	864,788
Trade & Other Receivables	271,951	-	-	-	-
Financial Assets Measured at FVOCI	-	59,317	-	59,317	59,317
Amounts due from Related Parties	517,007	-	-	517,007	517,007
	1,381,795	59,317	-	1,441,112	1,441,112
Trade & Other Payables	-	-	1,188,907	1,188,907	1,188,907
Interest Bearing Borrowings	-	-	900,498	900,498	900,498
Lease Liabilities			122		
Amounts due to Related Parties - Loan	-	-	315,805	315,805	315,805
Amount due to Related Parties	-	-	179,815	179,815	179,815
Bank Overdraft			322,559	322,559	322,559
	-	-	2,907,705	2,907,583	2,907,583

As at 31.03.2024	Amortised Cost Rs'000	Financial Assets Measured at FVOCI Rs'000	Other Financial Liabilities Rs'000	Total Carrying Amount Rs'000	Fair Value Rs'000
Group					
Cash & Cash Equivalents	822,067	-	-	822,067	822,067
Trade & Other Receivables	351,986	-	-	351,986	351,986
Financial Assets Measured at FVOCI	-	47,664	-	47,664	47,664
Amounts due from Related Parties	440,328	-	-	440,328	440,328
	1,614,381	47,664	-	1,662,045	1,662,045
Trade & Other Payables	-	-	867,531	867,531	867,531
Interest Bearing Borrowings	-	-	979,169	979,169	979,169
Lease Liabilities	-	-	124	124	124
Amounts due to Related Parties - Loan	-	-	342,255	342,255	342,255
Amount due to Related Parties	-	-	202,640	202,640	202,640
Bank Overdraft	-		260,007	260,007	260,007
	-	-	2,651,726	2,651,726	2,651,726

As at 31.03.2025	Amortised Cost Rs'000	Financial Assets Measured at FVOCI Rs'000	Other Financial Liabilities Rs'000	Total Carrying Amount Rs'000	Fair Value Rs'000
Company					
Cash & Cash Equivalents	122,334	-	-	122,334	122,334
Trade & Other Receivables	-	-	-	-	-
Financial Assets Measured at FVOCI	-	27,530	-	27,530	27,530
Amounts due from Related Parties	-	-	-	-	-
	122,334	27,530	-	149,864	149,864
Trade & other payables	-	-	19,194	19,194	19,194
Amounts due to Related Parties - Loan	-	-	315,805	315,805	315,805
Amounts due to Related Parties	-	-	178,868	178,868	178,868
Bank Overdraft	-	-	-	-	-
	-	-	513,867	513,867	513,867

As at 31.03.2024	Amortised Cost Rs'000	Financial Assets Measured at FVOCI Rs'000	Other Financial Liabilities Rs'000	Total Carrying Amount Rs'000	Fair Value Rs'000
Company					
Cash & Cash Equivalents	17	-	-	17	17
Trade & Other Receivables	-	-	-	-	-
Financial Assets Measured at FVOCI	-	25,288	-	25,288	25,288
Amounts due from Related Parties	5,379	-	-	5,379	5,379
	5,396	25,288	-	30,684	30,684
Trade & other payables	-	-	18,396	18,396	18,396
Amounts due to Related Parties - Loan	-	-	470,755	470,755	470,755
Amounts due to Related Parties	-	-	211,726	211,726	211,726
Bank Overdraft	-	-	5,058	5,058	5,058
	-	-	705,935	705,935	705,935

38. CAPITAL MANAGEMENT

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

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

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

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

	GROUP		COMPANY	
As at 31st March	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Total Liabilities	6,261,126	5,723,056	519,132	710,570
Less: Cash and cash equivalents	(864,788)	(822,067)	122,334	(17)
Net debts	5,396,338	4,900,989	641,466	710,553
Total Equity	1,732,455	1,622,405	1,766,728	1,455,077
Debt to Equity Ratio(Gearing Ratio)	3.11	3.02	0.36	0.49

39. NON-CONTROLLING INTERESTS

The following table summarizes the information relating to each of the group's subsidiaries that has a material NCI, before any intra-group eliminations:

	AGARAPATANA PLANTATIONS PLC	
	2025 Rs.'000	2024 Rs.'000
NCI percentage (%)	43.75%	43.75%
Total assets	8,726,824	8,532,761
Total liabilities	6,144,500	5,350,247
Net assets	3,073,465	3,449,085
Impact Due to Change in NCI	(323,642)	650,321
Carrying Amount of NCI	1,344,641	1,508,975
Revenue	7,285,917	7,214,937
Profit/(loss) after tax	801,459	465,024
Total comprehensive income	807,772	146,343
Total comprehensive income / (Expense) allocated to NCI	172,322	79,042
Cash flows from operating activities	1,084,052	377,909
Cash flows from investing activities	(402,585)	(269,386)
Cash flows from/(used in) financing activities, before dividend to NCI	(828,674)	599,810
Cash flows from/(used in) financing activities	(828,674)	599,810
Net increase in cash and cash equivalents	(147,207)	708,333

SHARE INFORMATION

TOP 20 SHAREHOLDERS

Position	Full Name Of Shareholder	31st March 2025		31st March 2024	
		No of Ord. Vot. Shares	Percentage	No of Ord. Vot. Shares	Percentage
1	CONSOLIDATED TEA PLANTATIONS LIMITED	57,088,502	47.57%	59,762,295	49.80%
2	SAMPATH BANK PLC/SENTHILVERL HOLDINGS (PVT) LTD	10,108,689	8.42%	-	-
3	SRI LANKA INSURANCE CORPORATION LTD-GENERAL FUND	4,074,999	3.40%	4,074,999	3.40%
4	UNION BANK OF COLOMBO PLC/LANKEM CEYLON PLC	2,480,626	2.07%	2,480,626	2.07%
5	ACUITY PARTNERS (PVT) LIMITED/UNION INVESTMENTS (PVT) LIMITED	2,400,000	2.00%	2,400,000	2.00%
6	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	2,324,991	1.94%	2,324,991	1.94%
7	ACUITY PARTNERS (PVT) LIMITED/COLOMBO FORT INVESTMENTS PLC	1,380,000	1.15%	1,380,000	1.15%
8	ACUITY PARTNERS (PVT) LIMITED/COLOMBO INVESTMENT TRUST PLC	1,194,600	1.00%	1,194,600	1.00%
9	HATTON NATIONAL BANK PLC/SRI DHAMAN RAJENDRAM ARUDPRAGASAM	1,000,000	0.83%	500,000	0.42%
10	MR. MOHAMED ISMAIL MOHAMED SHAFIE AND MRS. FATHIMA RAZANA SHAFIE	1,000,000	0.83%	800,000	0.67%
11	DEUTSCHE BANK AG-NATIONAL EQUITY FUND	856,737	0.71%	-	-
12	COLOMBO INVESTMENT TRUST PLC	738,640	0.62%	150,000	0.13%
13	PEOPLE S LEASING AND FINANCE PLC/NAGOYA CEYLON TRADING (PVT) LTD	700,000	0.58%	-	-
14	DIALOG FINANCE PLC/S.A.DE SILVA AND D.R.DE SILVA	689,962	0.57%	472,213	0.40%
15	SEYLAN BANK PLC/MOHAMED MUSHTAQ FUAD	638,958	0.53%	63,436	0.05%
16	COMMERCIAL BANK OF CEYLON PLC/G.S.N.PEIRIS	600,000	0.50%	954,801	0.80%
17	SEYLAN BANK PLC/PADMESH SAJJEEWA WEERASEKERA	500,000	0.42%	400,000	0.33%
18	SAMPATH BANK PLC/ANDARADENIYA ESTATE PRIVATE LIMITED	500,000	0.42%	-	-
19	MR. MOHAMED ZAREEN RASHEED	489,000	0.41%	38,370	0.03%
20	MERCHANT BANK OF SRI LANKA & FINANCE PLC/K.A.N.M. PERERA	425,000	0.35%	-	-
		89,190,704	74.32%	76,996,331	64.19%

MARKET VALUE

The market value of the Company's shares on 31st March 2025 was Rs. 17.70 (31st March 2024- Rs. 16.90)
Highest during the year was Rs. 24.10 and lowest during the year was Rs. 14.00

NET ASSET PER SHARE

GROUP

The net assets per share as at 31st March 2025 - Rs. 25.70
The net assets per share as at 31st March 2024 - Rs. 13.52

COMPANY

The net assets per share as at 31st March 2025 - Rs. 14.72
The net assets per share as at 31st March 2024- Rs. 12.13

PUBLIC HOLDING

The percentage of shares held by the public as at 31st March 2025 was 44.28%. (31st March 2024 - 41.86%)

The applicable option under Colombo Stock Exchange Rule 7.13.1(i)(a) on minimum Public Holding is option 5 and the Float Adjusted Market Capitalisation as at 31st March 2025 was Rs. 940,507,200/-

SHARE INFORMATION

PUBLIC SHAREHOLDERS

The number of Public Shareholders as at 31st March 2025 were 3,733 (2024 - 3,385)

ANALYSIS OF ORDINARY SHAREHOLDERS

	As At 31st March 2025			As At 31st March 2024		
	No. of Shareholders	%	Total Holdings	No. of Shareholders	%	Total Holdings
Individuals	3,516	25,604,052	21.34	3,204	24,296,232	20.25
Institutions	229	94,395,948	78.66	197	95,703,768	79.75
	3,745	120,000,000	100.00	3,401	120,000,000	100.00

DISTRIBUTION OF SHARES

	As at 31.03.2025			As at 31.03.2024		
No of Shares held	No of Shareholders	Total Holding	Holding %	No of Shareholders	Total Holding	Holding %
1 - 1,000	2,238	610,646	0.51	2,023	569,904	0.48
1,001 - 10,000	1,008	3,800,518	3.16	930	3,553,816	2.96
10,001 - 100,000	414	13,542,135	11.29	361	11,663,090	9.72
100,001 - 1,000,000	77	20,994,294	17.50	75	19,358,609	16.13
Over 1,000,000	8	81,052,407	67.54	12	84,854,581	70.71
	3,745	120,000,000	100.00	3,401	120,000,000	100.00

RIGHTS ISSUE OF SHARES

The Company made a Rights Issue of Forty Million (40,000,000) ordinary shares at a price of Rs. 15/- per share to the holders of the Issued Ordinary Shares of the Company as at end of trading on 18th March, 2025 in the proportion of one (01) new ordinary share for every three (03) existing issued ordinary shares held in the Capital of the Company. The issue closed on 10th April 2025. The issue was fully subscribed and the consideration received was Rs. 600,000,000/-

The purpose of the Rights Issue was to raise funds, to settle Related Party dues, further investment in subsidiary Company Agarapatana Plantations PLC and for future working capital requirements.

Subsequent to the Rights Issue of Shares the Company's Stated Capital amounts to Rs. 2,158,005,620/- represented by 160,000,000 Ordinary Shares.

The utilisation of proceeds as at 30th May 2025 is as follows.

Disclosure regarding status of utilization of Rights Issue proceeds as at 30-05-2025

Objective Number	Objective as per circular	Amount allocated as per circular in LKR	Proposed date of utilization as per circular	Amount allocated from proceeds in LKR (A)	% of total proceeds	Amount utilized in LKR (B)	% of proceeds utilized against allocation (B/A)	Clarification if not fully Utilized including where funds are invested (e.g. Whether lent to related party etc.)
01	Settlement of Related Parties dues	477,874,070/-	Immediately after conclusion and finalization of the Rights Issue	477,874,070/-	80%	477,874,070/-	100%	
02	Investment in the Purchase of shares in subsidiary Agarapatana Plantations PLC through CSE	116,875,000/-	Upon the conclusion of the Rights Issue within 60 days	116,875,000/-	19%	115,885,988/-	99%	Balance funds are invested in a Savings Account
03	Balance to be held for future working capital requirements	5,250,930/-	Within 30 days after finalizing the Rights Issue	5,250,930/-	1%	5,250,930/-	100%	

FIVE YEAR SUMMARY

For the Year ended 31st March	GROUP					COMPANY				
	2025	2024	2023	2022	2021	2025	2024	2023	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Trading Results										
Turnover	**7,285,917**	7,214,937	8,570,559	4,535,128	4,332,235	**359,685**		-		5,201
Profit / (Loss) before Taxation	**1,119,462**	695,566	2,303,377	68,031	166,194	**303,021**	(101,301)	767,057	99,925	40,233
Taxation	**(388,780)**	(294,395)	(622,149)	(33,516)	56,713			-		-
Profit / (Loss) after Taxation	**730,682**	401,171	1,681,228	34,515	222,907	**303,021**	(101,301)	767,057	99,925	40,233
Total Assets										
Property, Plant & Equipment and Biological assets	**5,442,354**	5,056,541	4,585,877	4,424,969	4,324,622	**24,500**	22,400	22,400	22,400	19,809
Intangible Assets	**629,064**	629,064	629,064	629,064	629,064			-		-
Investment in Subsidiaries			-		-	**2,111,496**	2,111,496	2,111,496	1,467,481	1,098,878
Other Long Term Investments	**190,505**	190,345	201,895	176,733	229,034	**27,530**	25,289	24,351	3,980	3,918
Current Assets	**3,083,339**	2,972,512	1,958,462	1,408,193	1,466,387	**122,334**	6,463	9,352	32,094	43,973
	9,345,262	8,848,462	7,375,298	6,638,959	6,649,107	**2,285,860**	2,165,647	2,167,599	1,525,955	1,166,578
Equity and Liability										
Stated Capital	**1,558,006**	1,558,006	1,558,006	1,558,006	1,558,006	**1,558,006**	1,558,006	1,558,006	1,558,006	1,558,006
Reserves	**174,448**	64,398	(37,296)	(971,477)	(1,297,644)	**203,457**	(107,564)	(2,562)	(768,090)	(870,046)
Non Controlling Interest	**1,351,681**	1,503,002	773,639	306,050	(123,941)			-		-
Current liabilities	**2,747,671**	2,707,790	2,471,635	3,521,794	3,808,401	**519,132**	710,570	607,521	732,331	392,736
Non-Current Liabilities	**410,740**	437,147	772,609	1,027,251	1,146,688			-		82,796
Retired Benefit Obligation	**2,209,806**	1,791,113	1,198,673	1,129,917	1,557,597			-		-
Deferred Tax Liability	**892,910**	787,006	638,031	67,418	-	**5,265**	4,635	4,635	3,708	3,086
	9,345,262	8,848,462	7,375,298	6,638,959	6,649,107	**2,285,860**	2,165,647	2,167,599	1,525,955	1,166,578
Cash Flow										
Net Cash Generated from / (Used in) :										
Operating Activities	**659,435**	278,144	413,623	(256,325)	268,281	**275,286**	(17,156)	(97,737)	(2,330)	(9,032)
Investing Activities	**(250,498)**	(169,442)	(257,487)	(53,688)	(77,064)			244,820	340	(348,795)
Financing Activities	**(428,768)**	599,809	39,796	244,306	(118,406)	**(154,950)**	17,334	(147,301)		360,000
Key Financial Indicators										
Profit/(Loss) per share	**2.99**	1.52	9.28	0.10	1.14	**2.53**	(0.84)	6.39	0.83	0.34
Net Assets per Share	**14.44**	13.52	12.67	4.89	2.17	**14.72**	12.13	12.96	6.58	5.73
Market Value per Share	**17.70**	16.90	25.00	3.80	3.30	**17.70**	16.90	25.00	3.80	3.30
Market Capitalisation	**940,507**	848,921	1,224,000	175,742	162,640	**940,507**	848,921	1,224,000	175,742	162,640

NOTES

NOTES

FORM OF PROXY

I/We…………………………...................……………………….......……………………………….....……………………………………………….

of ……………………………...

being a member/members of Lankem Developments PLC, hereby appoint …………………...………

of …………………………………………………………………………………...……………………….

whom failing.

1.	Sri Dhaman Rajendram Arudpragasam	of Colombo or failing him,
2.	Anushman Rajaratnam	of Colombo or failing him,
3.	Sunil Somindranath Poholiyadde	of Colombo or failing him,
4.	Mohamed Kowdu Kalungu Mohideen	of Colombo or failing him,
5.	Kamal Gardiye Punchihewa	of Colombo or failing him,
6.	Shrihan Blaise Perera	of Colombo

As my/our proxy to represent me/us and to speak and vote on my/our behalf at the Annual General Meeting of the Company to be held on 3rd September 2025 at 12.00 noon and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid meeting.

	For	Against
1. To receive the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March 2025 with the Report of the Auditors thereon.		
2. To re-elect Mr. S. S. Poholiyadde as a Director.		
3. To re-elect Mr. S. B. Perera as a Director.		
4. To re-elect Mr. K. G. Punchihewa as a Director.		
5. To re-appoint Mr. S.D.R. Arudpragasam as a Director.		
6. To re-appoint as Auditors Messrs. KPMG and authorize the Directors to determine their remuneration.		
7. Special Business – To amend the Articles of Association by way of a Special Resolution as set out in the Notice of Meeting		

The Proxy may vote as he/she thinks fit on any other resolution brought before the meeting.

As witness my hand/our hands this ……….. day of……….Two Thousand and Twenty Five.

....
Signature

Note:
A Proxy need not be a member of the Company. If no words are deleted or there is in the view of the Proxy doubt (by reason of the manner in which the instructions contained in the Form of Proxy have been completed) as to the way in which the Proxy should vote, the Proxy may vote as he/she thinks fit.

Instructions as to completion are noted on the reverse hereof.

INSTRUCTIONS AS TO COMPLETION

1. Perfect the Form of Proxy, after filling in legibly your full name, address and by signing in the space provided and filling in the date of signature.
2. In the case of corporate members the Form of Proxy must be under the Common Seal of the Company or under the hand of an Authorized Officer or Attorney.
3. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company's Secretaries, the original POA together with a photocopy of the same, or a copy certified by a Notary Public must be lodged with the Company's Secretaries, along with the Form of Proxy.
4. The completed Form of Proxy should be deposited at the Registered Office of the Company's Secretaries, Corporate Managers & Secretaries (Pvt) Limited., 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1, not less than forty-eight (48) hours before the time appointed for the meeting.

CORPORATE INFORMATION

NAME OF COMPANY
Lankem Developments PLC

LEGAL FORM
Public Quoted Company with Limited Liability Domiciled in Sri Lanka

DATE OF INCORPORATION
14th October 1974

COMPANY NUMBER
PQ 86

STOCK EXCHANGE LISTING
The ordinary shares of the Company are listed with the Colombo Stock Exchange of Sri Lanka

BOARD OF DIRECTORS
Mr. S. D. R. Arudpragasam (Chairman)
Mr. Anushman Rajaratnam
Mr. S.S. Poholiyadde
Mr. M. Kowdu K. Mohideen
Mr. K. G. Punchihewa
Mr. S. B. Perera

SECRETARIES
Corporate Managers and Secretaries (Private) Limited

REGISTERED OFFICE
98, Sri Sangaraja Mawatha, Colombo 10.

LAWYERS
Messrs Julius & Creasy Attorneys-at-Law

AUDITORS
KPMG
Chartered Accountants

BANKERS
Commercial Bank of Ceylon PLC

SUBSIDIARY COMPANIES AND THEIR PRINCIPAL ACTIVITIES

Agarapatana Plantations PLC
Cultivation and Processing of Tea

Waverly Power (Pvt) Ltd
Generation of Power Energy/ Electricity using Hydro Resources

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LANKEM DEVELOPMENT PLC