LANKEM DEVELOPMENTS PLC

ANNUAL REPORT 2025/2026

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FINANCIAL STATEMENT

NOTICE OF MEETING

Notice is hereby given that the Fifty First Annual General Meeting of Lankem Developments PLC will be held on 25th September 2026, at 11.15 a.m. 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 2026 with the Report of the Auditors thereon.
2. To re-elect as a Director, Mr. M. Kowdu K. Mohideen who retires in accordance with Articles 84 & 85 of the Articles of Association.
3. To reappoint Mr. S.D.R. Arudpragasam, who is over seventy years of age, as a Director. 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 No 5).
4. To reappoint Mr. S.S. Poholiyadde, who has attained the age of seventy years, as a Director. 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 No. 6).
5. To reappoint as Auditors, KPMG and authorize the Directors to determine their remuneration.

By Order of the Board

CORPORATE MANAGERS & SECRETARIES (PRIVATE) LIMITED

Secretaries

Colombo

28th August 2026

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 28th August 2026 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 is seventy five years of age 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."

6. 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.S. Poholiyadde who has attained the age of seventy 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.S. Poholiyadde."

CHAIRMAN’S MESSAGE

The financial year 2025/26 was another period that tested the adaptability and strength of Lankem Developments PLC. While Sri Lanka continued its recovery from recent economic challenges, the Group remained focused on advancing its long-term objectives within its principal business sectors of Tea and Hydro Power. Through careful planning and disciplined execution, we continued to position the Group for sustainable progress in an evolving business environment.

Although economic conditions showed signs of improvement, uncertainty remained a feature of both local and international markets. Against this backdrop, we concentrated on improving productivity, strengthening our operating platforms, and identifying opportunities to create enduring value. The commitment of our employees and the effectiveness of our strategic initiatives enabled us to respond positively to changing market conditions and maintain business continuity throughout the year.

FINANCIAL HIGHLIGHTS

The Group delivered a resilient financial performance during the year despite operating in a challenging business and economic environment. Consolidated revenue increased to Rs. 7,436 million, compared with Rs. 7,285 million in the previous year, reflecting the Group's ability to sustain business volumes and maintain market presence.

The Group recorded a Gross Profit of Rs. 640 million, compared with Rs. 1,377 million in the previous year. The reduction in gross profit was primarily attributable to increased production costs and margin pressures experienced during the year. However, the Group continued to exercise prudent cost management, and other operating income supported overall operating performance.

Profit Before Taxation amounted to Rs. 481 million, compared with Rs. 1,119 million in the previous year, while Profit After Taxation stood at Rs. 325 million, compared with Rs. 730 million in the preceding year. Although profitability declined year-on-year, the Group remained profitable and continued to focus on operational efficiency, disciplined financial management, and long-term value creation amidst a demanding operating environment.

TEA OPERATIONS

The Tea sector remained the primary contributor to the Company's earnings during 2026, generating revenue of Rs. 7,355 million, compared with Rs. 7,218 million in 2025. The increase in revenue reflects the Company's continued ability to sustain its market position despite operating in a challenging business environment.

Gross profit amounted to Rs. 536 million in 2026, compared with Rs. 1,300 million in the previous year. The decline was primarily attributable to higher production costs, lower agricultural output, and as a result of another wage increase of 15% in January 2026 on the heels of 35% wage increase in September 2024. Consequently, profit before taxation decreased to Rs. 429 million from Rs. 1,107 million in 2025, while profit after taxation declined to Rs. 305 million, compared with Rs. 789 million in the previous year.

Tea production declined by 2% to 6.2 million kilograms during the year, mainly due to unfavourable weather conditions and other cultivation-related challenges. Despite the reduction in crop volume and profitability, the Company continued to focus on operational efficiency, prudent cost management, and strengthening customer relationships to maximise value from its tea operations.

Looking ahead, the Company will continue to invest in sustainable agricultural practices, climate adaptation initiatives, and agronomic improvements to enhance productivity, strengthen operational resilience, and support the long-term sustainability and competitiveness of its tea operations.

HYDRO POWER OPERATIONS

The Hydro Power sector recorded another year of steady performance and continues to make a valuable contribution to the Group's diversified portfolio. Revenue increased to Rs. 80 million from Rs. 67 million in the previous year, reflecting improved operational performance and favourable hydrological conditions. Gross profit also increased to Rs. 51 million, compared with Rs. 38 million in the preceding year, demonstrating the sector's ability to maintain efficient plant operations and healthy operating margins.

Profit before taxation improved to Rs. 54 million, compared with Rs. 53 million in the previous year, while profit after taxation remains constant. Despite lower other income during the year, the sector maintained its profitability through higher revenue generation, effective cost management, and operational efficiency.

Electricity generation increased to 5.55 million kWh during the year, compared with 4.61 million kWh in the previous year, representing an increase of approximately 20%. The higher generation reflects favourable hydrological conditions together with the positive impact of ongoing investments in plant reliability, operational efficiency, and effective maintenance practices. As the transition towards renewable energy continues to accelerate, the Hydro Power sector remains well positioned to create sustainable long-term value while supporting the Group's growth strategy.

STRENGTHENING GOVERNANCE AND SUSTAINABILITY

Strong governance continues to guide our business conduct and strategic decision-making. Our governance practices promote ethical behaviour, accountability, and transparency, ensuring that the interests of all stakeholders are appropriately considered.

During the year, Agarapatana Plantations PLC initiated the implementation of the Sri Lanka Sustainability Disclosure Standards relating to sustainability and climate-related reporting. This marks an important step in strengthening our sustainability framework and improving the quality of information provided to stakeholders regarding environmental and social matters.

PREPARED FOR TOMORROW

As we enter the new financial year, our focus remains centred on enhancing business performance, strengthening sustainability initiatives, and pursuing opportunities for innovation and growth.

The experience of the past year has reinforced the importance of flexibility and forward planning. Agricultural production continues to be influenced by environmental conditions, while developments within the energy sector create both opportunities and challenges. Our ability to anticipate change and respond effectively will remain central to our future success.

Supported by a committed workforce, strong stakeholder relationships, and a clear strategic direction, we are confident in our ability to continue building long-term value while navigating an increasingly dynamic business landscape.

ACKNOWLEDGING OUR CONTRIBUTORS

I would like to extend my sincere appreciation to our employees for their dedication, professionalism, and hard work throughout the year. I also thank our customers, suppliers, and business associates for their continued support and partnership.

To our shareholders, I express my gratitude for the trust you place in the Company and for your continued confidence in our long-term vision.

I would also like to acknowledge the significant contribution made by my fellow Directors, whose guidance and expertise have been instrumental in the Company's achievements.

Their knowledge, experience, and perspectives will undoubtedly strengthen our leadership and support the Company's future aspirations.

S. D. R. ARUDPRAGASAM
Chairman

28th August 2026

BOARD OF DIRECTORS

S. D. R. ARUDPRAGASAM - CHAIRMAN

FCMA (UK)

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,C.W. Mackie 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 - DIRECTOR

B.Sc (Hons.), CPA, MBA

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 - DIRECTOR

FIPM

Mr. S.S. Poholiyadde was appointed to the Board on 15th December 2022. He holds the position of Managing Director of Agarapatana Plantations PLC and Kotagala Plantations PLC. He also functions as the Managing Director of Lankem Tea & Rubber Plantations (Pvt) Ltd. (LTRP), Managing Agents of Kotagala Plantations PLC and Agarapatana Plantations PLC. He has over four decades of experience in the Plantation Industry.He was appointed to the Board of The Colombo Fort Land and Building PLC on 1st January 2026.

Mr. Poholiyadde is also the Chairman of the Planters' Association of Ceylon and a former member of the Board of Directors of the Sri Lanka Tea Board and the Rubber Research Board. He is also a council member of the Ceylon Chamber of Commerce.

Mr. Poholiyadde has been 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 of AEN Palm Oil Processing (Pvt) Ltd.

He has also been a 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).

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

M. KOWDU K. MOHIDEEN - DIRECTOR

FCA, FCMA (UK)

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 - DIRECTOR

FCA, CPA (Aus.)

Mr. Kamal Punchihewa was appointed to the Board as an Independent Non-Executive Director on 31st December 2024. He began 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 Financial Controller of Kotagala Plantations Limited. (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 was later promoted to Head of Finance, Plantation Operations, and Business Support for the entire Indonesian operation of Good Hope Asia Group, which comprised six Oil Palm Plantation Companies.

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

In October 2016 he joined Browns Group as the Group Chief Executive Officer – Plantation Sector, overseeing three Regional Plantation companies, and subsequently served as CEO of Maturata Plantations Limited within the same Group until July 2020.

He joined Richard Pieris Group as Chief Financial Officer – Plantation Sector in August 2020 and was promoted to Chief Executive Officer of Maskeliya Plantations PLC in February 2021, a role he held alongside his existing responsibilities until March 2023.

He currently serves on the board of The Colombo Fort Land & Building PLC (CFLB) and on the boards of several other listed entities within the Colombo Fort Land & Building Group as an Independent Non-Executive Director, as well as on the boards of numerous unlisted entities within the CFLB Group.

He was appointed as the Chairman of the company's Board Sub-Committees effective 1st January 2025 and continues to act as Chairman or member of various sub-committees of several CFLB Group subsidiaries.

Mr. Punchihewa has been a Fellow of the Institute of Chartered Accountants of Sri Lanka (FCA) since 1988 and a member of CPA Australia since 2014.

S.B. PERERA - DIRECTOR

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

Mr. Shrihan B. Perera was appointed to the Board as an Independent Non-Executive Director 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. 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 multi dimensional challenges. He has wide exposure in FMCG, Garment and Textile Manufacture and service industry.

Mr. Perera currently serves as an Independent Director of Teejay Lanka PLC, Teejay Lanka Prints (Private) Limited and Nubian Threads (Private) Limited. He also serves on the Boards of Fintrex Finance PLC, C.W. Mackie PLC and on the Board of The Colombo Fort Land & Building PLC (CFLB) and certain subsidiaries of CFLB.

Mr. Perera was appointed as a Member of the Board subcommittees of the Company with effect from 1st January 2025. In addition, he functions as the Chairman/Member of certain Board subcommittees of several subsidiary companies of the CFLB Group and other companies.

He holds a Bachelor of Science Degree in Mechanical Engineering Second Class Upper Honours from the University of Moratuwa and is a Fellow Member of the Chartered Institute of Management Accountants (CIMA/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 2026.

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 44 to 101

AUDITORS' REPORT

The Auditors' Report on the Financial Statements is given on pages 40 to 43.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Financial Statements are given on pages 48 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 87 to 93

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 No.07 of 2007. However, none of the Directors held any shares during the period under review nor in the previous year

DIRECTORS' REMUNERATION

Key management compensation in respect of the Company and the Group for the financial year 2025/2026 are given in Note 32.6.2 on Page 93 to the Financial Statements.

CORPORATE DONATIONS

No donations were made during the year (2024/2025 - Nil).

DIRECTORATE

The names of the Directors who held office during the financial year and are currently in office are given below. Brief profiles of the Directors appear on pages 5 to 6

Mr. S. D. R. Arudpragasam - Chairman

Mr. Anushman Rajaratnam - Director

Mr. S.S. Poholiyadde - Director

Mr. M. Kowdu K. Mohideen - Director

Mr. K.G. Punchihewa - Director

Mr. S.B. Perera - Director

In terms of Articles 84 and 85 of the Articles of Association, Mr. M. Kowdu K. Mohideen retires by rotation and being eligible offers himself for re-election.

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

Mr. S.S. Poholiyadde who has attained the age of seventy years retires and offers himself for reappointment under and by virtue of the Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

CORPORATE GOVERNANCE

The Corporate Governance principles adhered by the Company are given on pages 10 to 27

AUDITORS

The Financial Statements of the Company for the year have been audited by KPMG, Chartered Accountants, 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, KPMG was, paid Rs 2.16Mn (2024/2025 - Rs. 1.69Mn) as audit fees and fees for audit-related services by the Company. Further, there were no non-audit related services during the year 2025/2026 (2024/2025 - 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.125 Mn(2024/2025 – Rs. 360Mn)

RESULTS

The Company made a Net Profit before Tax of Rs 111Mn in the current financial year. The Net Profit before Tax for the previous year was Rs. 303 Mn

DIVIDENDS

An Interim Dividend of Rs.0.60 per share for the year ended 31st March 2026 was paid on 16th February 2026 to the shareholders registered as at the end of trading on 2nd February 2026.

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 76

PROPERTY, PLANT & EQUIPMENT

During 2025/2026 the Company did not invest in Property, Plant & Equipment (2024/2025 - 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, 2026. Market value of freehold land is given in Note 12 on pages 67 to 69

STATED CAPITAL

The Stated Capital of the Company as at 31st March, 2026 was Rs. 2,158,005,620/- and is represented by 160,000,000 issued and fully paid ordinary shares.

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 (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 104 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.

RESERVES

The total reserves of the Company as at 31st March 2026 comprised of general reserves of Rs 0.5 Mn and Retained Earnings.of Rs.91Mn whereas 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.

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 87 to 93.

SHARE INFORMATION

Information relating to Earnings, Dividend, Net Assets, and Market Value per share and share trading are given on pages 102 and 104

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 94.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Capital Commitments and Contingent Liabilities as at the Reporting date are disclosed in Notes 33 and 34. on page 93.

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 going concern basis has been adopted by the Directors 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
28th August 2026

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 are Independent.

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

Mr. Anushman Rajaratnam - Non-Executive

Mr. S.S. Poholiyadde - Non-Executive

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

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

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

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.

Mr. K.G. Punchihewa and Mr. S.B. Perera Independent Non-Executive Directors of the Company, 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.

DECISION MAKING OF THE BOARD

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	5/5
Mr. Anushman Rajaratnam	4/5
Mr. S. S. Poholiyadde	5/5
Mr. M. Kowdu K. Mohideen	5/5
Mr. K. G. Punchihewa	5/5
Mr. S. B. Perera	5/5

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.

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.

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.

SUPPLY OF INFORMATION

The Directors are provided with an Agenda, Minutes and relevant Board Papers prior to Board Meetings. Minutes of all the Meetings are properly recorded and circulated amongst the Directors.

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 27

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 pages 34 to 35 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 participating in decision making relating to their own re-election/ reappointment.

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.

RELATIONSHIP WITH SHAREHOLDERS

The Company publishes the Annual Report together with the interim reports in order to communicate information to the shareholders in a timely manner.

The shareholders are free to communicate with the Company. Whenever possible, the Company implements their suggestions.

The policy on Relations with Shareholders and Investors is available on the Company's website https://lankemdevelopments.biz/ and the contact persons are mentioned. Major issues and concerns of shareholders are communicated to the Board by the Senior Management and the Corporate Secretaries.

MAJOR TRANSACTIONS

There have been no transactions during the year under review which fall within the definition of "Major Transactions" as set out in the Companies Act.

PRICE SENSITIVE INFORMATION

Due care is exercised with respect to share price sensitive information.

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.

DISCLOSURES

The Annual Report of the Board of Directors is given on pages 7 to 9 in this Report. The Auditors' Report on the Financial Statements is given on pages 40 to 43. of the Report.

GOING CONCERN

The going concern basis has been adopted by the Directors in the preparation of the Financial Statements.

INTERNAL CONTROL

The Board is satisfied with the effectiveness of the system of internal controls for the period up to the date of signing the Financial Statements.

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 10 to 27

AUDIT COMMITTEE

The Audit Committee Report is set out on pages 32 to 33

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 Not applicable. No changes were made to the policies during the period.
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.	The Company is compliant with Rule 9.2.1. and therefore Rule 9.2.5 is 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 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	Complied
	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.	Complied
	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	Complied
	(b) Any non-compliance/s and remedial action taken to rectify non compliance	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.	Complied
	(b) Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change.	Not Applicable

Rule		Adherence
9.8.3	Criteria for determining independence:	Complied
	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.	
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 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.	Complied
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 No changes to Board Subcommittee during 2025/2026
9.10.4	Disclosure in Annual Report - Directors details	
	• Name, qualifications and brief profile • Nature of his/her expertise in relevant functional areas • Whether either the Director or Close Family Members has any material business relationships with other Directors • Whether Executive, Non-Executive and/or independent Director • Total number and names of Companies in Sri Lanka in which the Director concerned serves as a Director and/or KMP stating whether listed or unlisted, whether functions as executive or non-executive (If the directorships are within the Group names need not be disclosed) • Number of Board meetings attended • Names of Board Committees in which the Director serves as Chairperson or a member • Attendance of committee meetings	Complied
	• 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 b) Failure to disclose changes to the composition of Board Committees in terms of Rule 9.10.3 (ii)	Not Applicable
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 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 (d) Identify Members in the Annual Report	Complied

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	Refer page 18 of the Corporate Governance Report and the Remuneration Committee Report on page 31
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.	
9.12.7	Functions	Refer the Remuneration Committee Report on page 31 and Note 32.6.2 to the Financial Statements.
	(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) The Related Party Transactions Review Committee shall comprise of; (a) Minimum three (03) Directors out of which a minimum of two (02) members shall be Independent Directors (b) May comprise of Executive Directors (c) An Independent Director shall be appointed as the Chairperson	Complied

Rule		Adherence
9.14.3	Functions	
	(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	Complied
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	Refer Note 32 to the Financial Statements
9.14.9	Acquisition and Disposal of Assets From/to Related Parties	Not Applicable
	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.	
	(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	Complied
(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	
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 details pertaining to the names of the Companies in Sri Lanka in which the Directors serve as a Director or Key management personnel is given below.

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	- Altrenate Director
		S	- Secretary
		SID	- Senior Independent Director

COMPANIES	Mr. S.D.R. Arudpragasam	Mr. S.S. Poholiyadde	Mr. Anushman Rajaratnam	Mr. K. Mohideen	Mr. K.G. Punchihewa	Mr. S.B. Perera
The Colombo Fort Land and Building PLC*	✓ C/NE	✓ NE	✓ GMD/EX		✓ INE	✓ INE
Lankem Developments PLC*	✓ C/NE	✓ NE	✓ NE	✓ NE	✓ INE	✓ INE
Kotagala Plantations PLC*	✓ C/NE	✓ MD/EX	✓ NE	✓ EX	✓ INE	✓ INE
Agarapatana Plantations PLC*	✓ C/NE	✓ MD/EX	✓ NE	✓ EX	✓ INE	✓ INE
C M Holdings PLC*	✓ C/NE		✓ NE			
York Arcade Holdings PLC*	✓ C/NE		✓ NE			
Lankem Ceylon PLC*	✓ C/NE		✓ EX		✓ INE	✓ INE
E.B. Creasy & Company PLC*	✓ C/MD/EX				✓ INE	✓ INE
Muller & Phipps (Ceylon) PLC*	✓ C/NE				✓ INE	✓ INE
Laxapana PLC*	✓ C/NE				✓ INE	✓ INE
Beruwala Resorts PLC*	✓ C/NE		✓ NE			✓ INE
Marawila Resorts PLC*	✓ C/NE		✓ NE			✓ INE
Sigiriya Village Hotels PLC*	✓ C/NE		✓ NE			✓ INE
J.F.Packaging PLC* (Formerly known as J.F. Packaging Limited. Name change effective from 09.01.2026 consequent to the Initial Public Offering of the Company)	✓ C/NE		✓ NE		✓ INE	✓ INE
C W Mackie PLC*	✓ C/NE		✓ NE			✓ INE
ACME Printing & Packaging PLC*	✓ NE		✓ NE		✓ SID	
Colombo Fort Investments PLC*	✓ C/NE		✓ NE			
Colombo Investment Trust PLC*	✓ C/NE		✓ NE			
Alliance Five (Private) Limited*	✓ C		✓ D		✓ D	✓ D
American Lloyd Travels Limited*	✓ D		✓ D			
Associated Farms (Private) Limited*	✓ C					
ACME Packaging Solutions (Private) Limited*	✓ D		✓ D			
B.O.T. Hotel Services (Private) Limited*	✓ C					
C. W. M. Hotels Holdings Limited	✓ D		✓ D			
Candy Delights Limited*	✓ C/MD					
Capital Investments Limited*	✓ D					
Capital Leasing Company Limited*	✓ C		✓ D			
Century Equity Trust Limited	✓ D					

COMPANIES	Mr. S.D.R. Arudpragasam		Mr. S.S. Poholiyadde		Mr. Anushman Rajaratnam		Mr. K. Mohideen		Mr. K.G. Punchihewa		Mr. S.B. Perera	
Ceyflex Rubber Limited*	✓	C										
Ceylon Tapes (Private) Limited*	✓	C			✓	D			✓	D	✓	D
Ceytape (Private) Limited*	✓	C			✓	D			✓	D	✓	D
Colombo Fort Group Services (Private) Limited*	✓	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*	✓	C/NE			✓	D						
Company Holdings (Private) Limited	✓	D										
Consolidated Commercial Investments (Private) Limited					✓	D						
Consolidated Holdings (Private) Limited	✓	D			✓	D						
Consolidated Tea Plantaions Limited*	✓	D	✓	D	✓	D	✓	D	✓	D	✓	D
Consolidated Trust (Private) Limited					✓	D						
Corporate Systems Limited*	✓	C										
Creasy Plantation Management Limited*	✓	D										
Darley Butler & Company Limited*	✓	C/MD										
E. B. Creasy Ceylon (Private) Limited*	✓	C										
E. B. Creasy Logistics Limited*	✓	C										
E.B. Creasy Trading Limited*	✓	D										
E.B. Creasy Milk Foods Limited* (Striking Off in progress)	✓	C										
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										
Horton Plains Resorts and Spa Limited					✓	D						
Imperial Hotels Limited*	✓	C			✓	D						
JF Ventures Limited*	✓	C			✓	D			✓	D	✓	D
Kiffs (Private) Limited*	✓	C			✓	D			✓	D	✓	D
Lanka Special Steel Limited*	✓	C										
Lankem Agrochemicals Limited*	✓	C			✓	D						
Lankem Cargo Storage Limited*	✓	D			✓	D						
Lankem Chemicals Limited* (Striking Off in progress)	✓	C			✓	D						
Lankem Consumer Products Limited* (Striking Off in progress)	✓	C			✓	D						
Lankem Exports (Private) Limited*	✓	C										
Lankem Minerals Limited*	✓	D			✓	D						
Lankem Paints Limited*	✓	C			✓	D						
Lankem Plantation Services Limited*	✓	D										
Lankem Research Limited* (Striking Off in progress)	✓	C			✓	D						
Lankem Tea & Rubber Plantations (Private) Limited*	✓	C	✓	MD	✓	D	✓	D				
Lankem Technology Services Limited* (Striking Off in progress)	✓	C										
Maitland & Knox (Private) Limited	✓	D			✓	D						
Mayfield Investments (Private) Limited					✓	D						

CORPORATE GOVERNANCE

COMPANIES	Mr. S.D.R. Arudpragasam		Mr. S.S. Poholiyadde		Mr. Anushman Rajaratnam		Mr. K. Mohideen		Mr. K.G. Punchihewa		Mr. S.B. Perera	
Motor Mart Ceylon (Private) Limited* (Striking Off in progress)	✓	D			✓	D						
Muller & Phipps (Health Care) Limited*	✓	C										
Nature's Link Limited*	✓	C										
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				
Sherwood Holidays Limited*	✓	C										
Sigiriya Resorts Limited					✓	D						
Sunagro Farms Limited*	✓	C			✓	D						
Sunagro Lifescience Limited*	✓	C			✓	D						
Sunrise Resorts Limited					✓	D						
Sterling Steels (Private) Limited*	✓	C										
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				
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						
Voyages Ceylan (Private) Limited*					✓	D						
Waverly Power (Private) Limited*	✓	C	✓	D	✓	D	✓	D				
Weligama Hills Limited	✓	D			✓	D						
York Conventions (Private) Limited*					✓	D						
York Hotel Management Services Limited*	✓	C			✓	D						
York Tours Limited*					✓	D						
Cambodian Rubber Plantation Industries PTE Ltd					✓	D						
Consolidated Rubber Plantations PTE Ltd					✓	D						
Kelani Valley Canneries Limited					✓	D						
Sunquick Lanka (Pvt) Ltd					✓	D						
Sunquick Lanka Properties (Pvt) Ltd					✓	D						
Lanka Agro Plantations Limited					✓	D						
Plantation Human Development Trust									✓	D		
Fintrex Finance PLC											✓	NE
Teejay Lanka PLC											✓	INE
Teejay Lanka Prints (Private) Limited											✓	D
Teejay India Private Limited											✓	D
Teejay Mauritius Private Limited											✓	D
Nubian Threads Private Limited											✓	C

NOTES:

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

Mr. S.D.R. Arudpragasam was appointed as the Non-Executive Chairman of C.W. Mackie PLC with effective from 01.04.2026. Further, Mr. S.D.R. Arudpragasam was appointed as the Non-Executive Chairman of Colonial Motors (Ceylon) Limited with effect from 02.04.2026.

Mr. S.S. Poholiyadde was appointed as a Non-Executive Director to the Board of The Colombo Fort Land & Building PLC with effect from 01.01.2026.

Mr. Anushman Rajaratnam was appointed as the Managing Director of Union Commodities (Pvt) Ltd with effect from 16.05.2025. Further, Mr. Anushman Rajaratnam was appointed to the Board of Consolidated Trust (Private) Limited with effect from 23.03.2026.

Mr. K.G. Punchihewa ceased to be a Director of Plantation Human Development Trust with effect from 28.09.2025

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 10.05.2025 and from the Board of Teejay Mauritius Private Limited with effect from 31.05.2025.

RISK MANAGEMENT REVIEW

Risk management encompasses the identification, assessment and mitigation of potential risks that may affect the Company. A structured and disciplined approach to risk management is particularly important for a diversified organisation such as Lankem Developments PLC, as it supports the achievement of the Company's strategic objectives while safeguarding its operations and resources. Accordingly, the Company adopts a prudent approach to risk and accepts risks where the associated returns are considered appropriate and commensurate with the level of exposure.

Lankem Developments PLC has overall responsibility for overseeing the Company's risk management framework, with particular attention given to the key and significant risks that may affect its operations and performance. Risk management is regarded as an integral component of the Company's business activities and is supported by management's ongoing risk identification, assessment and mitigation processes. These processes encompass structured reviews of long-term strategic and operational plans, regulatory and legal compliance, health and safety, environmental requirements, financial reporting and internal controls, as well as information technology and information security.

RISK FACTORS

1. FINANCIAL RISK

The Company's financial risk profile primarily comprises exposures arising from credit risk and market risk associated with its business activities.

1.1 Credit Risk Management

Credit risk arises primarily from the potential failure of tea buyers, customers and other counterparties to settle their obligations within agreed credit terms, which may adversely affect the Company's working capital position. Lankem Developments PLC maintains appropriate credit control and receivable management procedures to minimise such exposures. In its hydropower operations, credit risk mainly relates to amounts receivable under Power Purchase Agreements, which are monitored to ensure timely settlement.

1.2 Market Risk Management

Market risk arises from fluctuations in prevailing market conditions and financial variables. Lankem Developments PLC is exposed to market-related risks arising from movements in interest rates, inflation and foreign exchange rates. Considering the prevailing business environment, the Company continues to monitor and manage its exposure to interest rate risk. In addition, fluctuations in the prices of raw materials remain an important market-related risk that may affect the Company's cost structure and profitability.

1.2.1 Liquidity Risk

Given the nature of the tea and hydropower businesses in which Lankem Developments PLC operates, maintaining adequate working capital and effectively managing cash flows are essential to ensuring uninterrupted operations. The Company closely monitors its working capital requirements and implements appropriate cash flow management measures to maintain sufficient liquidity to meet its financial obligations as they fall due.

1.2.2 Inflation Rate Risk

An increase in inflation may adversely affect demand for the Company's tea products while increasing operating costs across its tea and hydropower businesses. Rising inflation may also increase costs of labour, fertiliser, energy, maintenance and other inputs. The Company continuously monitors price movements and focuses on effective cost management and operational efficiencies to contain cost increases and protect profitability.

1.2.3 Foreign Exchange Risk

The Company is exposed to foreign exchange risk primarily in respect of purchases and other transactions denominated in currencies other than Sri Lankan Rupees (LKR). The principal foreign currency used for such transactions is the United States Dollar (USD).

Given the relatively low frequency and volume of transactions denominated in foreign currencies, the Company's exposure to foreign exchange risk remains limited. Nevertheless, the Company continues to monitor foreign currency movements and their potential impact on its financial position.

2. BUSINESS RISK

The entry of new competitors into the markets in which Lankem Developments PLC operates, together with increasing competition from existing market participants, represents a key business risk. Changes in consumer preferences, tea demand and market prices may also influence the Company's performance.

In relation to the tea and hydropower operations, changes in global tea consumption, climatic conditions, export volumes and prevailing economic conditions may adversely affect business performance. In addition, fluctuations in rainfall and water availability may affect hydropower generation and revenue, while changes in industry regulations and market conditions continue to represent significant business risks.

3. OPERATIONAL RISK

Operational risk arises from potential disruptions, deficiencies or failures in the execution of the Company's business processes and activities. Lankem Developments PLC has established internal control systems across its tea and hydropower operations and continuously reviews and monitors these controls to promote accountability, transparency and operational efficiency.

The Company continues to strengthen its control and monitoring mechanisms to enhance operational effectiveness, manage costs and ensure continuity of operations. Periodic compliance reviews are also carried out to identify potential weaknesses, ensure adherence to established procedures and minimise operational disruptions and losses.

4. LEGAL AND COMPLIANCE

Legal and compliance risk arises from changes in the governmental and regulatory environment, as well as from the need to comply with applicable laws, regulations, policies and internal procedures. Such risks include requirements relating to financial reporting, environmental matters, health and safety, and intellectual property.

Lankem Developments PLC continuously monitors changes in the applicable legal and regulatory environment and evaluates their potential impact on its operations. The Company takes appropriate measures to ensure timely compliance with new and revised requirements and adapts its policies, procedures and practices where necessary to maintain compliance and mitigate associated risks.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

During the financial year ended 31st March 2026, the Related Party Transactions Review Committee (RPTRC) of Lankem Development PLC discharged its mandate in strict accordance with Section 9.14 of the Colombo Stock Exchange (CSE) Listing Rules, the Companies Act No. 7 of 2007, and SLFRS/IAS 24 'Related Party Disclosures'. Guided by the Company's commitment to uphold the highest standards of corporate governance and transparency.

The Committee exercised independent oversight over all related party arrangements entered into during the period. Each transaction was duly reviewed, authorized, and monitored to ensure it was conducted at arm's length, on normal commercial terms, and did not prejudice the interests of the Company or its shareholders, particularly the minority shareholders.

This Report reflect the Committee's dedication to promoting trust, accountability, and sound fiduciary stewardship among all stakeholders.

COMPOSITION

The Related Party Transactions Review Committee of the Company 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 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 was as follows:

Mr. K. G. Punchihewa	5/5
Mr. S. B. Perera	5/5
Mr. Anushman Rajaratnam	4/5

Minimum of one meeting of the RPTRC has been held in each quarter of the financial year.

The RPTRC has reviewed and recommended to the Board for approval, Related Party Transactions during the financial year under review 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

28th August 2026

REPORT OF THE REMUNERATION COMMITTEE

The Remuneration Committee continues to play a pivotal role in shaping the Company's approach to executive and management compensation, serving as a cornerstone for attracting, retaining, and motivating the leadership talent who drive our strategic objectives.

During the year under review, the Committee remained steadfast in its mandate to develop, recommend, and oversee the Company's Remuneration Policy for Executive Directors and key management personnel, ensuring alignment with best practices in corporate governance and the Company's long-term sustainable growth.

In an increasingly dynamic business environment, we have worked diligently to ensure that our compensation frameworks remain tightly aligned with shareholder interests and organizational performance, while creating a differentiated reward architecture that incentivises long-term value creation.

Recognizing that sound compensation policies extend beyond executive pay, the Committee also emphasized transparency, equity, and inclusive practices across all tiers of the workforce, reflecting our commitment to responsible corporate citizenship. As we navigate evolving economic conditions and shifting stakeholder expectations, including emerging ESG considerations, we conducted a thoughtful recalibration of our policies to ensure they adequately reflect the changing nature of work and future ambitions. Importantly, a Board approved non-discriminatory remuneration policy remains firmly in place for all Non-Executive Directors to safeguard their independence, enabling the continued recruitment of distinguished external talent without compromising oversight integrity.

COMPOSITION

The Company's Remuneration Committee for the financial year ended 31st March 2026 comprised 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 Remuneration Committee.

MEETINGS AND ATTENDANCE

The Committee met on one occasion during the financial year ended 31st March 2026 and the attendance 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

The proceedings of the Remuneration Committee are reported to the Board of Directors.

All Non- Executive Directors receive a fee for serving on the Board and on Sub- Committees.

The details of the aggregate remuneration of the Non -Executive Directors is given in Note 32.6.2 to the Financial Statements

K. G. Punchihewa
Chairman
Remuneration Committee

28th August 2026

AUDIT COMMITTEE REPORT

The primary objective of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities regarding the integrity of financial reporting. This includes the review of financial statements to ensure they are prepared in accordance with Sri Lanka Accounting and Auditing Standards, as well as regulatory compliance, covering the Group's compliance with financial reporting requirements under the Companies Act, Colombo Stock Exchange regulations, and SEC Act provisions. The Committee also monitors the Group's internal control systems and risk management frameworks through independent and objective reviews, while safeguarding the interests of shareholders and other related stakeholders. Additionally, the Committee oversees sustainability and ESG-related matters. The Committee has reviewed and monitored the financial review processes to provide additional assurance on the reliability of the financial statements.

COMPOSITION

The Audit Committee of the Company comprised of the following three members two of them are Independent Non-Executive Directors

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 duties 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 finance field.

The Company 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 five occasions during the financial year ended 31st March, 2026 and the attendance of the committee was as follows:

Mr. K. G. Punchihewa – Chairman	5/5
Mr. S. B. Perera – Member	5/5
Mr. Anushman Rajaratnam - Member	4/5

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

Other Directors and the senior management of the Company attend the Audit Committee meetings by invitation as and when required.

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 areas 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 the 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 the adequacy of internal controls and risk management measures in place, covering the Company's operations, finance and safeguarding the assets. The risk management strategy of the Company is given on pages 28 to 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 by the Company to prepare the Financial Statements to ensure the reliability of the process and consistency of the accounting policies and methods adopted in compliance with the 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 regulations and requirements. The Committee is satisfied that adequate internal controls and procedures are in place to provide a reasonable assurance that the Company's assets are safeguarded.

INTERNAL AUDIT

The Company functions mainly as an Investment Holding Company, as such, there are no commercial 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, management has agreed to make arrangements to extend 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 pages 28 to 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 to ensure compliance with 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 2027 subject to the approval of the Shareholders at the Annual General Meeting of the Company.

K. G. Punchihewa
Chairman
Audit Committee

28th August 2026

REPORT OF THE NOMINATIONS & GOVERNANCE COMMITTEE

During the financial year 2025/26, the Nominations & Governance Committee remained steadfast in upholding robust corporate governance standards in accordance with the Code of Best Practice on Corporate Governance issued by the SEC of Sri Lanka and the Listing Rules of the Colombo Stock Exchange.

According to the Committee's mandate was ensuring a balanced Board composition aligned with the Company's strategic objectives, driving effective succession planning, conducting rigorous director evaluations, and reviewing governance policy frameworks, all underpinned by a deep commitment to transparency, ethical leadership, and sustainable value creation for our shareholders and broader stakeholders.

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).

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

The Nominations & Governance Committee, of the Company 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 occasion during the financial year ended 31st March 2026 and the attendance was as follows:

Mr. K. G. Punchihewa – Chairman - Independent Non Executive Director	2/2
Mr. S. B. Perera – Member - Independent Non Executive Director	2/2
Mr. Anushman Rajaratnam - Member- Non Executive Director	1/2

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.

KEY RESPONSIBILITIES AND DUTIES 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.

COMMITTEE ACTIVITIES IN 2025/2026

Performance evaluation of the Board were conducted, reviewed by the Committee and considered by the Board.

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 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.

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. M. Kowdu K. Mohideen. who retires by rotation and to reappoint in terms of Section 211 of the Companies Act No. 7 of 2007, Mr. S. D.R. Arudpragasam and Mr. S.S. Poholiyadde who are 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 Committee has also recommended to the shareholders the reappointment of Mr. S.S. Poholiyadde who is over seventy years of age and who retires in terms of Section 210 of the Companies Act No. 7 of 2007 in view of the management oversight skills ,integrity. expertise and business acumen.

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.

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	03.09.2025	None	Mr. S. D. R. Arudpragasam is a Director of Consolidated Tea Plantations Ltd which holds 49.20% of equity in LDEV as at 31.03.2026
Mr. S. S. Poholiyadde – Director (Non- Executive)	15.12.2022	03.09.2025	None	Mr. S. S. Poholiyadde is a Director of Consolidated Tea Plantations Ltd which holds 49.20% of equity in LDEV as at 31.03.2026
Mr. M. Kowdu K. Mohideen – Director (Non-Executive)	15.12.2022	26.09.2023	None	Mr. M. Kowdu K. Mohiodeen is a Director of Consolidated Tea Plantations Ltd which holds 49.20% of equity in LDEV as at 31.03.2026

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 27

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 27

K. G. Punchihewa
Chairman
Nominations and Governance Committee
28th August 2026

MANAGEMENT DISCUSSION AND REVIEW

OPERATING LANDSCAPE

Global Economy

The global economy remained resilient in 2025 despite continued geopolitical tensions and an increasingly uncertain external environment. According to the International Monetary Fund's World Economic Outlook, global economic growth was estimated at 3.3% in 2025, supported by the adaptability of the private sector and continued technology-led investment, particularly in artificial intelligence.

Global commodity markets remained relatively favourable during much of the year, with oil prices supported by subdued demand growth and strong supply conditions. However, developments in the Middle East towards the latter part of the period introduced renewed volatility to global energy markets. Disruptions to shipping through the Strait of Hormuz placed significant pressure on oil and liquefied natural gas supplies, resulting in a sharp increase in energy prices and heightened concerns over the inflationary outlook.

The IMF's April 2026 World Economic Outlook consequently revised its outlook for global energy commodity prices, with a potential increase of 19% under its baseline assumptions. Oil prices are projected to average approximately US$82 per barrel, while more adverse scenarios could push prices towards USD 100–110 per barrel. Such developments could place further pressure on global production and transportation costs.

Global inflation, which had been on a declining trajectory, is also expected to remain vulnerable to these developments. The IMF projects global headline inflation to increase to 4.4% in 2026, before declining to 3.7% in 2027. A prolonged increase in energy prices could result in considerably higher inflation, reinforcing concerns over slower global growth and persistent cost pressures.

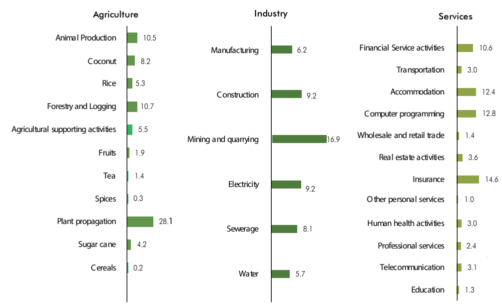
For businesses operating in manufacturing and export-oriented sectors, these developments underline the importance of maintaining cost competitiveness, supply chain resilience and flexibility in responding to changes in global commodity and logistics markets.

Sri Lankan Economy

Against a backdrop of global uncertainty and the widespread disruption caused by Cyclone Ditwah, the Sri Lankan economy continued its recovery during 2025, recording real GDP growth of 5%. This represented the second consecutive year of economic expansion and reflected the continued impact of post-crisis stabilisation measures and ongoing economic reforms.

Economic activity improved across the major sectors. Agriculture grew by 1.4%, compared with 0.6% in 2024, while Industry expanded by 7.8%, supported by manufacturing, construction, mining and quarrying. The Services sector grew by 3.3%, compared with 2.4% in the previous year, reflecting the gradual improvement in overall economic conditions.

Figure 1.10
Growth in Economic Activities at Constant Prices in 2025 (a)



(a) Base year 2015

Source: Department of Census and Statistics

The continued expansion of industrial activity provided a more supportive environment for businesses, although external volatility, higher input costs and the impact of climate-related disruptions remained important considerations.

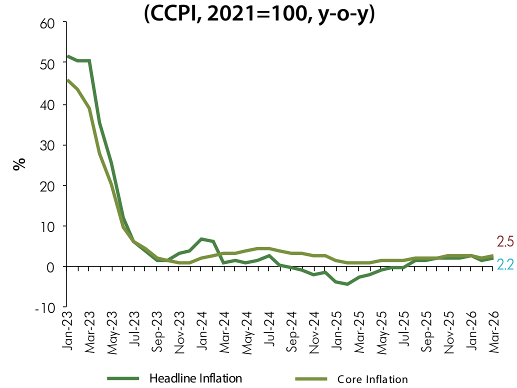
Inflation

Sri Lanka's inflation environment continued to normalise during the year following the period of deflation experienced in 2024. Inflationary pressures began to increase from March 2025, driven primarily by higher food prices, particularly vegetables and fish, together with the upward adjustment in electricity tariffs implemented in June 2025.

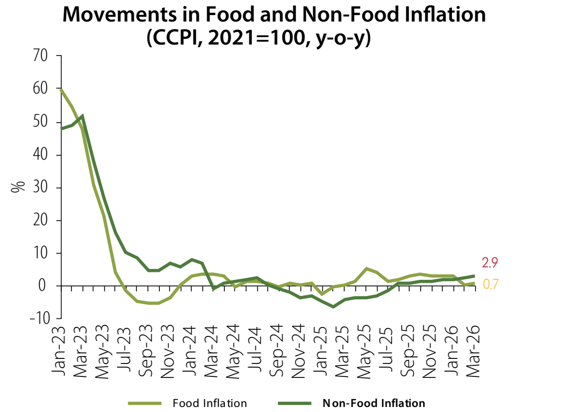
As a result, year-on-year headline inflation, measured by the Colombo Consumer Price Index (CCPI), increased to 2.1% by the end of 2025, compared with -1.7% at the end of 2024.

While the overall inflation environment remained considerably more stable than during the economic crisis, the renewed upward movement in prices highlights the continued importance of managing input costs and maintaining pricing discipline.

Movements in Headline and Core Inflation (CCPI, 2021=100, y-o-y)



Source: Department of Census and Statistics



Source: Department of Census and Statistics

Exchange Rate

The Sri Lankan Rupee came under renewed pressure against the US Dollar during 2025 following two consecutive years of appreciation. The exchange rate moved from Rs. 292.58 per US Dollar at the end of December 2024 to Rs. 309.99 by December 2025, representing a depreciation of approximately 5.6%. The Rupee depreciated by a further 1.6% during the first quarter of 2026.

The movement in the exchange rate remains particularly relevant to manufacturing businesses with a high degree of import dependency. For Lankem Development PLC, the depreciation of the Rupee placed upward pressure on the cost of imported raw materials and other operating inputs. This pressure was further compounded in 2026 by increases in raw material and shipping costs arising from geopolitical disruptions in the Middle East.

These developments reinforce the importance of effective cost management, supply chain planning and operational efficiency in protecting competitiveness and margins.

Interest Rates

Sri Lanka continued to operate within a relatively accommodative monetary policy environment during the year. Following significant policy rate reductions between June 2023 and 2024, the Overnight Policy Rate was reduced by a further 0.25 percentage points during 2025.

Market interest rates generally continued to adjust downwards, although a modest increase was observed towards the latter part of the year due to temporary movements in short-term rates. Nevertheless, the more favourable lending environment supported broader economic activity and contributed to improving conditions within the agriculture sector.

Employment

Labour market conditions continued to improve, with Sri Lanka's unemployment rate declining to 3.9% in 2025, compared with 4.4% in 2024. However, youth unemployment remained comparatively high, particularly among those aged 20–24 and 25–29.

At the same time, the continued movement of workers overseas remains an important consideration for labour-intensive industries. Total departures for foreign employment declined marginally by 1.1% to 311,223 during 2025.

The continued migration of young and skilled workers presents a longer-term challenge for industries that rely heavily on an experienced labour force.

TEA INDUSTRY

Sri Lanka's tea industry demonstrated resilience during the year despite challenging weather conditions, rising production costs and a volatile global operating environment. Cyclone Ditwah in November 2025 was the most significant climate event during the period, while continuous climate anomalies across the highland estates affected operational efficiency and production.

Despite these challenges, national tea production increased marginally to 264.12 Mn kg in 2025, compared with 262.69 Mn kg in 2024. All three elevations recorded higher production. Export volumes also strengthened, increasing by 11.65 Mn kg to 257.44 Mn kg, supported by growth across most value-added tea categories. Tea exports generated Rs. 453.28 Bn (USD 1.51 Bn) in 2025, compared with Rs. 433.47 Bn (USD 1.43 Bn) in the previous year.

However, the improvement in volumes was accompanied by pressure on prices. The National Average Sales Price declined to Rs. 1,167.72 per kg in 2025 from Rs. 1,225.17 in 2024. This, together with higher wages and input costs, continued to place pressure on industry margins. The plantation sector also had to absorb a further increase in labour costs following the substantial wage revision introduced in 2024.

The industry also faced several policy and regulatory changes during the year. The abolition of the Simplified VAT (SVAT) system from October 2025 and its replacement with a risk-based VAT refund mechanism required exporters to adjust accounting and cash-flow processes. While tea exports remain zero-rated, the transition could temporarily increase working-capital requirements, with faster refunds expected to improve liquidity for compliant exporters over time.

The external environment also remained challenging. Sri Lanka's concentration in Middle Eastern and other regional markets exposed tea exports to geopolitical tensions, shipping disruptions, higher freight and insurance costs and fluctuations in consumer demand. These risks became more pronounced in 2026, reinforcing the importance of market diversification and greater emphasis on premium and value-added tea products.

RENEWABLE ENERGY

Sri Lanka continued to strengthen its transition towards renewable energy, with a national target of 70% renewable electricity generation by 2030. The policy direction remains supportive of renewable investment, although hydroelectricity increasingly competes with solar and wind for new investment.

Policy and Cost Environment

The operating environment was further influenced by changes in taxation, energy pricing and labour costs. The planned reduction of the VAT and Social Security Contribution Levy registration threshold from Rs. 60 Mn to Rs. 36 Mn from April 2026 is expected to broaden the number of businesses falling within these regimes.

For the plantation sector, the proposed increase in the minimum daily wage to Rs. 1,550, together with a Rs. 200 attendance incentive, represents a further increase in the cost base of a highly labour-intensive industry. Managing this structural cost pressure will require continued focus on worker productivity, efficient labour deployment and selective mechanisation.

Electricity tariff increases also added to operating costs, particularly for tea factories and other energy-intensive operations. The April 2026 tariff revision increased charges for industrial consumers by approximately 8.7%, reinforcing the need for disciplined energy management and operational efficiency.

Group Performance

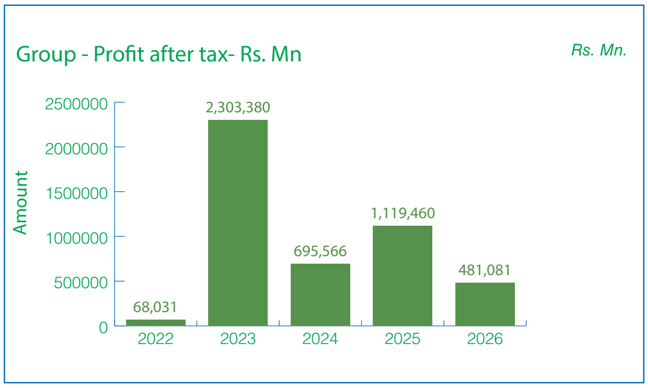
Throughout the reporting year, Lankem Development PLC continued its transformation into a consistently profitable enterprise, demonstrating resilience, strategic discipline and a clear focus on sustainable value creation amid a dynamic and challenging operating environment. Building on the momentum established in recent years, the Group recorded steady revenue growth, reflecting the strength of its underlying business model and the disciplined execution of its strategic priorities.

The Group recorded consolidated revenue of Rs. 7,436 million, representing modest year-on-year growth. This performance reflects sustained market demand and the Group's ability to preserve its market position despite operational challenges, cost pressures and evolving external conditions.

The Group's performance was underpinned by focused and prudent responses to operational and environmental challenges across its core sectors, particularly Tea and Hydropower. These efforts enabled the Group to maintain operational resilience and deliver a steady performance during the year under review.

The stability achieved in Profit After Tax further reflects the Group's continued emphasis on operational optimisation, strengthening core capabilities and deploying resources towards areas offering the greatest potential for sustainable growth and value creation.

Overall, the performance during the year demonstrates the Group's ability to navigate a challenging operating landscape while remaining focused on strengthening its core businesses, enhancing operational efficiency and building a resilient platform for future growth.



During the year, the Group remained focused on refining its strategic priorities in line with changing market conditions, while continuing to strengthen the foundations for sustainable long-term growth. This approach was supported by ongoing improvements in operational efficiency, prudent allocation of resources and a continued focus on enhancing stakeholder value. The Group's ability to respond effectively to external uncertainties while sustaining its performance demonstrates the resilience of its business model and the agility and commitment of its teams.

Tea Sector Performance

The Tea sector continued to serve as a key pillar of the Company's earnings in 2026, maintaining its position as the principal contributor to overall revenue. Revenue increased to Rs. 7,355 million, compared with Rs. 7,218 million recorded in 2025, reflecting the Company's ability to preserve its market presence and sustain revenue generation despite a challenging operating environment.

Profitability, however, came under considerable pressure during the year. Gross profit declined to Rs. 536 million, from Rs. 1,300 million in the preceding year. This contraction was primarily driven by escalating production costs, lower crop yields and increased wage expenditure. The sector absorbed a further 15% wage increase in January 2026, following the 35% wage adjustment implemented in September 2024, placing additional pressure on operating margins.

As a result of these cost and production pressures, profit before tax declined to Rs. 429 million, compared with Rs. 1,107 million in 2025, while profit after tax stood at Rs. 305 million, against Rs. 789 million in the previous year. The decline in profitability underscores the continued cost pressures facing the plantation sector and the sensitivity of tea operations to changes in input costs and agricultural conditions.

Tea production recorded a 2% decline to 6.2 million kilograms during the year, primarily reflecting adverse weather patterns and cultivation-related constraints. Despite the reduction in production volumes and earnings, the Company remained focused on strengthening operational discipline, improving cost efficiency and deepening customer relationships, with the objective of maximising the value derived from its tea portfolio.

Hydro Sector Performance

The Group's Hydro Power sector delivered a stronger operational performance during the year. Revenue increased to Rs. 80 Mn, compared with Rs. 67 Mn in the previous year, while gross profit increased to Rs. 51 Mn from Rs. 38 Mn. Profit before tax improved to Rs. 54 Mn from Rs. 53 Mn. Electricity generation increased by approximately 20% to 5.55 Mn kWh, compared with 4.61 Mn kWh in the preceding year, supported by favourable hydrological conditions, effective maintenance and improved plant reliability.

The Company will continue to strengthen the profitability of its Hydro Power segment by maximising the performance of its existing assets while maintaining disciplined control over operating and maintenance costs. Greater emphasis will be placed on preventive maintenance, plant reliability and efficient resource utilisation to minimise downtime and optimise generation capacity.

Effective management of water resources will remain critical, with generation planning aligned to prevailing hydrological conditions to maximise output during periods of favourable rainfall and mitigate the impact of drier periods. The Company will also assess opportunities for timely rehabilitation and efficiency improvements to enhance plant performance without significant expansion of its existing asset base.

Outlook

The outlook for 2026/27 remains cautiously positive, although both sectors will continue to operate against a backdrop of external and domestic risks. For tea, geopolitical developments, export-market concentration, weather volatility, labour costs and input prices will remain key considerations. The sector's ability to strengthen premiumisation, value addition, productivity and market diversification will be critical to sustaining margins.

For hydropower, the outlook remains strategically favourable, supported by Sri Lanka's renewable-energy ambitions and the increasing importance of domestic, low-carbon electricity generation. However, hydropower will need to operate alongside rapidly expanding solar and wind capacity, making efficient asset utilisation and cost management increasingly important.

The Group will therefore continue to focus on operational efficiency, disciplined cost management, productivity improvement and prudent resource utilisation across both sectors. In tea, the emphasis will be on reducing the cost per kilogram while protecting quality and long-term productivity. In hydropower, the focus will remain on maximising generation from existing assets, maintaining plant reliability and optimising water resources. These priorities will strengthen resilience against market volatility while supporting sustainable long-term value creation.

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 subsidiaries ("the Group"), which comprise the statement of financial position as at 31st March 2026, and the statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information set out on pages 48 to 101.

In our opinion, the accompanying financial statements of the Company and Group give a true and fair view of the financial position of the Company and the Group as at 31st March 2026, 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 3.1, 3.7 and 3.9.2. and explanatory Notes 16 and 17 to the Financial Statements)

Risk Description

The Group has reported goodwill of Rs. 629 Mn as at 31st March 2026. 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. 2,226 Mn as at 31st March 2026. 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 2026 as per the requirements of LKAS 36 – "Impairment of Assets" and determined that no impairment was required as at 31st March 2026.

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 2026. 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.

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. 4,262.5 Mn as at 31st March 2026. This amount consists of bearer biological assets amounting to Rs. 2,118 Mn and consumable biological assets amounting to Rs. 2,144.5 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.
- Reviewing the significant expenses incurred by examining related invoices, capital expenditure authorizations and other corroborative evidence.
- 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.

Valuation of Retirement Benefit Obligation

(Refer to the material accounting policy in Note 3.12.3, explanatory Note 30 of the consolidated financial statements).

Risk Description

The Group has recognized retirement benefit obligation of Rs. 2,600 Mn as at 31st March 2026. 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.

KPMG

Our audit procedures for valuation of retirement benefit obligation included reviewing the conclusions and work papers 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.

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

KPMG

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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

28th August 2026

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		GROUP		COMPANY	
For the Year Ended 31st March		2026	2025	2026	2025
	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue	5	7,436,691	7,285,917	125,373	359,685
Cost of Sales		(6,796,657)	(5,908,794)	-	-
Gross Profit		640,034	1,377,123	125,373	359,685
Change in the Fair Value of the Biological Assets	14.3	149,353	133,842	-	-
Other Income	6	85,698	118,015	-	5,807
Administrative Expenses		(371,029)	(468,314)	(13,161)	(10,818)
Other Reversals / (Expenses)	7	-	(1,067)	-	(1,067)
Reversals for Impairment of Amount due from Related Parties	32	-	101	-	101
Result from operating activities		504,056	1,159,700	112,212	353,708
Finance Income	8	130,534	129,969	387	202
Finance Cost	8	(153,510)	(170,207)	(1,100)	(50,889)
Net Finance Cost		(22,976)	(40,238)	(713)	(50,687)
Profit / (Loss) before Tax	9	481,081	1,119,462	111,499	303,021
Tax Expenses	10	(155,451)	(388,780)	7,552	-
Profit / (Loss) for the Year		325,630	730,682	119,051	303,021
Other Comprehensive Income / (Expense)					
Items that will not reclassified to Profit and Loss					
Actuarial (Gain)/Loss on Retirement Benefit Obligation	30	(292,300)	(663,465)	-	-
Tax Effect on Components of Retirement Benefit Obligation	29	87,690	199,039	-	-
Revaluation Surplus on PPE	24	-	2,100	-	2,100
Tax Effect on Components of OCI	29	-	(630)	-	(630)
Changes in Fair Value of Financial Assets classified as FVOCI	18	39,420	14,645	462	7,160
Deferred Tax recognized on disposal of FVOCI Investment		(2,477)	-	(2,287)	-
Other Comprehensive Income/(Expenses) for the Year		(167,668)	(448,311)	(1,825)	8,630
Total Comprehensive Income/ (Expense) for the Year		157,962	282,371	117,226	311,651
Profit / (Loss) for the Year Attributable to:					
Owners of the Company		172,465	358,449	119,051	303,021
Non- Controlling Interest		153,165	372,233	-	-
Profit / (Loss) for the Year		325,630	730,682	119,051	303,021
Total Comprehensive Income / (Expense) Attributable to:					
Owners of the Company		75,038	110,049	117,225	311,651
Non- Controlling Interest		82,924	172,322	-	-
Basic Earnings / (Loss) per Share (Rs.)	11.1	1.08	2.99	0.99	2.53

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 48 to 101.

STATEMENT OF FINANCIAL POSITION

As at 31st March	Note	GROUP 2026 Rs. '000	GROUP 2025 Rs. '000	COMPANY 2026 Rs. '000	COMPANY 2025 Rs. '000
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	12	1,402,798	1,270,342	24,500	24,500
Bearer Biological Assets	13	2,118,169	2,194,698	-	-
Consumable Biological Assets	14	2,144,585	1,977,314	-	-
Right to Use Assets	15	124,667	131,188	-	-
Intangible Assets	16	629,064	629,064	-	-
Investments in Subsidiaries	17	-	-	2,226,098	2,111,496
Financial Assets Measured at Fair Value Thorough Other Comprehensive Income	18	59,313	59,317	27,992	27,530
Total Non-Current Assets		6,478,596	6,261,923	2,278,590	2,163,526
Current Assets					
Inventories	19	852,328	1,117,059	-	-
Produce on Bear Biological Assets	14	24,383	22,519	-	-
Trade & Other Receivables	20	671,044	561,966	-	-
Amounts due from Related Parties	32.1.1	579,729	517,007	-	-
Taxes Recoverable	21	25	-	25	-
Cash & Cash Equivalents	22	719,225	864,788	4,726	122,334
Total Current Assets		2,846,734	3,083,339	4,751	122,334
TOTAL ASSETS		9,325,330	9,345,262	2,283,341	2,285,860
EQUITY AND LIABILITIES					
Stated Capital	23	2,158,006	1,558,006	2,158,006	1,558,006
General Reserve	25	500	500	500	500
Revaluation Reserves	24	12,285	12,285	12,285	12,285
Reserve for Financial Assets at Fair Value Through OCI		(102,443)	(104,668)	6,275	8,100
Retained Earnings		243,640	266,332	90,888	187,837
Equity Attributable to Equity Holders of the Parent		2,311,988	1,732,455	2,267,953	1,766,728
Non-Controlling Interest		1,101,055	1,351,681	-	-
Total Equity		3,413,043	3,084,136	2,267,953	1,766,728
Non-Current Liabilities					
Interest Bearing Borrowings	26	247,971	245,872	-	-
Deferred Income	28	155,240	164,695	-	-
Deferred Tax Liabilities	29	825,006	892,910	-	5,265
Lease Liabilities	27	116	119	-	-
Retirement Benefit Obligations	30	2,599,732	2,209,860	-	-
Total Non-Current Liabilities		3,828,065	3,513,456	-	5,265
Current Liabilities					
Trade & Other Payables	31	925,897	1,263,906	14,819	19,194
Income Tax Payable		68,074	10,956	-	-
Amounts due to Related Parties	32.3	5,226	179,815	568	178,868
Loans due to Related Parties	32.2	-	315,805	-	315,805
Interest-Bearing Borrowings	26	808,293	654,626	-	-
Lease Liabilities	27	3	3	-	-
Bank Overdraft	22	276,730	322,559	-	-
Total Current Liabilities		2,084,222	2,747,670	15,387	513,867
Total Liabilities		5,912,287	6,261,126	15,387	519,132
TOTAL EQUITY AND LIABILITIES		9,325,330	9,345,262	2,283,341	2,285,860
Net Asset per Share (Rs.)		19.27	14.44	18.90	14.72

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 48 to 101.

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

R H Sarith Sandakalum
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

Date
28th August 2026
Colombo

STATEMENT OF CHANGES IN EQUITY

GROUP	Equity Attributable to Owners of the Company							
	Stated Capital Rs. '000	General Reserve Rs. '000	FVOCI Reserve Rs. '000	Revaluation Reserve Rs. '000	Retained Earnings/ Accumulated Losses Rs. '000	Total Rs. '000	Non-Controlling Interest Rs. '000	Total Rs. '000
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 1st April 2025	1,558,006	500	(104,668)	12,285	266,332	1,732,455	1,351,681	3,084,136
Rights Issue of Shares	600,000	-	-	-	-	600,000	-	600,000
Profit for the year	-	-	-	-	172,465	172,465	153,165	325,630
Other Comprehensive Income / (Expense) for the Year	-	-	20,523	-	(117,950)	(97,427)	(70,242)	(167,669)
Dividend to Non Controlling Interest	-	-	-	-	-	-	(318,502)	(318,502)
Reclassification of FVOCI reserve to P&L	-	-	(20,631)	-	35,790	15,158	(15,158)	-
Reclassification of Deferred Tax related to P&L	-	-	2,335	-	-	2,335	1,715	4,050
Transfer from Revaluation Reserve	-	-	-	-	-	-	-	-
Deferred Tax effect on Revaluation Reserve	-	-	-	-	-	-	-	-
Acquisition of additional 1.4% NCI in Agarapathna Plantations PLC	-	-	-	-	(112,998)	(112,998)	(1,604)	(114,602)
Balance as at 31st March 2026	2,158,006	500	(102,443)	12,285	243,640	2,311,988	1,101,055	3,413,043

COMPANY	Stated Capital Rs. '000	General Reserve Rs. '000	FVOCI Reserve Rs. '000	Revaluation Reserve Rs. '000	Retained Earnings Rs. '000	Total Rs. '000
Balance as at 1st April 2024	1,558,006	500	940	10,815	(115,184)	1,455,077
Loss for the Year	-	-	-	-	303,021	303,021
Other Comprehensive Expense for the Year, Net of Tax	-	-	7,160	1,470	-	8,630
Balance as at 1st April 2025	1,558,006	500	8,100	12,285	187,837	1,766,728
Rights Issue of Shares	600,000	-	-	-	-	600,000
Profit for the Year	-	-	-	-	119,051	119,051
Dividend Paid	-	-	-	-	(216,000)	(216,000)
Other Comprehensive Income for the Year, Net of Tax	-	-	(1,825)	-	-	(1,825)
Balance as at 31st March 2026	2,158,006	500	6,275	12,285	90,888	2,267,954

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 et out on the pages 48 to 101.

STATEMENT OF CASH FLOWS

For the year ended 31st March	Note	GROUP 2026 Rs. '000	GROUP 2025 Rs. '000	COMPANY 2026 Rs. '000	COMPANY 2025 Rs. '000
Cash Flows from Operating Activities					
Profit /(Loss) before Tax		481,081	1,119,462	111,499	303,021
Adjustments for :					
Depreciation of Property, Plant & Equipment	12	186,742	104,257	-	-
Depreciation of Bearer Biological Assets	13	78,385	76,398	-	-
Amortization of Right of Use Assets	15	6,504	6,503	-	-
Interest Expense	8	153,510	170,207	1,100	50,889
Profit on Disposal of Property, Plant & Equipment	6	-	(9,921)	-	(2,121)
Interest Income	8	(130,534)	(129,969)	(387)	(202)
Provision for Retirement Benefit Obligation	30	386,408	328,950	-	-
Provision for Tax Recoverable		-	1,067	-	1,067
Net Gain on Change in Fair Value of Biological Assets	14.3	(149,353)	(133,842)	-	-
Provision for Impairment of Trade & Other Receivable	20.1	10,312	6,695	-	-
Provision / (Reversal) for Impairment of Loans and Amounts due from Related Parties	32.1	12,914	(101)	-	(101)
Provision for Impairment of Bearer Biological Assets		23,996	-		-
Amortization of Deferred Income	6	(9,455)	(9,455)	-	-
Provision for Surcharge		-	50,000	-	-
Operating Profit/ (Loss) before Working Capital Changes		1,050,509	1,580,251	112,212	352,553
Decrease / (Increase) in Inventories		264,730	(194,984)	-	-
Decrease / (Increase) in Trade & Other Receivables		(119,639)	198,746	(25)	-
Decrease / (Increase) in Amounts due from Related Parties		(52,114)	43,832	-	5,682
Increase in Trade & Other Payables		241,354	279,510	(4,374)	797
Increase / (Decrease) in Amounts due to Related Parties		(198,929)	(193,506)	(179,400)	(83,329)
Cash Generated from (Used in) Operations		1,185,911	1,713,849	(71,588)	275,703
Income Tax, WHT and Other Tax Paid		(657,760)	(327,610)	-	-
Interest Paid		(162,135)	(153,137)	-	(417)
Gratuity Paid	30	(288,836)	(573,668)	-	-
Net Cash (Used in) / Generated from Operating Activities		77,179	659,435	(71,588)	275,286
Cash Flows from Investing Activities					
Acquisition of Property, Plant & Equipment	12	(319,198)	(372,104)	-	-
Investment in Subsidiaries		-	-	-	-
Investment in Bearer Plants	13	(16,109)	(24,321)	-	-
Investments in Subsidiaries		(114,602)		(114,602)	
Investment in Consumable Biological Assets	14	(19,782)	(13,958)	-	-
Interest Received		130,534	145,045	387	-
Proceeds from Disposal of Property, Plant & Equipment		-	7,800	-	-
Proceeds from Disposal of Financial Assets Measured at FVOCI		40,790	7,040	-	7,040
Rights Issue Proceeds		600,000		600,000	
Dividend Paid		-			
Net Cash Generated From (Used in) Investing Activities		301,633	(250,498)	485,785	7,040
Cash Flows from Financing Activities					
Proceeds from Interest Bearing Borrowings		2,468,358	1,105,468	-	-
Loans Obtained from Related Parties		-	145,360	-	224,998
Repayment of Loans Due to Related Parties		(315,805)	(171,810)	(315,805)	(379,948)
Repayment of Interest Bearing Borrowings		(2,312,592)	(1,184,140)	-	-
Repayment of Lease Rental		(3)	(2)	-	-
Dividend Paid		(318,502)	(323,644)	(216,000)	-
Net Cash Generated from / (Used in) Financing Activities		(478,546)	(428,768)	(531,805)	(154,950)
Net Increase / (Decrease) in Cash & Cash Equivalents		(99,733)	(19,831)	(117,608)	127,375
Cash & Cash Equivalents at the Beginning of the Year	22	542,229	562,060	122,334	(5,041)
Cash & Cash Equivalents at the End of the Year	22	442,495	542,229	4,726	122,334
Analysis of Cash & Cash Equivalents at the End of the Year					
Cash in Hand and at Bank		719,225	864,788	4,726	122,334
Bank Overdrafts		(276,730)	(322,559)		
Cash & Cash Equivalents at the End of the Year		442,495	542,229	4,726	122,334

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 48 to 101

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 2026, 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 2026 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. Basis of Consolidation

3.1.1. 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.

3.1.2. 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.

3.1.3. 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.

3.1.4. 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.

3.1.5. 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.

3.2. 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.

3.3. Financial Instruments

3.3.1. 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.

3.3.2. Classification and Subsequent Measurement

3.3.2.1. 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.

3.3.2.2. 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.

3.3.2.3. 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.

3.3.3. De-recognition

3.3.3.1. 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.

3.3.3.2. 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.

3.3.4. 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.

3.3.5. 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.

3.4. 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.

3.4.1. 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.

3.4.2. 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.

3.4.3. 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.

3.4.4. 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.

3.4.5. 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.

3.4.6. 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.

3.4.7. 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

3.4.8. 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.

3.4.9. 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.

3.5. 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.

3.5.1. 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.

3.5.2. 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.

3.5.3. 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.

3.5.4. 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.

3.5.5. 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.

3.6. 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.

3.7. 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.

3.8. 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.

3.8.1. 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.

3.9. Impairment

3.9.1. 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.

3.9.2 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.

3.10. 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.

3.11. 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.

3.12. Employee Benefits

3.12.1. 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.

3.12.2. 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.

3.12.3. Defined Benefit Plan Ð 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.

3.13. 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.

3.14. Revenue Recognition

3.14.1. 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.

3.14.2. 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.

3.15. 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.

3.15.1. 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.

3.16. 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.

3.17. 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.

3.18. 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.

3.19. 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.

3.20. 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.

3.21. 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.

3.22. 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.

3.23. 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. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

4.1. SLFRS 18 Presentation and Disclosures in Financial Statements

SLFRS 18 will replace LKAS 1 Presentation of Financial Statements and is applicable for annual reporting periods beginning on or after 01 January 2027. The new accounting standard introduces the following key new requirements.

(a) Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.

(b) Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.

(c) Enhanced guidance is provided on how to group information in the financial statements.

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

The Group is in the process of assessing the impact of the new accounting standard, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements.

4.2. Sri Lanka Accounting Standard – SLFRS 19 on “Subsidiaries without Public Accountability”

(SLFRS 19)

SLFRS 19 is a new accounting standard for subsidiaries to apply the recognition, measurement, and presentation requirements of full SLFRS Standards while applying a reduced set of disclosure requirements in Financial Statements with effect from January 01, 2027. The Group does not expect this will result in a material impact on its Consolidated Financial Statements.

4.3. SLFRS S1 General requirements for disclosure of sustainability related financial information and SLFRS S2 Climate-related disclosures

- SLFRS S1 General requirements for disclosure of sustainability related financial information

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

- SLFRS S2 Climate-related disclosures

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

- These standards will become effective for the Group from 1 April 2027. No financial impact is expected on the Group except for additional disclosures.

4.4. Other accounting standards

Annual improvements to SLFRS Accounting Standards – Volume 11

The amendments apply for annual reporting periods beginning on or after 1 January 2026. These changes are not expected to have a significant impact on the Group’s Financial Statements.

5. REVENUE

For the year ended 31st March	GROUP		COMPANY	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Gross Revenue	7,436,691	7,285,917	125,373	359,685
Net Revenue	7,436,691	7,285,917	125,373	359,685

5.1. Revenue Streams

For the year ended 31st March	GROUP		COMPANY	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue from Contracts with Customers				
Sale of Goods	7,355,769	7,218,634	-	-
Supply of Services	80,922	67,283	-	-
Total Revenue from Contracts with Customers	7,436,691	7,285,917	-	-

5.2. Disaggregation of Revenue from Contracts with Customers

	GROUP		COMPANY	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Major Products / Divisions				
Tea	7,355,769	7,218,634	-	-
Supply of Electricity to CEB	80,922	67,283	-	-
Total Revenue from Contracts with Customers	7,436,691	7,285,917	-	-

5.3. Contract Balances

	GROUP		COMPANY	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Receivables (Included in Trade and Other Receivables)	340,437	140,978	-	-
	340,437	140,978	-	-

5.4. Segmental Analysis

5.4.1. Segmental Revenue

	GROUP		COMPANY	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Plantations	7,355,769	7,218,634	-	-
Other	80,922	67,283	-	-
Net Revenue	7,436,691	7,285,917	-	-

5.4.2. Segmental Profit/(Loss) before Tax

	GROUP		COMPANY	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Plantations	425,517	1,096,492	-	-
Other	55,564	22,970	-	303,021
Profit/(Loss) before Tax	481,081	1,119,462	-	303,021

5.4.3 Segmental Assets and Liabilities

	GROUP		COMPANY	
For the year ended 31st March	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Segmental Assets				
Plantations	8,898,511	8,802,048	-	-
Other	(202,245)	(85,850)	57,243	174,364
	8,696,266	8,716,198	57,243	174,364
Goodwill on Consolidation	629,064	629,064	-	-
Investments in Subsidiary	-	-	2,226,098	2,111,496
	9,325,330	9,345,262	2,283,341	2,285,860
Segmental Liabilities				
Plantations	6,220,487	6,011,746	-	-
Other	(308,200)	249,381	15,387	519,131
	5,912,287	6,261,127	15,387	519,131

6. OTHER INCOME

	GROUP		COMPANY	
For the year ended 31st March	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Profit on Disposal of Property, Plant and Equipment	-	7,800	-	-
Realised Gain On Disposal of Investment in Uint Trust	-	2,121	-	2,121
Dividend Income	110	480	-	-
Amortisation of Capital Grants	9,455	9,455	-	-
Rent Income	22,783	28,983	-	-
Income from Sale of Other Trees	861	14,775	-	
Writeback of Unclaimed Expenditure	-	3,686	-	3,686
Writeback of Consultancy Fees Payable	1,868	-	-	-
Others	50,621	50,715	-	-
	85,698	118,015	-	5,807

7. OTHER EXPENSES / (REVERSALS)

		GROUP		COMPANY	
For the year ended 31st March		2026	2025	2026	2025
	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Provision for Income Tax Receivable	21	-	1,067	-	1,067
Impairment in Related party receivable	32.1.2	-	(101)	-	(101)
		-	966	-	966

8. NET FINANCE INCOME / (COSTS)

For the Year Ended 31st March	GROUP		COMPANY	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
(A) Finance Income				
Interest from Related Companies	130,147	129,969	-	202
Others	387	-	387	
Total Finance Income	130,534	129,969	387	202
(B) Finance Costs				
Interest Expense on Bank Overdraft	(29,030)	(27,962)	-	(417)
Interest Expense on Related Party Loan	(1,100)	(35,241)	(1,100)	(50,472)
Interest Expense on Term Loan	(123,291)	(101,695)	-	-
Interest on Leases	(10)	(10)	-	-
Other Interest	(9,805)	(23,423)	-	-
	(163,235)	(188,331)	(1,100)	(50,889)
Amount Capitalised	9,726	18,124	-	-
Total Finance Costs	(153,510)	(170,207)	(1,100)	(50,889)
Net Finance Costs	(22,976)	(40,238)	(713)	(50,687)

9. PROFIT / (LOSS) BEFORE TAXATION

For the Year Ended 31st March	GROUP		COMPANY	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Is stated after charging all expenses including the following;				
Depreciation / Amortization				
Property, Plant & Equipment	186,742	99,267	-	-
Bearer Biological Assets	78,368	76,399	-	-
Right-of-Use Assets	6,504	11,476	-	-
Auditor's Remuneration				
Statutory Audit - KPMG	2,160	1,695	2,160	1,695
Other Auditors	8,146	6,891	-	-
Salaries and Wages	3,857,188	3,282,163	-	-
Defined Contribution Plan Cost - EPF & ETF	361,635	314,621	-	-
Defined Benefit Plan Cost - Retiring Gratuity	386,408	328,949	-	-

10. TAX EXPENSES

For the Year Ended 31st March		GROUP		COMPANY	
		2026	2025	2026	2025
	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Current Income Tax Expense					
Income Tax on Profit for the Year	10.1	(135,457)	(86,393)	-	-
Under/Over Provision in respect of Previous Years		-	-	-	-
		(135,457)	(86,393)	-	-
Deferred Tax Expense					
(Charge) / Reversal for the Year	29	(19,994)	(302,387)	7,552	-
Income Tax (Expense) / Reversal		(155,451)	(388,780)	7,552	-

10.1. Current Income Tax Expense

For the Year Ended 31st March		GROUP		COMPANY	
		2026	2025	2026	2025
	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Reconciliation of Accounting Profit / (Loss) to Income Tax Expense					
Profit / (Loss) before Taxation		481,080	1,119,462	111,499	303,021
Aggregate Disallowed Expenses		761,321	728,611	13,876	967
Aggregate Non Taxable Items		(125,375)	(301,665)	(125,375)	(301,665)
Aggregate Allowable Items		(853,799)	(1,090,154)	-	-
Inter Group Adjustments		113,820	344,180	-	-
Business Profit / (Loss)		377,047	800,434	-	2,323
Other Source of Income		255,907	496,432	125,760	359,685
Tax exempt income		(125,373)	(362,883)	(125,373)	(359,685)
Total Assesable Income		507,581	933,983	387	2,323
Tax losses brought forward and utilised		(145,406)	(870,886)	(387)	(2,323)
Taxable Profit		362,175	63,096	-	-
Taxable at 30%		108,653	18,929	-	-
WHT Payment on Dividend Income		26,805	67,464	-	-
Income Tax on Current Year Profit		135,457	86,393	-	-

10.2. Accumulated Tax Losses

		GROUP		COMPANY	
		2026	2025	2026	2025
	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Tax Loss Brought Forward		434,190	1,391,026	278,118	366,183
Adjustment in Respect of Previous Years		(8,730)	(85,950)	2,323	(85,742)
Tax loss Utilised during the Year		(145,406)	(870,886)	(387)	(2,323)
Tax Loss for the Year	10.1	-	-	-	-
Tax Loss Carried Forward		280,054	434,190	280,054	278,118

10.3. AGARAPATANA PLANTATIONS PLC - SUBSIDIARY

In accordance with the Inland Revenue (Amendment) Act No. 45 of 2022, income arising from agro-farming activities was exempt from income tax for a period of five years, effective from 1 April 2019, while income from agro-processing activities was subject to income tax at a rate of 30%.The five-year tax exemption applicable to agro-farming activities has now expired. Accordingly, with effect from the expiration of the exemption period, all taxable income of the Company, including other income, is subject to income tax at the prevailing rate of 30% (2025: 30%) in accordance with the provisions of the aforementioned 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% (2025; 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%. (2025: 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	
	2026	2025	2026	2025
Profit / (Loss) for the Year (Rs. 000)	325,630	730,682	119,051	303,021
Attributable to Non - Controlling Interest (Rs. 000)	(153,165)	(372,233)	-	-
Profit / (Loss) attributable to Owners of the Company (Rs. 000)	172,465	358,449	119,051	303,021
Weighted Average Number of Ordinary Shares (No.000)	160,000	120,000	120,000	120,000
Basic Loss Per Share (Rs.)	1.08	2.99	0.99	2.53

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 01.04.2025 Rs. '000	Capitalised during the Year Rs. '000	Revaluation During the Year Rs. '000	Additions/ Transfers during the Year Rs. '000	Disposals during the Year Rs. '000	Balance As at 31.03.2026 Rs. '000
Cost / Revalued Amount						
Freehold						
Land	24,500	-	-	-	-	24,500
Buildings	689,642	-	-	8,726	-	698,368
Water, Sanitation and Electricity	86,057	-	-	-	-	86,057
Roads	69,315	-	-	-	-	69,315
Plant & Machinery	856,136	-	-	45,299	-	901,435
Motor Vehicles	464,341	-	-	113,058	-	577,399
Computer Equipment	262	-	-	-	-	262
Office Equipment	459,575	-	-	149,706	-	609,281
Other Equipment	651	-	-	-	-	651
Furniture & Fittings	11,196	-	-	267	-	11,463
	2,661,675	-	-	317,056	-	2,978,731
Capital Work in Progress	1,774	-	-	2,142	-	3,916
Total Cost / Revalued Amount	2,663,449	-	-	319,198	-	2,982,647

Capital Work in Progress recognized above represents the cost incurred by the subsidiary, Agarapathana Plantations Limited on Buildings as at 31st March 2026

	Balance As at 01.04.2025 Rs. '000	Other Transfers Rs. '000	Revaluations during Year Rs. '000	Charge for the Year Rs. '000	Accumulated Depreciation on Disposal Rs. '000	Balance As at 31.03.2026 Rs. '000
Accumulated Depreciation						
Freehold						
Buildings	228,547	-	-	50,498	-	279,045
Water, Sanitation and Electricity	72,553	-	-	3,123	-	75,676
Roads	45,614	-	-	2,684	-	48,298
Plant & Machinery	563,739	-	-	41,411	-	605,150
Motor Vehicles	361,394	-	-	34,645	-	396,039
Computer Equipment	262	-	-	-	-	262
Office Equipment	110,543	-	-	54,135	-	164,678
Other Equipment	651	-	-	-	-	651
Furniture & Fittings	9,804	-	-	246	-	10,050
Total Depreciation	1,393,107	-	-	186,742	-	1,579,849
Carrying Amount	1,270,342	-	-	132,456	-	1,402,798

Category wise Carrying Value of Assets

	GROUP	
	Balance As at 31.03.2026 Rs. '000	Balance As at 01.04.2025 Rs. '000
Land	24,500	24,500
Buildings	419,322	461,095
Water, Sanitation and Electricity	10,381	13,504
Roads	21,017	23,701
Plant & Machinery	296,285	292,397
Motor Vehicles	181,360	102,947
Office Equipment	444,603	349,032
Furniture & Fittings	1,413	1,392
Capital Work in Progress	3,916	1,774
	1,402,798	1,270,342

12.2. Company

	Balance As at 01.04.2025 Rs. '000	Balance As at 31.03.2026 Rs. '000
Cost / Revalued Amount		
Land (Note 12.3)	24,500	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	29,595	29,595

	Balance As at 01.04.2025 Rs. '000	Balance As at 31.03.2026 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	24,500	24,500

The Company did not have any additions or disposals during the year ended 31st March 2026. (2025 : Nill)

The Fully Depreciated Assets of the Company as at 31st March 2026 are as follows,

	2025 Rs. '000	2026 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 Drepreciated Assets, but still in use of the Group amounts to Rs. 814Mn (As at 31st March 2025 - Rs. 808Mn)

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 2026	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

	2026 Rs.'000	2025 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 31.03.2026 Rs. '000	Total as at 31.03.2025 Rs. '000
Cost				
Balance at the Beginning of the Year	301,442	2,585,861	2,887,303	2,844,858
Additions During the Year	25,834	73,492	99,326	108,071
Transfer In / (Out)	(73,492)	-	(73,492)	(65,626)
Provision for Impairment	(23,996)	-	(23,996)	-
Balance at the End of the Year	229,788	2,659,353	2,889,142	2,887,303
Depreciation				
Balance at the Beginning of the Year	-	692,605	692,605	616,207
Charge for the Year	-	78,368	78,368	76,398
Balance at the End of the Year	-	770,973	770,973	692,605
Carrying Value at the End of the Year	229,788	1,888,380	2,118,169	2,194,698

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. 9,725,808/- (2025 - Rs. 18,123,853 /-) 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		COMPANY	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance at the Beginning of the Year	1,977,314	1,832,487	-	-
Decrease due to Harvesting	-	-	-	-
Increased due to New Planting	19,782	13,958	-	-
Gain Arising from Changes in Fair Value for the Year	147,489	130,869	-	-
Balance at the End of the Year	2,144,585	1,977,314	-	-

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 2026. The Fair value of consumable biological assets has been classified as level 3 in terms of the fair value hierarchy.

The carrying amount of Biological Assets are pledged as securities for liabilities are Nil for the year 2026 (2025 - Nil). There are no commitments for the development or acquisition of Biological Assets.

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 The valuation model considers present value of future net cash flows expected to be generated by the plantation from the timber content of managed timber plantation on a tree per-tree basis	Discounted Rate	Age to harvest 5 years or below - 13.5%	The higher the discount rate, the lesser the fair value
			Age to harvest 6 to 15 years - 14.5%	
			Age to harvest 15 years or above 15.5%	
		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.410/- to Rs.1,300/-	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.

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 2026	GROUP	
	Rs. '000 -10%	Rs. '000 +10%
Managed Timber	(214,656,927)	214,656,927
Total	(214,656,927)	214,656,927

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 2026	GROUP	
	Rs. '000 -1%	Rs. '000 +1%
Managed Timber	44,688,567	(42,292,366)
Total	44,688,567	(42,292,366)

14.2. Produce on Bearer Biological Assets

	GROUP	
	2026	2025
	Rs. '000	Rs. '000
Produce on Bearer Biological Assets		
Balance at the Begining of the Year	22,519	19,547
Change in Fair Value Less Cost to Sell	1,864	2,973
Balance at the End of the Year	24,383	22,519

14.3. Change in Fair Value of Biological Assets

	GROUP	
	2026	2025
	Rs. '000	Rs. '000
Consumable Biological Assets - Gain arising from Changes in Fair Value Less Cost to Sell	147,489	130,869
Produce on Bearer Biological Assets - Gain / Loss) arising from Changes in Fair Value Less Cost to Sell	1,864	2,973
	149,353	133,842

15. RIGHT- OF -USE ASSETS

As at 31st March		GROUP		COMPANY	
		2026	2025	2026	2025
	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lands (JEDB/SLSPC)	15.1	123,564	130,068	-	-
Immovable Bearer Biological Assets	15.2	-	-	-	-
Immovable Assets	15.3	1,103	1,120	-	-
		124,667	131,188	-	-

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 01.04.2025 Rs. '000	Amortisation for the Year Rs. '000	Accumulated Amortisation 31.03.2026 Rs. '000	Carrying Amount 31.03.2026 Rs. '000	Carrying Amount 31.03.2025 Rs. '000
Leasehold Right to Bare Land of JEDB/SLSPC Estates	341,588	211,520	6,504	218,024	123,564	130,068

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 01.04.2025 Rs. '000	Balance as at 31.03.2026 Rs. '000	Balance as at 01.04.2025 Rs. '000	Charge for the Year Rs. '000	Balance as at 31.03.2026 Rs. '000	31.03.2026 Rs. '000	31.03.2025 Rs. '000
Coffee, Pepper, Cardamom	305	305	305	-	305	-	-
Mature Plantations	179,093	179,093	179,093	-	179,093	-	-
Vested Tea	1,223	1,223	1,223	-	1,223	-	-
	180,621	180,621	180,621	-	180,621	-	-

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

	COST		ACCUMULATED DEPRECIATION			CARRYING AMOUNT	
Description	Balance as at 01.04.2025 Rs. '000	Balance as at 31.03.2026 Rs. '000	Balance as at 01.04.2025 Rs. '000	Charge for the Year Rs. '000	Balance as at 31.03.2026 Rs. '000	Balance as at 31.03.2026 Rs. '000	Balance as at 31.03.2025 Rs. '000
Improvement to Land	5,407	5,407	5,407	-	5,407	-	-
Unimproved Land	998	998	-	-	-	998	998
Roads and Bridges	677	677	555	17	572	105	122
Buildings	62,634	62,634	62,634	-	62,634	-	-
Fences and Securities	49	49	49	-	49	-	-
Machinery	8,201	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	-	-
	85,126	85,126	84,006	17	84,023	1,103	1,120

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 2026 Rs. '000	GROUP 2025 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 Agarapathana 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

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately Rs.2.166,224,371/- (2025: Rs.1,572,600,586/-). 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 for the estimated recoverable amount to be equal to the carrying amount.

In percent	CHANGE REQUIRED FOR CARRYING AMOUNT TO EQUAL RECOVERABLE AMOUNT 2026	2025
Control premium	(41.98)	(42.70)

17. INVESTMENTS IN SUBSIDIARIES

As at 31st March	Group Holding 2026 %	Company Holding 2026 %	No. of Shares 2026	Cost 2026 Rs. '000	No. of Shares 2025	Cost 2025 Rs. '000
Company						
Quoted Investments						
Agarapatana Plantations PLC	58	58	288,228,878	2,226,098	281,228,778	2,111,496
				2,226,098		2,111,496
Less: Provision for Impairment in Value of Investments				-		-
				2,226,098		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 2026 has been calculated based on appropriate market prices The fair value measurement is catagorised as level 1 according to the fair value hierarchy.

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	
	Note	2026 Rs. '000	2025 Rs. '000	Note	2026 Rs. '000	2025 Rs. '000
Quoted Investments	18.1.1	3,900	4,810		-	-
Unquoted Investments	18.1.2	55,413	54,507	18.1.3	27,992	27,530
		59,313	59,317		27,992	27,530

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

GROUP As at 31st March,	No. of Shares 2026	Carrying Value 2026 Rs. '000	No. of Shares 2025	Carrying Value 2025 Rs. '000
18.1.1. Quoted Investments				
Beruwala Resorts PLC	1,300,000	3,900	1,300,000	4,810
Total Quoted Investments		3,900		4,810
18.1.2. Unquoted Investments				
Colombo Fort Hotels Ltd	4,418,083	55,413	4,418,083	54,507
Far Eastern Exports Ltd	150,000	-	150,000	-
Union Commodities (Pvt) Ltd	1,200,000	-	1,200,000	-
Total Unquoted Investments		55,413		54,507

Market value per share of quoted investments are based on published stock market prices on 31st March 2026. 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 2026 of Rs. NIL. (2025 : 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 2026 of Rs. 12.54.

There were no strategic disposals during the financial year.

COMPANY As at 31st March,	No. of Shares 2026	Market Value 2026 Rs. '000	No. of Shares 2025	Market Value 2025 Rs. '000
18.1.3 Unquoted Investments				
Colombo Fort Hotels Ltd	2,231,462	27,992	2,231,462	27,530
Total Unquoted Investments		27,992		27,530

Gain in related to Investment in Colombo Fort Hotels Ltd were recognised and transfer to the equity during the year ended 31st March 2026.

Gain in related to Investment in Colombo Fort Hotels Ltd were recognised and transfer to the equity during the year ended 31st March 2026.

19. INVENTORIES

As at 31st March	GROUP 2026 Rs. '000	GROUP 2025 Rs. '000	COMPANY 2026 Rs. '000	COMPANY 2025 Rs. '000
Raw Materials	137,342	224,818	-	512
Growing Crop-Nurseries	9,675	6,009	-	-
Producing Tea	569,061	751,739	-	-
Spares & Consumables	136,250	135,005	-	-
	852,328	1,117,571	-	512
Less: Provision for Obsolete Inventories	-	(512)	-	(512)
	852,328	1,117,059	-	-

20. TRADE AND OTHER RECEIVABLES

As at 31st March	GROUP 2026 Rs. '000	GROUP 2025 Rs. '000	COMPANY 2026 Rs. '000	COMPANY 2025 Rs. '000
Trade Debtors	340,437	141,201	-	223
Employee Related debtors	98,551	99,749	-	-
VAT Recoverable	44,630	44,630	-	-
Income Tax Receivable	-	2,607	-	-
WHT Receivable	4,325	8,206	-	-
Less: Provision for Impairment (Note 20.1)	(34,754)	(24,442)	-	(223)
Total Trade Debtors	453,190	271,951	-	-
Other Receivables	62,912	46,494	-	-
Deposits Advances & Prepayments	154,942	243,521	-	-
Total Other Receivables	217,854	290,015	-	-
	671,044	561,966	-	-

20.1. Provision for Impairment

	GROUP 2026 Rs. '000	GROUP 2025 Rs. '000	COMPANY 2026 Rs. '000	COMPANY 2025 Rs. '000
Opening Provision	24,442	17,747	223	223
Provison for the year	10,312	6,695	(223)	-
Closing Provision	34,754	24,442	-	223

21. TAXES RECOVERABLE

As at 31st March	GROUP 2026 Rs. '000	GROUP 2025 Rs. '000	COMPANY 2026 Rs. '000	COMPANY 2025 Rs. '000
Income Tax	3,097	3,097	3,097	3,097
Withholding Tax	1,093	1,067	1,093	1,067
VAT Recoverable	5,993	5,993	5,993	5,993
	10,183	10,157	10,183	10,157
Less: Provision for Value Added Tax (VAT) Recoverable	(10,158)	(10,157)	(10,158)	(10,157)
	25	-	25	-

22. CASH AND CASH EQUIVALENTS

As at 31st March,	GROUP 2026 Rs. '000	GROUP 2025 Rs. '000	COMPANY 2026 Rs. '000	COMPANY 2025 Rs. '000
Favorable Balance				
Fixed Deposits	653,082	689,500	-	-
Cash at Bank	60,334	171,882	4,726	122,334
Cash in Hand	970	1,155	-	-
Cash in Transit	4,839	2,251	-	-
	719,225	864,788	4,726	122,334
Unfavorable Balance				
Bank Overdraft	(276,730)	(322,559)	-	-
Cash and Cash Equivalents for the Purpose of the Cash Flow Statement	442,495	542,229	4,726	122,334

23. STATED CAPITAL

	2026 Number of Shares Nos.'000	2026 Value of Shares Rs. '000	2025 Number of Shares Nos.'000	2025 Value of Shares Rs. '000
Balance at the Beginning of the Year	120,000	1,558,006	120,000	1,558,006
Rights Issue of Shares During the Year	40,000	600,000	-	-
Balance at the End of the Year	160,000	2,158,006	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.

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.

24. REVALUATION RESERVE

	Note	GROUP 2026 Rs. '000	GROUP 2025 Rs. '000	COMPANY 2026 Rs. '000	COMPANY 2025 Rs. '000
Balance at the Beginning of the Year		12,285	10,815	12,285	10,815
Other Comprehensive Income/ (Loss) for the Year, Net of Tax		-	-	-	-
Surplus on Revaluation		-	2,100	-	2,100
Reclassification of Deferred Tax Related to FVOCI Reserve		-	-	-	-
Reclassification of FVOCI Reserve to P&L		-	-	-	-
Deferred Tax Impact on Revaluation Surplus	29.2	-	(630)	-	(630)
Balance at the End of the Year		12,285	12,285	12,285	12,285

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

25. GENERAL RESERVE

	GROUP 2026 Rs. '000	GROUP 2025 Rs. '000	COMPANY 2026 Rs. '000	COMPANY 2025 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 2026 Rs. '000	GROUP 2025 Rs. '000	COMPANY 2026 Rs. '000	COMPANY 2025 Rs. '000
Payable After One Year					
Term Loans	26.1	247,971	245,872	-	-
Total		247,971	245,872	-	-
Payable Within One Year					
Term Loans	26.1	246,646	223,967	-	-
Short Term Loans	26.2	561,647	430,659	-	-
Total		808,293	654,626	-	-
Total Interest Bearing Borrowings		1,056,264	900,498	-	-

26.1. Long Term Loans

As at 31st March,	GROUP 2026 Rs. '000	GROUP 2025 Rs. '000	COMPANY 2026 Rs. '000	COMPANY 2025 Rs. '000
Balance at the Beginning of the Year	469,839	552,016	-	-
Loans Obtained During the Year	300,000	200,000	-	-
Payments Made During the Year	(275,222)	(282,177)	-	-
Balance at the End of the Year	494,617	469,839	-	-
Maturity Analysis				
Payable Within One Year	246,646	223,967	-	-
Payable After One Year	247,971	245,872	-	-
	494,617	469,839	-	-

26.2. Short Term Loans

	GROUP		COMPANY	
As at 31st March,	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Balance at the Beginning of the Year	430,659	427,153	-	-
Loans Obtained During the Year	360,988	50,000	-	-
Payments Made During the Year	(230,000)	(46,494)	-	-
Balance at the End of the Year	561,647	430,659	-	-

26.3. Assets Pledged as Security Against Interest Bearing Borrowings

	Company/ Lender	Balance as at 31.03.2026	Balance as at 31.03.2025	Terms of Repayment	Security Pledged	Rate of Interest
		Rs. Mn	Rs. Mn			
Agarapatana Plantations PLC	Sampath Bank PLC	-	41.30	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	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	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	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	36 monthly installments commencing from 13/04/2020		6.93%
	Bank of Ceylon - Rs 13 Mn	-	1.12	24 monthly installments commencing from 10/03/2020		6.93%
	Bank of Ceylon - Rs 75 Mn	-	20.66	36 monthly installments commencing from 30/04/2023		AWPLR + 3%
	Bank of Ceylon - Rs 68 Mn	-	34.09	60 Monthly installments of Rs. 312,500/- commencing from 30/07/2022		16%
	Bank of Ceylon - Rs 57 Mn	-	29.76	60 Monthly installments from 30/07/2022		18%
	Bank of Ceylon - Rs 200 Mn	294.62	200.00	84 monthly instalments commencing from 23/07/2025		AWPLR+2%
	Amana Bank - 180 Mn	-	180.00	Within 3 months Commencing from 11/03/2024		10.10%

	Company/ Lender	Balance as at 31.03.2026 Rs. Mn	Balance as at 31.03.2025 Rs. Mn	Terms of Repayment	Security Pledged	Rate of Interest
Agarapatana Plantations PLC	Bank of Ceylon - Rs 150 Mn	150.00	150.00	Within 2 months		AWPLR + 2.5%
	Bankof Ceylon - Rs 200 Mn	152.46	50.66	Within 4 months		AWPLR + 2.5%
	Amana Bank - 50 Mn	-	50.00	Within 4 months		11.08%
	Amana Bank PLC - Rs. 300 Mn	200.00	-	12 monthly instalments commencing from July 2026		AWPLR+2%
	Pan Asia Banking Corporation PLC - Rs. 150 Mn	150.00	-	Within 4 months		AWPLR+1%
	Pan Asia Banking Corporation PLC - Rs. 50 Mn	50.00	-	Within 4 months		AWPLR+1%
	Pan Asia Banking Corporation PLC - Rs. 48 Mn	40.00	-	12 monthly instalments commencing from February 2026		AWPLR+1%
	Pan Asia Banking Corporation PLC - Rs. 23 Mn	19.18	-	12 monthly instalments commencing from February 2026		AWPLR+1%
		1,056.26	870.74			

	Company/ Lender	Balance as at 31.03.2026 Rs. Mn	Balance as at 31.03.2025 Rs. Mn	Terms of Repayment	Security Pledged	Rate of Interest
Waverly Power (Pvt) Ltd	Sampath Bank PLC Loan 2	-	29.76	96 monthly installments commencing one month after the date of first disbursement.	a) Loan agreement for Rs. 125 Mn.	AWPLR+2%
		-	29.76			
		1,056.26	900.50			

26.4. Assets Pledged as Security Against Bank Overdrafts

	Company/ Lender	Balance as at 31.03.2026 Rs. Mn	Balance as at 31.03.2025 Rs. Mn	Security Pledged	Rate of Interest
Agarapatana Plantations PLC	Bank Overdraft from Pan Asia Banking Corporation PLC - Rs 233 Mn	201.81	-	A primary floating mortgage over leasehold rights of Damabtanne Estate including buildings, machinery fixed of this estate	AWPLR+1%
	Bank Overdraft from Amana Bank PLC - Rs 100 Mn	74.38	-	A primary mortgage over leasehold rights of Balmoral Estate	AWPLR+1%
	Bank Overdraft from Bank of Ceylon - Rs 200 Mn	0.54	200.00	A primary mortgage over lease hold rights of Glenanore and Haputhale Estates including machinery fixed each of these estates. Overdraft Agreement	AWPLR+1.5%
		276.73	200.00		

There were no breaches during the financial year

27. LEASE LIABILITIES

As at 31st March,	Note	GROUP 2026 Rs. '000	GROUP 2025 Rs. '000	COMPANY 2026 Rs. '000	COMPANY 2025 Rs. '000
Net Liability to the Lessor JEDB/SLSPC Estates	27.1	119	122	-	-
		119	122	-	-

27.1. Net Liability to the Lessor JEDB/SLSPC Estates

	GROUP 2026 Rs. '000	GROUP 2025 Rs. '000	COMPANY 2026 Rs. '000	COMPANY 2025 Rs. '000
At the beginning of the year	121	124	-	-
Accretion of interest	10	10	-	-
Payments	(12)	(13)	-	-
At the end of the year	119	121	-	-
Current	3	3	-	-
Non Current	116	119	-	-

Maturity analysis of lease liability on right - of use assets- Land is as follows;

	GROUP		COMPANY	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Payable within one year				
Gross liability	13	13	-	-
Finance cost allocated to future periods	(10)	(10)	-	-
Net liability transferred to current liabilities	3	3	-	-
Payable within two to five years				
Gross liability	63	63	-	-
Finance cost allocated to future periods	(45)	(46)	-	-
Net liability	18	17	-	-
Payable after five years				
Gross liability	163	175	-	-
Finance cost allocated to future periods	(65)	(73)	-	-
Net liability	98	102	-	-
Current	3	3	-	-
Non Current	116	119	-	-

28. DEFERRED INCOME

As at 31st March	GROUP	
	2026	2025
	Rs. '000	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	178,154	168,699
Amortisation for the Year	9,455	9,455
Balance at the End of the Year	187,609	178,154
Net Carrying Value at the End of the Year	155,240	164,695

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 Bearer Biological Assets the Grant Component is reflected under Deferred Income.

29. DEFERRED TAX LIABILITIES/ ASSETS

As at 31st March	Note	GROUP 2026 Rs. '000	GROUP 2025 Rs. '000	COMPANY 2026 Rs. '000	COMPANY 2025 Rs. '000
Balance at the Beginning of the Year		892,910	787,006	5,265	4,635
Charged / (Reversal) to the Income Statements	29.1	19,994	302,387	(7,552)	-
Charged / (Reversed) to the Other Comprehensive Income	29.2	(87,898)	(196,483)	2,287	630
Balance at the End of the Year		825,006	892,910	-	5,265

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 2025/26 to the temporary difference as at 31st March 2026. (2024/25; 30%)

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

	GROUP 2026 Rs. '000	GROUP 2025 Rs. '000	COMPANY 2026 Rs. '000	COMPANY 2025 Rs. '000
Due to change in the temporary difference	19,994	302,387	(7,552)	-
	19,994	302,387	(7,552)	-

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

	GROUP 2026 Rs. '000	GROUP 2025 Rs. '000	COMPANY 2026 Rs. '000	COMPANY 2025 Rs. '000
Due to change in the temporary difference	(87,898)	(196,483)	2,287	630
	(87,898)	(196,483)	2,287	630

29.3. Group

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

	2026 (Taxable)/ Deductible Temporary Difference Rs. '000	2026 Tax Effect Rs. '000	2025 (Taxable)/ Deductible Temporary Difference Rs. '000	2025 Tax Effect Rs. '000
Property, Plant and Equipment	(974,536)	(292,361)	(988,367)	(296,510)
Revaluation Reserve	(17,550)	(5,265)	(31,051)	(9,315)
Reserve for Financial Assets at fair value though OCI	(19,232)	(5,769)	(6,423)	(1,927)
Right of Use Assets	(122,800)	(36,840)	(131,188)	(39,357)
Biological Assets	(4,287,137)	(1,286,141)	(4,194,531)	(1,258,359)
Retirement Benefit Obligation	2,599,732	779,920	2,209,860	662,958
Lease Liability	119	36	121	36
Accumulated Tax Losses	-	-	140,989	42,297
Provision for Bad Debts	71,383	21,415	24,219	7,266
	(2,750,021)	(825,006)	(2,976,369)	(892,910)

29.4. Company

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

	2026		2025	
	Taxable Temporary Difference	Tax Effect	Taxable Temporary Difference Rs. '000	Tax Effect Rs. '000
	Rs. '000	Rs. '000	(17,550)	(5,265)
Revaluation Reserve	(17,550)	(5,265)		
Financial Assets at fair value though OCI	(7,622)	(2,287)		
Accumulated tax losses	25,172	7,552		
	-	-	(17,550)	(5,265)

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.

	2026		2025	
	Deductible Temporary Difference Rs. '000	Tax Effect Rs. '000	Deductible Temporary Difference Rs. '000	Tax Effect Rs. '000
Company				
Accumulated Tax Losses	280,054	84,016	278,118	83,435
	280,054	84,016	278,118	83,435

30. RETIREMENT BENEFIT OBLIGATIONS

	GROUP		COMPANY	
As at 31st March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Movement in Present Value of Funded Obligations				
Balance at the Beginning of the Year	2,209,860	1,791,113	-	-
Current Service Cost	143,323	114,016	-	-
Interest Cost	243,085	214,933	-	-
Benefits Paid	(288,836)	(573,668)	-	-
Actuarial (Gains)/Loss	292,300	663,465	-	
Present value of Defined Benefit Obligations	2,599,732	2,209,860	-	-

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.

	2026	2025
Discount Rate	10.5%	11%
Rate of Salary Increment - Worker's	10%	10%
	Per Annum	Per Annum
Rate of Salary Increment - Staff	20%+10%	25%+5%
	Once in 3 years	Once in 3 years
Staff Turnover Rate		
Retirement age - Workers and Staff	60	60
Daily Wage Rate	Rs. 1,550/-	Rs. 1,350/-

A long term treasury bond rate of 10.5% p.a (2025 : 11%) 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 2026	(198,299)	2,599,732	226,732

A one percentage point change in the salary increment rate.	1%	0%	-1%
As at 31st March 2026	235,673	2,599,732	(209,499)

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	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Current Service Cost	143,323	114,016	-	-
Interest on Obligation	243,085	214,934	-	-
Provision for the Year	386,408	328,950	-	-

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 2026, the liability is Rs.2,599,732,378/-. 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 2026, the liability would have been Rs.2,600,833,408/- (2025 - Rs.2,238,943,470/-). Hence, there is a contingent liability of Rs.1,101,030/-- which would crystalise 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.

As at 31st March	GROUP 2026 Rs. '000	GROUP 2025 Rs. '000
Within Next 12 Months	261,980	199,081
Between 2 and 5 Years	769,459	649,800
Beyond 5 Years	1,568,293	1,360,979
	2,599,732	2,209,860

31. TRADE & OTHER PAYABLES

As at 31st March,	GROUP		COMPANY	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Trade Payables	22,059	122,969	-	-
Other Creditors	578,698	705,640	14,819	19,194
Broker Advances	-	74,998	-	-
Payable to Employees	240,865	251,831	-	-
EPF / ETF Payable	73,786	89,475	-	-
Dividends Payable	10,489	18,993	-	-
	925,897	1,263,906	14,819	19,194

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		COMPANY	
		2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Rubber & Allied Products (Colombo) Ltd		14,854	118,979	-	-
Kotagala Plantations PLC		29,222	89,068	-	-
Sherwood Holidays Ltd		82	172	-	-
Lankem Ceylon PLC		48,529	48,052	-	-
Consolidated Tea Plantations Ltd		207,066	107,916	-	-
Union Commodities (Pvt) Ltd		-	-	-	-
Lankem Tea and Rubber Plantations (Pvt) Ltd		24,101	-	-	-
ACME Printing & Packaging PLC		-	10,706	-	-
Lankem Minerals Limited		155,489	136,114	-	-
The Colombo Fort Land & Building PLC		113,300	6,000	-	-
Total Amounts due from Related Parties		592,643	517,007	-	-
Less: Provision for Impairment	32.1.2	(12,914)	-	-	-
		579,729	517,007	-	-

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

	GROUP		COMPANY	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance at the Beginning of the year	-	101	-	101
(Reversal)/Provision for the Year	12,914	(101)	-	(101)
Balance at the End of the Year	12,914	-	-	-

32.2. Loans due to Related Parties

		GROUP		COMPANY	
As at 31 st March		2026	2025	2026	2025
	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Non Current					
Current		-	-	-	-
Consolidated Tea Plantations Ltd	32.2.1	-	107,410	-	107,410
Colombo Fort Land & Buildings PLC	32.2.2	-	66,930	-	66,930
Lankem Ceylon PLC	32.2.3	-	141,465	-	141,465
		-	315,805	-	315,805

32.2.1. 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%. During the financial year, the loan payable to Consolidated Tea Plantations Ltd was settled in full.

32.2.2. As previusly disclosed in the prior year, an arrangement was reached between Lankem Developments PLC and its subsidiary Agarapatana Plantations PLC regarding Rs. 66.93Mn of debt owed by Agarapatana Plantations PLC to The Colombo Fort Land & Building PLC. The 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. During the financial year, the loan payable to Colombo Fort Land & Building PLC was settled in full.

32.2.3. During the year under review, the Company maintained a loan facility obtained from Lankem Ceylon PLC (LCPLC) in October 2022 amounting to Rs. 184 Mn, carrying an interest rate of AWPLR + 2%. During the financial year, the loan payable to Lankem Ceylon PLC was settled in full.

32.3. Amounts Due To Related Parties - Non Trade

As at 31st March	GROUP		COMPANY	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Lankem Ceylon PLC	-	76,581	-	76,581
E.B. Creasy & Co. PLC	-	16,698	-	-
The Colombo Fort Land & Building Company PLC	-	73,886	-	73,886
Lankem Tea & Rubber Plantations (Pvt) Ltd	-	2,673	-	-
Creasy Plantation Management Ltd	4,576	4,587	-	-
Agarapatana plantations PLC	-	-	568	23,567
Colombo Fort Group services (Pvt) Ltd	650	556	-	-
Consolidated Tea Plantations Ltd	-	4,834	-	4,834
	5,226	179,815	568	178,868

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.

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 2026.

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, 2026 and 2025.

32.4.3. The Company's Transaction with its Related Companies

Name of Related Party	Name of Directors	Nature of the Transaction	2026 Amount Rs. '000	2025 Amount Rs. '000
Lankem Ceylon PLC	Mr. S. D. R Arudpragasam	Intercompany Settlements	218,649	9,000
- Common Control	Mr. Anushman Rajaratnam	Loan Taken During the year	-	(11,268)
	Mr. K.G. Punchihewa Mr. S.B. Perera	Interest Expense	(604)	(16,006)
Agarapatana Plantations PLC	Mr. S. D. R Arudpragasam	Advances	(10,022)	(6,446)
- Subsidiary	Mr. Anushman Rajaratnam	Loan Taken During the year	-	(79,638)
	Mr. S. S. Poholiyadde	Intercompany Settlements	33,021	239,045
	Mr. Kowdu Mohideen			
	Mr. K.G. Punchihewa Mr. S.B. Perera			
Lankem Tea & Rubber	Mr. S.D.R Arudpragasam	Interest Expense	-	(5,162)
Plantations (Pvt) Ltd	Mr. Anushman Rajaratnam	Intercompany Settlements	-	127,220
- Common Control	Mr. S. S. Poholiyadde			
	Mr. Kowdu Mohideen			

Name of Related Party	Name of Directors	Nature of the Transaction	2026 Amount Rs. '000	2025 Amount Rs. '000
Waverly Power (Pvt) Ltd	Mr. S. D. R Arudpragasam	Interest Expense	-	-
- Subsidiary	Mr. Anushman Rajaratnam	Intercompany Settlements	-	6,872
	Mr. S. S. Poholiyadde			
	Mr. Kowdu Mohideen			
Consolidated Tea Plantation Limited	Mr. S. D. R Arudpragasam	Interest Expense	(604)	(4,632)
- Parent Company	Mr. Anushman Rajaratnam	Intercompany Settlements	112,550	5,480
	Mr. S. S. Poholiyadde	Settlement	-	21,000
	Mr. Kowdu Mohideen			
	Mr. K.G. Punchihewa Mr. S.B. Perera			
Union Commodities (Pvt) Ltd	Mr. S. D. R Arudpragasam	Interest Expense	-	(1,646)
- Common Control	Mr. Anushman Rajaratnam	Intercompany Settlements	-	60,906
	Mr. S. S. Poholiyadde			
	Mr. Kowdu Mohideen			
Colombo Fort Land & Buildings PLC	Mr. S. D. R. Arudpragasam	Interest Expense	(191)	(7,545)
- Ultimate Parent	Mr. Anushman Rajaratnam		141,007	
	Mr. K. G. Punchihewa			
	Mr. S.B. Perera			
	Mr. S.S. Poholiyadde (Appointed w.e.f. 01.01.2026)			

32.4.4. Waverly Power (Pvt) Ltd

Name of Related Party	Name of Directors	Nature of the Transaction	2026 Amount Rs. '000	2025 Amount Rs. '000
Lankem Ceylon PLC	Mr. S.D.R. Arudpragasam	Interest charged	4,960	-
- Common Control	Mr. Anushman Rajaratnam	Settlements	(4,484)	
		ECL Provision	(101)	
Colombo Fort Group Services (Pvt) Ltd	Mr. S.D.R. Arudpragasam	Settlements	(300)	
- Common Control	Mr. Anushman Rajaratnam	Suport Services	-	(69)
	Mr. P.M.A. Sirimane			-
Consolidated Tea Plantations Ltd	Mr. S.D.R. Arudpragasam	Interest charged	718	-
- Intermediate Parent Company	Mr. C.P.R. Perera	ECL Provision	(181)	-
	Mr. Anushman Rajaratnam			
	Mr. S.S. Poholiyedde			
	Mr. P.M.A. Sirimane			
	Mr. K. Mohideen			

32.4.5. Agarapatana Plantations PLC

	Name of Related Party	Name of Directors	Nature of the transaction	2026 Amount Rs. '000	2025 Amount Rs. '000
1.	Lankem Tea & Rubber Plantations (Pvt) Ltd - Common Control	Mr.S.D.R.Arudpragasam	Settlements	2,673	17,545
		Mr. Anushman Rajaratnam	Advances given	23,239	-
		Mr. S.S.Poholiyadde	Professional Consultancy Fee Charged	-	(48,000)
		Mr.D.R. Madena	Interest Charged	862	-
		Mr. K. Mohideen			
2.	Lankem Ceylon (Pvt) Ltd - Common Control	Mr. S. D. R Arudpragasam	Interest charge on bank guarantee	-	-
		Mr. Anushman Rajaratnam	Share of group expenses reimbursed	-	(30,000)
		Mr. K.G. Punchihewa	Acquisition of Shares	-	-
		Mr. S.B. Perera	Settlements	-	34,325
3.	Kotagala Plantations PLC - Common Control	Mr.S.D.R.Arudpragasam	Transfer of inter company balances	-	6,692
		Mr. Anushman Rajaratnam	Settlements	(173,144)	-
		Mr. S.S.Poholiyadde	Advance given	105,994	76,777
		Mr. K. Mohideen	Interest Charged	7,304	9,886
		Mr. K.G. Punchihewa			
		Mr. S.B. Perera			
4.	The Colombo Fort Land & Building PLC - Ultimate Parent	Mr.S.D.R.Arudpragasam	Building Rent Charged	(10,886)	(10,886)
		Mr. Anushman Rajaratnam	Advances Given	300,000	6,000
		Mr. K.G. Punchihewa	Settlements	(192,115)	10,886
		Mr. S.B. Perera	Interest charged	10,300	
		Mr. S.S.Poholiyadde (Appointed w.e.f. 01/01/2026)			

	Name of Related Party	Name of Directors	Nature of the transaction	2026 Amount Rs. '000	2025 Amount Rs. '000
5.	Creasy Plantation Management Ltd - Common Control	Mr.S.D.R.Arudpragasam	Settlements	11	11
6.	Sherwood Holidays Ltd - Common Control	Mr.S.D.R.Arudpragasam	Rent and bungalow upkeep expenses	2,673	2,761
			Settlements	(2,763)	(2,735)
7	Colombo Fort Group Services (Pvt) Ltd - Common Control	Mr.S.D.R.Arudpragasam	IT/HR support service expenses	(6,862)	(6,198)
		Mr. Anushman Rajaratnam	Settlement	6,468	6,166
			Advances given	-	-
8	E B Creasy & Co. PLC - Common Control	Mr.S.D.R.Arudpragasam	Share of group expenses reimbursed	-	(30,000)
		Mr. K.G. Punchihewa	Settlements	16,698	30,000
		Mr. S.B. Perera			
9	Consolidated Tea Plantations Ltd - Immediate Parent	Mr.S.D.R.Arudpragasam	Interest charged	23,650	14,027
		Mr. Anushman Rajaratnam	Advances given	424,217	1,621
		Mr. S.S.Poholiyadde	Settlements	(322,435)	(128,862)
		Mr. K. Mohideen	Professional Consultancy Fee Charged	(27,000)	-
		Mr. K.G. Punchihewa			
		Mr. S.B. Perera			
10.	Rubber & Allied Products (Colombo) Ltd - Common Control	Mr.S.D.R.Arudpragasam	Settlements	(111,588)	(21,675)
		Mr. Anushman Rajaratnam	Interest charged	7,463	16,480
		Mr. S.S.Poholiyadde			
		Mr. K. Mohideen			
11.	ACME Printing & Packaging PLC - Affiliated Company	Mr.S.D.R.Arudpragasam	Advances given	-	20,000
		Mr. Anushman Rajaratnam	Settlements	(12,196)	(11,480)
		Mr. K.G. Punchihewa	Interest charged	1,491	2,186
12.	Lankem Minerals Limited - Affiliated Company	Mr.S.D.R.Arudpragasam	Advances given	-	125,000
		Mr. Anushman Rajaratnam	Interest charged	19,375	11,114

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.

As at 31 st March	GROUP		COMPANY	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Short - Term Employee Benefits	31,860	36,240	-	-

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.

	2026 Rs. Mn	2025 Rs. Mn
Field Development	78.1	74.1
Machinery & Factory Development	396.7	412.3

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. 119 Mn during the year ended 31st March 2026 (31st March 2025: Profit of Rs. 303 Mn) and as at that date the Company's accumulated profit amounted to Rs. 91 Mn (31st March 2025: accumulated Profit Rs.188 Mn) and current liabilities exceeds its current assets by Rs.10 Mn (31st March 2025: 392 Mn) for the year ended 31st March 2026.

Notwithstanding the net current liability position prevailing as 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.

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

36. EVENTS OCCURING AFTER THE REPORTING DATE

There were no material events occurring after the Reporting Date that require adjustments to or disclosure in the Financial Statements.

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		2026	2025	2026	2025
	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Amount due from Related Companies	32.1.1	579,729	517,007	-	-
Trade and Other Receivables	20	671,044	561,966	-	-
Cash and Cash Equivalents	22	719,225	864,788	4,726	122,334
		1,969,998	1,943,761	4,726	122,334

37.2. Impairment Losses of Trade and Other Receivable

Group	Gross	Impairment	Gross	Impairment
As at 31st March	2026	2026	2025	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Past due 0 - 365 days	636,290	-	537,524	-
More than one year	34,754	34,754	24,442	24,442
	671,044	34,754	561,966	24,442

Company	Gross	Impairment	Gross	Impairment
As at 31st March	2026	2026	2025	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Past due 0 - 365 days	-	-	-	-
More than one year	-	-	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.

Cash and cash equivalents of the Company are maintained with Bank of Ceylon, Pan Asia Banking Corporation PLC, and Amãna Bank PLC, which are licensed commercial banks operating in Sri Lanka and regulated by the Central Bank of Sri Lanka.The credit ratings assigned to the respective banking institutions by Fitch Ratings as at the reporting date are AA-(lka),BBB(lka) and BBB-(lka) respectively.

37.3. Liquidity Risk

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

As At 31st March	2026				2025			
	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	1,056,264	1,212,045	924,317	287,728	900,498	900,498	654,626	245,872
Lease Liabilities	119	238	13	225	122	122	3	119
Trade and Other Payables	925,897	925,897	925,897	-	1,188,907	1,188,907	1,188,907	-
Loan due to Related Parties	-	-	-	-	315,805	315,805	315,805	-
Amounts due to Related Companies	5,226	5,226	5,226	-	179,815	179,815	179,815	-
Bank Overdraft	(276,730)	(276,730)	(276,730)	-	(322,559)	(322,559)	(322,559)	-
	1,710,775	1,866,675	1,578,723	287,953	2,262,588	2,262,588	2,016,596	245,991

As At 31st March	2026				2025			
	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	14,819	14,819	14,819	-	19,193	19,193	19,193	-
Loan due to Related Parties	-	-	-	-	315,805	315,805	315,805	-
Amount due to Related Companies	568	568	568		178,868	178,868	178,868	
Bank Overdraft	-	-	-	-	-	-	-	-
	15,387	15,387	15,387	-	513,866	513,866	513,866	

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	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Fixed Rate Instruments				
Financial Assets	653,082	689,500	-	-
	653,082	689,500	-	-
Variable rate instruments				
Financial Assets	-	-	-	-
Financial Liabilities	1,332,994	1,538,862	-	315,805
	1,332,994	1,538,862	-	315,805

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	-0.1% (10 Basis Points) Impact on Profit
	Rs. '000	Rs. '000
31st March 2026		
Sensitivity to 100 bp - Effect	1,333	(1,333)
31st March 2025		
Sensitivity to 100 bp - Effect	1,539	(1,539)

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 2026	Rs'000	Rs'000	Rs'000	Rs'000
Financial Assets Measured at Fair Value Thorough Other Comprehensive Income	3,900	-	55,413	59,313
	3,900	-	55,413	59,313

	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

	COMPANY			
	Level 1	Level 2	Level 3	Total
31st March 2026	Rs'000	Rs'000	Rs'000	Rs'000
Financial Assets Measured at Fair Value Thorough Other Comprehensive Income	-	-	27,992	27,992
	-	-	27,992	27,992

	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

The fair value of unquoted equity investments classified as Financial Assets Measured at Fair Value Through Other Comprehensive Income (FVOCI) is determined using the Net Asset Value (NAV) per share method.As the valuation is based on significant inputs that are not directly observable in an active market, these investments are classified as Level 3 financial instruments within the fair value hierarchy in accordance with SLFRS 13 – Fair Value Measurement. The principal unobservable input used in the valuation is the NAV per share, which is determined based on the underlying net assets of the respective investee companies.

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 31.03.2026	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	719,225	-	-	719,225	719,225
Trade & Other Receivables	453,190	-	-	453,190	453,190
Financial Assets Measured at FVOCI	-	59,313	-	59,313	59,313
Amounts due from Related Parties	579,729	-	-	579,729	579,729
	1,752,143	59,313	-	1,811,456	1,811,456
Trade & Other Payables	-	-	925,897	925,897	925,897
Interest Bearing Borrowings	-	-	1,056,264	1,056,264	1,056,264
Lease Liabilities			119	-	-
Amount due to Related Parties	-	-	5,226	5,226	5,226
Bank Overdraft			276,730	276,730	276,730
	-	-	2,264,235	2,264,116	2,264,116

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
	1,653,746	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
	-	-	2,907,706	2,907,584	2,907,584

As at 31.03.2026	Amortised Cost Rs'000	Financial Assets Measured at FVOCI Rs'000	Financial Liabilities at Amortised Cost Rs'000	Total Carrying Amount Rs'000	Fair Value Rs'000
Company					
Cash & Cash Equivalents	4,726	-	-	4,726	4,726
Financial Assets Measured at FVOCI	-	27,992	-	27,992	27,992
	4,726	27,992	-	32,717	32,717
Trade & other payables	-	-	14,819	14,819	14,819
Amounts due to Related Parties - Loan	-	-	-	-	-
Amounts due to Related Parties	-	-	568	568	568
	-	-	15,387	15,387	15,387

As at 31.03.2025	Amortised Cost Rs'000	Financial Assets Measured at FVOCI Rs'000	Financial Liabilities at Amortised Cost Rs'000	Total Carrying Amount Rs'000	Fair Value Rs'000
Company					
Cash & Cash Equivalents	122,334	-	-	122,334	122,334
Financial Assets Measured at FVOCI	-	27,530	-	27,530	27,530
	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
	-	-	513,867	513,867	513,867

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	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Total Liabilities	5,912,287	6,261,126	15,387	519,132
Less: Cash and cash equivalents	(719,225)	(864,788)	4,726	122,334
Net debts	5,193,062	5,396,338	20,113	641,466
Total Equity	2,311,988	1,732,455	2,267,954	1,766,728
Debt to Equity Ratio(Gearing Ratio)	2.25	3.11	0.01	0.36

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	
	2026 Rs.'000	2025 Rs.'000
NCI percentage (%)	42.35%	43.75%
Total assets	8,848,388	8,726,824
Total liabilities	6,248,495	6,144,500
Net assets	2,599,893	3,073,465
Impact Due to Change in NCI	(318,502)	(323,642)
Carrying Amount of NCI	1,101,055	1,344,641
Revenue	7,436,691	7,285,917
Profit/(loss) after tax	343,365	801,459
Total comprehensive income	(197,979)	807,772
Total comprehensive income / (Expense) allocated to NCI	82,923	172,322
Cash flows from operating activities	328,296	1,084,052
Cash flows from investing activities	(184,152)	(402,585)
Cash flows from/(used in) financing activities, before dividend to NCI	(126,269)	(828,674)
Cash flows from/(used in) financing activities	(126,269)	(828,674)
Net increase in cash and cash equivalents	17,875	(147,207)

SHARE INFORMATION

TOP 20 SHAREHOLDERS

		31st March 2026		31st March 2025	
Position	Full Name Of Shareholder	No of Ord. Vot. Shares	Percentage	No of Ord. Vot. Shares	Percentage
1	CONSOLIDATED TEA PLANTATIONS LIMITED	78,727,933	49.20%	57,088,502	47.57%
2	SAMPATH BANK PLC/SENTHILVERL HOLDINGS (PVT) LTD	19,825,501	12.39%	10,108,689	8.42%
3	SRI LANKA INSURANCE CORPORATION LTD-GENERAL FUND	4,074,999	2.55%	4,074,999	3.40%
4	HNB INVESTMENT BANK (PVT) LTD/UNION INVESTMENTS (PVT) LIMITED	3,200,000	2.00%	2,400,000	2.00%
5	UNION BANK OF COLOMBO PLC/LANKEM CEYLON PLC	2,480,626	1.55%	2,480,626	2.07%
6	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	2,124,991	1.33%	2,324,991	1.94%
7	HNB INVESTMENT BANK (PVT) LTD/COLOMBO FORT INVESTMENTS PLC	1,840,000	1.15%	1,380,000	1.15%
8	SANDWAVE LIMITED	1,769,656	1.11%	44,903	0.04%
9	HATTON NATIONAL BANK PLC/MUSHTAQ MOHAMED FUAD	1,653,001	1.03%	100,200	0.08%
10	DEUTSCHE BANK AG-NATIONAL EQUITY FUND	1,624,948	1.02%	856,737	0.71%
11	HNB INVESTMENT BANK (PVT) LTD/COLOMBO INVESTMENT TRUST PLC	1,592,800	1.00%	1,194,600	1.00%
12	HATTON NATIONAL BANK PLC/SRI DHAMAN RAJENDRAM ARUDPRAGASAM	1,500,000	0.94%	1,000,000	0.83%
13	MR. MOHAMED ISMAIL MOHAMED SHAFIE MRS. FATHIMA RAZANA SHAFIE	1,400,000	0.88%	1,000,000	0.83%
14	SEYLAN BANK PLC/MOHAMED MUSHTAQ FUAD	1,077,806	0.67%	638,958	0.53%
15	MR. SELVARAJ SIVADHARSHAN	975,000	0.61%	-	-
16	NUWARA ELIYA PROPERTY DEVELOPERS (PVT) LTD	971,879	0.61%	-	-
17	COLOMBO INVESTMENT TRUST PLC	814,853	0.51%	738,640	0.62%
18	SEYLAN BANK PLC/PADMESH SAJJEEWA WEERASEKERA	666,666	0.42%	500,000	0.42%
19	SAMPATH BANK PLC/ANDARADENIYA ESTATE PRIVATE LIMITED	666,666	0.42%	500,000	0.42%
20	FINANCIAL TRUST LIMITED	542,666	0.34%	407,000	0.34%
		127,529,991	79.73%	86,838,845	72.37%

MARKET VALUE

The market value of the Company's shares on 31st March 2026 was Rs. 17.80 (31st March 2025- Rs. 17.70)
Highest during the year was Rs. 30.50 and lowest during the year was Rs. 16.50

NET ASSET PER SHARE

GROUP

The net assets per share as at 31st March 2026 – Rs. 19.27
The net assets per share as at 31st March 2025 - Rs. 14.44

COMPANY

The net assets per share as at 31st March 2026 - Rs. 18.90
The net assets per share as at 31st March 2025- Rs. 14.72

PUBLIC HOLDING

The percentage of shares held by the public as at 31st March 2026 was 43.18%. (31st March 2025 - 44.28%)
The applicable option under Colombo Stock Exchange Rule 7.13.1(i)(a)(1) on minimum Public Holding is option 5 and the Float Adjusted Market Capitalisation as at 31st March 2026 was Rs. 1,229,766,400/-

PUBLIC SHAREHOLDERS

The number of Public Shareholders as at 31st March 2026 were 3,498 (2025 - 3,733)

ANALYSIS OF ORDINARY SHAREHOLDERS

	As at 31st March 2026			As at 31st March 2025		
	No. of Shareholders	Total Holdings	%	No. of Shareholders	Total Holdings	%
Individuals	3,328	25,911,705	16.19	3,516	25,604,052	21.34
Institutions	182	134,088,295	83.81	229	94,395,948	78.66
	3,510	160,000,000	100.00	3,745	120,000,000	100.00

DISTRIBUTION OF SHARES

			As at 31.03.2026			As at 31.03.2025		
No of Shares held			No of Shareholders	Total Holding	Holding %	No of Shareholders	Total Holding	Holding %
1	-	1,000	2,141	554,915	0.35	2,238	610,646	0.51
1,001	-	10,000	946	3,440,318	2.15	1,008	3,800,518	3.16
10,001	-	100,000	327	10,658,603	6.66	414	13,542,135	11.29
100,001	-	1,000,000	82	22,453,903	14.03	77	20,994,294	17.50
Over 1,000,000			14	122,892,261	76.81	8	81,052,407	67.54
			3,510	160,000,000	100.00	3,745	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/-

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 of 31st March 2026 is as follows.

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				
	2026	2025	2024	2023	2022	2026	2025	2024	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Trading Results										
Turnover	7,436,691	7,285,917	7,214,937	8,570,559	4,535,128	125,373	359,685	-	-	-
Profit / (Loss) before Taxation	481,081	1,119,462	695,566	2,303,377	68,031	111,499	303,021	(101,301)	767,057	99,925
Taxation	(155,451)	(388,780)	(294,395)	(622,149)	(33,516)	7,552	-	-	-	-
Profit / (Loss) after Taxation	325,630	730,682	401,171	1,681,228	34,515	119,051	303,021	(101,301)	767,057	99,925
Total Assets										
Property, Plant & Equipment and Biological assets	5,665,552	5,442,354	5,056,541	4,585,877	4,424,969	24,500	24,500	22,400	22,400	22,400
Intangible Assets	629,064	629,064	629,064	629,064	629,064	-	-	-	-	-
Investment in Subsidiaries	-	-	-	-	-	2,226,098	2,111,496	2,111,496	2,111,496	1,467,481
Other Long Term Investments	183,980	190,505	190,345	201,895	176,733	27,992	27,530	25,289	24,351	3,980
Current Assets	2,846,734	3,083,339	2,972,512	1,958,462	1,408,193	4,751	122,334	6,463	9,352	32,094
	9,325,330	9,345,262	8,848,462	7,375,298	6,638,959	2,283,341	2,285,860	2,165,647	2,167,599	1,525,955
Equity and Liability										
Stated Capital	2,158,006	1,558,006	1,558,006	1,558,006	1,558,006	2,158,006	1,558,006	1,558,006	1,558,006	1,558,006
Reserves	153,982	174,448	64,398	(37,296)	(971,477)	109,947	203,457	(107,564)	(2,562)	(768,090)
Non Controlling Interest	1,101,055	1,351,681	1,503,002	773,639	306,050	-	-	-	-	-
Current liabilities	2,084,222	2,747,671	2,707,790	2,471,635	3,521,794	15,387	519,132	710,570	607,521	732,331
Non-Current Liabilities	403,326	410,740	437,147	772,609	1,027,251	-	-	-	-	-
Retired Benefit Obligation	2,599,732	2,209,806	1,791,113	1,198,673	1,129,917	-	-	-	-	-
Deferred Tax Liability	825,006	892,910	787,006	638,031	67,418	-	5,265	4,635	4,635	3,708
	9,325,330	9,345,262	8,848,462	7,375,298	6,638,959	2,283,340	2,285,860	2,165,647	2,167,599	1,525,955
Cash Flow										
Net Cash Generated from / (Used in) :										
Operating Activities	77,179	659,435	278,144	413,623	(256,325)	(71,588)	275,286	(17,156)	(97,737)	(2,330)
Investing Activities	301,633	(250,498)	(169,442)	(257,487)	(53,688)	485,785	-	-	244,820	340
Financing Activities	(478,546)	(428,768)	599,809	39,796	244,306	(531,805)	(154,950)	17,334	(147,301)	-
Key Financial Indicators										
Profit/(Loss) per share	1.08	2.99	1.52	9.28	0.10	0.99	2.53	(0.84)	6.39	0.83
Net Assets per Share	19.27	14.44	13.52	12.67	4.89	18.90	14.72	12.13	12.96	6.58
Market Value per Share	17.80	17.70	16.90	25.00	3.80	17.80	17.70	16.90	25.00	3.80
Market Capitalisation	1,229,766	940,507	848,921	1,224,000	175,742	1,229,766	940,507	848,921	1,224,000	175,742

NOTES

FORM OF PROXY

I/We the undersigned ………
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 Fifty First Annual General Meeting of the Company to be held on 25th September 2026 at 11.15 a.m. 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 2026 with the Report of the Auditors thereon		
2.To re-elect Mr. M. Kowdu K. Mohideen as a Director.		
3 To re-appoint Mr. S.D.R. Arudpragasam as a Director.		
4.To re-appoint Mr. S.S. Poholiyadde as a Director..		
5.To re-appoint as Auditors, KPMG, Chartered Accountants and authorise the Directors to determine their remuneration		

As witness my hand/our hands this .... day of .... Two Thousand and Twenty Six.

....

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.

FORM OF PROXY

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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