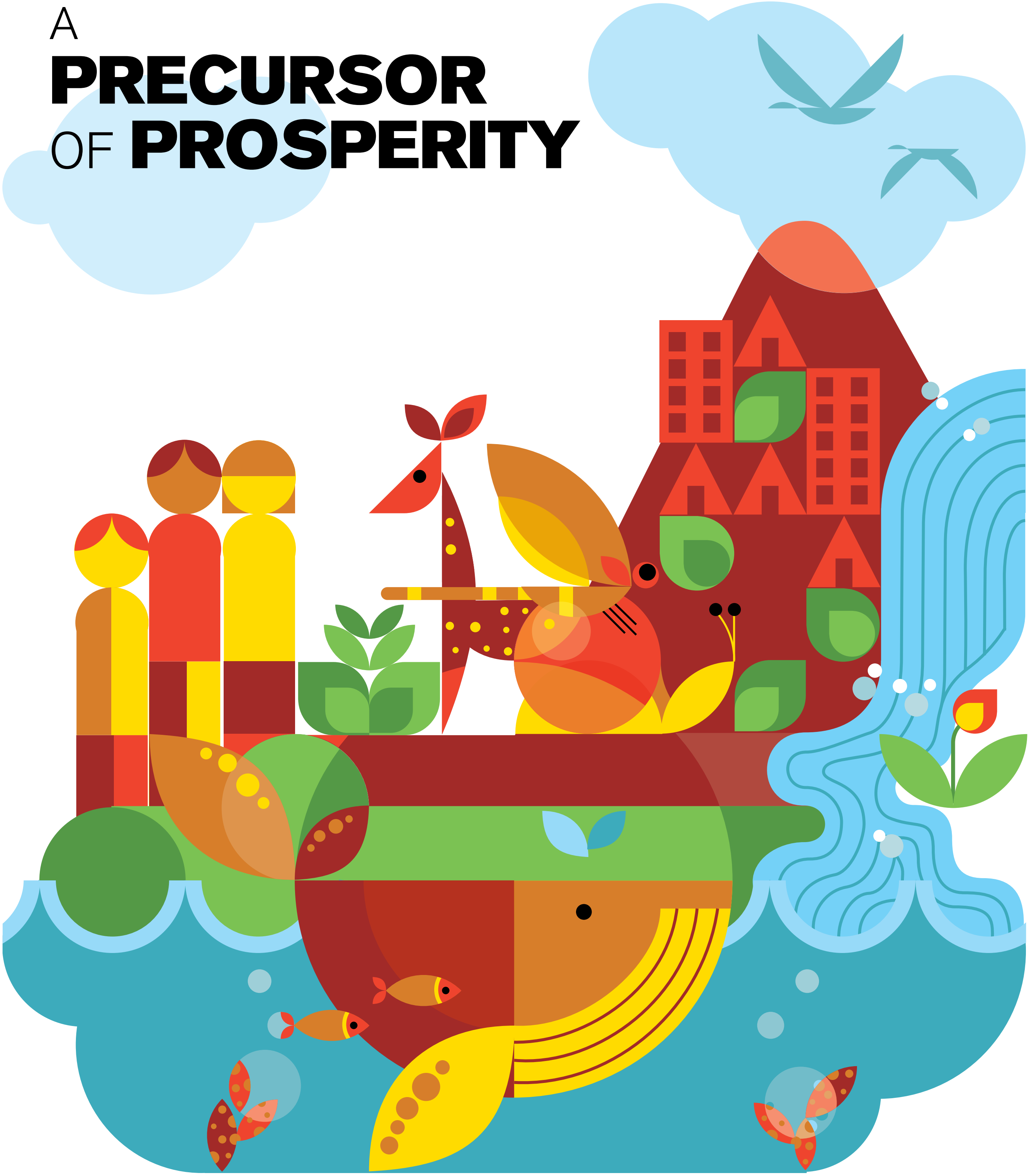
A
PRECURSOR OF PROSPERITY



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ELPITIYA PLANTATIONS PLC | Annual Report 2022/23

A PRECURSOR OF PROSPERITY

Over the years, Elpitiya Plantations PLC has nurtured an intricate network of people and partnerships - one that spans diverse regions, and encompasses countless lives. Our purpose has been to remain steadfast to deliver unmatched growth, protection and abundance across our growing sphere of influence, and to sustain those under our care for the foreseeable future, even amid times of challenge and change.

Our ability to remain resilient and overcome adversity has long been underpinned by our efforts to integrate sustainable principles and lasting progress into the landscape in which we operate. The pages that follow outline the longstanding connections and the adaptive strategies that have enabled us to respond to a rapidly transforming environment, even as we work towards nurturing a promising future for every stakeholder we serve.

We're built to preserve and enable the stability of the world around us. We're hailing the advent of a new era of growth and development, no matter what the future may hold.

Elpitiya Plantations PLC. A Precursor of Prosperity.

Ecosystems represent interdependence and a sense of community — a powerful testament to the strength and growth that is found in collaboration and togetherness. These stable, yet adaptive structures are diverse in nature and incredibly complex, yet they maintain a delicate balance that is able to both sustain life and overcome adversity. This report explores the world's many ecosystems, and the strategies that enable them to thrive against all odds.

CONTENTS

GOVERNANCE AND RISK

FINANCIAL REPORTS

SUPPLEMENTARY INFORMATION

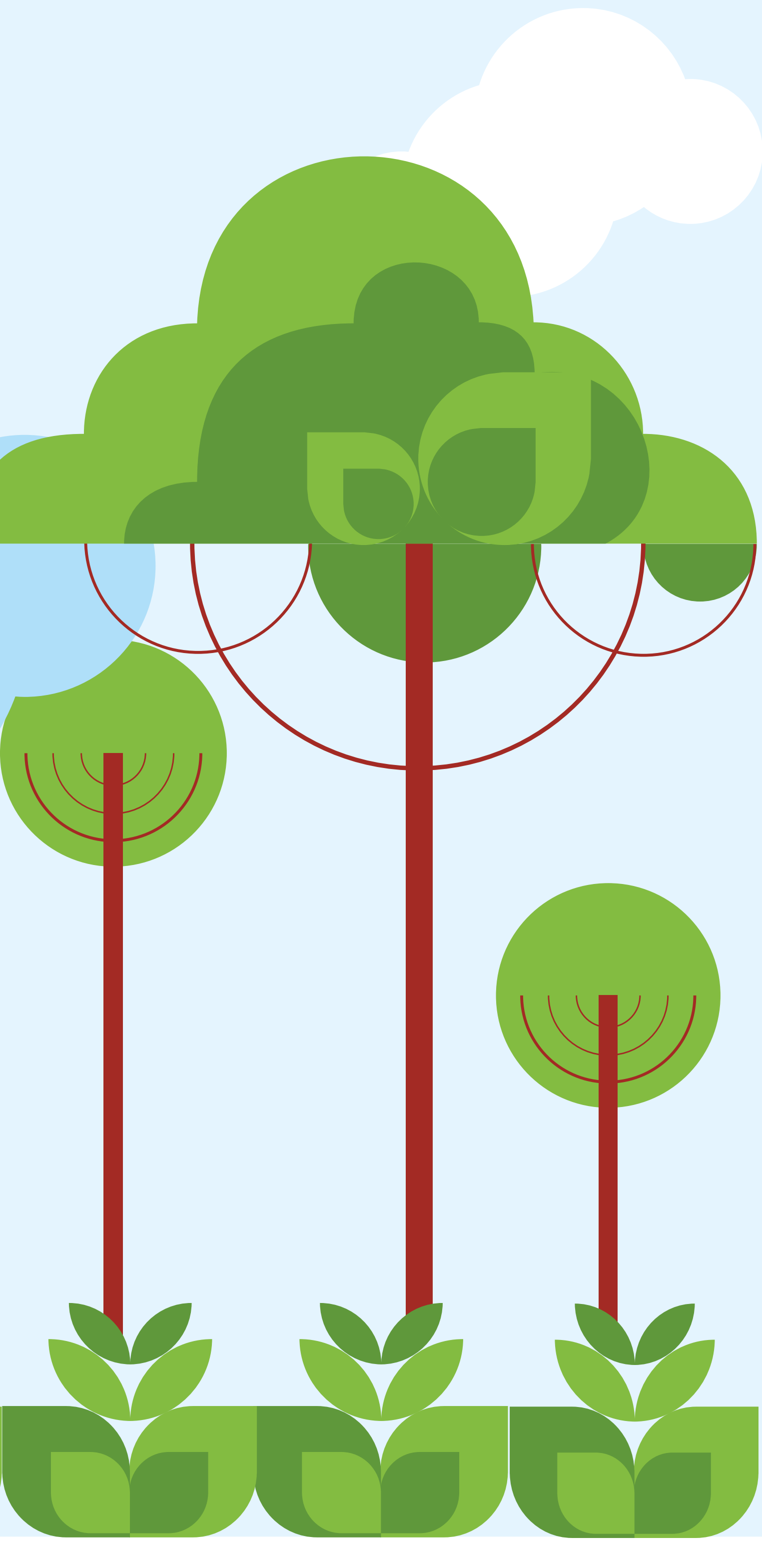
www.elpitiya.com
SCAN to access full integrated Annual Report

VISION

"We will strive to be the No.1 plantation company - A model for Sri Lanka".

No.1 in...

- Profitability growth per hectare of each crop
- Growth in process productivity per unit of each crop
- Number of approved projects for value addition and contribution per annum



OUR CREDO

We will continuously enhance shareholders value

We are committed to enhancing employees' quality of life

We are committed to continuously enhancing strategic HRD initiatives

We encourage positive and innovative initiatives to improve the competitive advantage of the company

We will continuously explore opportunities for value addition to our resource base

We are committed to enhancing employee quality of life

We strive to bring high quality in all aspects of our activities

We will always pursue environment-friendly operations

ABOUT OUR REPORT

Welcome to our 5th Integrated Annual Report, which provides stakeholders a balanced and concise account of how we created value during the year and our strategic direction going forward. In preparing this report we have adopted the concept of materiality by focusing on aspects that are deemed to have the greatest impact on the economy, environment and people. The process for determining materiality is described on pages 41 to 43 of this Report.

SCOPE AND BOUNDARY

The Report covers the operations of Elpitiya Plantations PLC (EPP) and its subsidiaries, EPP Hydro Power Company (Pvt) Ltd, Water Villas (Pvt) Ltd and Escape Parks Ceylon (Pvt) Ltd (collectively referred to as the "Group") for the period from 1st April 2022 to 31st of March 2023. The Group adopts an annual reporting cycle for both its financial and sustainability reporting and this Report builds on our previous Annual Report for the financial year ending 31st March 2022. Both the financial and non-financial disclosures pertain to the Group, unless specifically mentioned otherwise. There were no material changes to the Group's structure, size, or supply chain. There were also no material restatements of information published in last year's report.

REPORTING FRAMEWORKS

We are committed to aligning our reporting with global best practices in corporate reporting and comply with a range of internationally accepted reporting frameworks as listed below:

Regulatory	Voluntary
• Companies Act No.7 of 2007	• Integrated Reporting Framework of the International Integrated Reporting Council (<IR > Framework
• Sri Lanka Financial Reporting Standards/ Sri Lanka Accounting Standards	• GRI Standards (2021) • Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka
• Listing Requirements of the Colombo Stock Exchange	• TCFD Recommendations • SASB Standards- Agricultural Products Standards • UN Sustainability Development Goals (SDG's) • Gender Parity Reporting Framework published by CA Sri Lanka

Financial and Non-financial Reporting Boundary

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Elpitiya Plantations PLC

EPP Hydropower Company (Pvt) Ltd	Water Villas (Pvt) Ltd	Escape Parks Ceylon (Pvt) Ltd

ASSURANCE

The Group applies a combined assurance model in its reporting.

	Internal Assurance	External Assurance
Financial Reporting	• Integrity and adequacy of financial reporting processes and internal controls evaluated by the Audit Committee and Internal Audit function	Messrs. Ernst and Young
Narrative Reporting	• Integrity of the Sustainability and ESG information assessed through review by the Aitken Spence PLC Group Sustainability Unit	Messrs. Ernst and Young
Sustainability Reporting	• GRI Standards (2021) • UN Sustainability Development Goals (SDG's) • Sustainability Accounting Standards Board – Agricultural Products Standards	Messrs. Ernst and Young
Gender Reporting	• Information verified by the Aitken Spence PLC Sustainability Unit	
Corporate Governance	• Listing Requirements of the Colombo Stock Exchange • Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka	

REPORTING IMPROVEMENTS DURING FY 2022/23

- Adoption of the recommendations of the TCFD (Task Force on Climate Related Financial Disclosures) disclosures
- Indepth analysis throughout the report on market developments and impact on operation
- Dedicated section on outlook and adequacy of strategy to meet possible opportunities and challenges

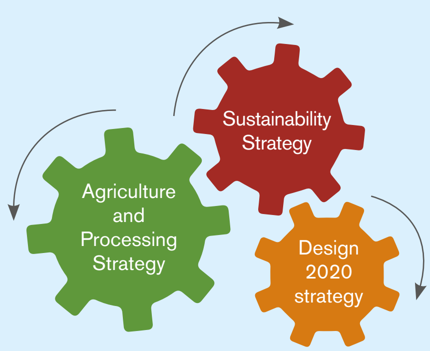
NAVIGATING OUR REPORT

The following icons have been used throughout the report to improve the connectivity of information as prescribed in the <IR> Framework.

Capitals

- Financial Capital
- Manufactured Capital
- Human Capital
- Social and Relationship Capital
- Intellectual Capital
- Natural Capital

Integrated Strategy



BOARD RESPONSIBILITY ON CORPORATE REPORTING

The Board of Directors acknowledge it's responsibility in ensuring the integrity of this Report. We hereby confirm that the 2022/23 Report addresses all relevant material matters and fairly represents the Group's integrated performance. We also confirm that the Report has been prepared in line with the guidance provided in the Integrated Reporting Framework of the International Integrated Reporting Council. Signed on behalf of the Board.

FEEDBACK

We are committed to consistently improving the quality and readability of our Annual Report and welcome your suggestions and comments for improvement.

Please direct your feedback to,

Chief Operating Officer – Finance
Elpitiya Plantations PLC
Level 09, Aitken Spence Tower I,
No. 315, Vauxhall Street, Colombo 02,
Sri Lanka

E-mail: info@elpitiya.com

OUR BUSINESS

OUR BUSINESS

Elpitiya Plantations PLC (EPP) is a leading plantation company in Sri Lanka with over 8,800 hectares of cultivated land in the up, mid and low country regions of Sri Lanka. Over the years EPP has gradually transformed itself from a commodity-based business to a diversified, dynamic, and profitable business with strategic interests in non-traditional crops, renewable energy, specialty tea and others. The Group's triple-bottom line approach to value creation and focus on embedding economic, social, and environmental aspirations to its overall business strategy has enhanced business resilience, enabling the Group to generate shared and sustainable value to its stakeholders.

OUR JOURNEY OF GROWTH

1997 – Aitken Spence Plantations Management PLC (ASPM) acquires EPP from Carsons Agro Services Ltd.

2000 – Nayapane Estate received the ISO 9002-1994 Quality Certification

2004 – Moved up the value chain into tea branding with the establishment of Harrow Ceylon Choice Operation

2005 – Diversification into Oil Palm Milling by setting up of a Joint Venture. AEN Palm Oil Processing (Pvt) Ltd

2008 – Diversification into renewable energy generation with the commissioning of Sheen MHPP

2009 – Dunsinane & New Peacock Estates received ISO 22000 2005 certification. Incorporation of EPP Hydropower Company (Pvt) Ltd.

2011 – Talgaswella and Deviturai estates received the ISO 22000 – 2005 quality certification

OUR OPERATIONS TODAY

Tea

The Group cultivates 2,078 hectares of high, low and medium- grown teas across all 13 estates

67% of revenue

Land allocation **34%**

Rubber

Rubber is cultivated on 775 hectares

3% of Revenue

Land allocation **13%**

Oil Palm

Commenced oil palm cultivation 2014 as part of the Group's diversification strategy and has cultivated 1,589 hectares since then

28% of Revenue

Land allocation **26%**

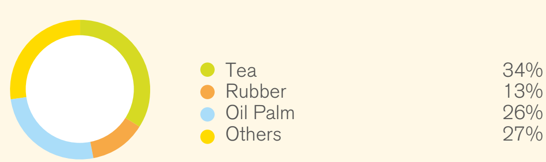
Other

Representing the Group's bold diversification aspirations, the Group has interests in a diverse range of sectors including Renewable energy generation Commercial forestry Cinnamon cultivation Berry cultivation Value added products

2% of Revenue

Land allocation **27%**

Our Operations



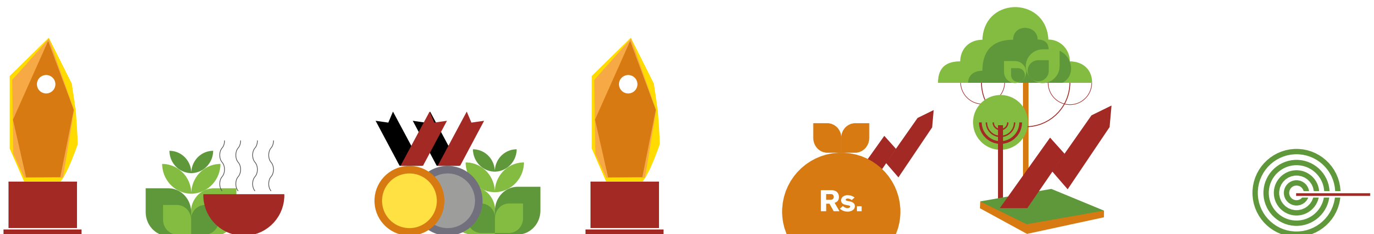
Vision

“We will strive to be the No. 1 plantation company – A model for Sri Lanka”

How Our Business Has Evolved

EPP has a come a long way in the last 25 years. When Aitken Spence Plantation Management PLC acquired the company in 1997 its position was precarious. Debt ridden with accumulated losses amounting to Rs 305 Mn, the Company was ranked 22nd among the 23 plantation companies in the country. Since then the company has undergone a vast transformation, strategically investing in technology and diversifying its operations to create long term value.

Today EPP is one of Sri Lanka's leading RPC's consistently ranking among the top 3 most profitable RPC's in the country. The group has a diversified crop base with over 15 crops and interests in a number of non-agriculture sectors such as renewable energy, eco-tourism and value-added manufacturing.



2013	2014	2015	2018	2019	2021	2022
Recognized among the Ten Best Corporate Citizens	Incorporation of Elpitiya Dianhong Jin Ya Tea Company (Pvt) Ltd for producing speciality tea for export markets	“Grand Gold Medal” & “Silver Medal” for Nayapane teas at World Black Tea Quality Evaluation Competition 2019, China	The Group's sustainability strategy, “Haritha Shakthi” was recognized at the 2018 Best Corporate Citizen Sustainability awards	Achieved highest overall profits among RPCs	Company achieved the highest overall profits per hectare amongst RPC obtained Rain Forest Alliance certification	Achieved the financial aspirations of DESIGN 2020 earlier than planned

OUR DIVERSIFIED CROP BASE

Commercial Forestry	Cinnamon	Coffee	Tropical fruits	Berries
972 Ha	**153 Ha**	**107 Ha**	**43 Ha**	**6 Ha**

OUR IMPACT

Our Contribution to the Economy

EPP continues to play and important role in the country's economy. In addition to the direct contribution in terms of export earnings and tax payments, the group provides employment opportunities and livelihoods to over 35,000 individuals, a majority of whom belong to some of the most vulnerable communities in the country. Meanwhile as the steward of over 8800 hectares of biodiversity rich land, the Group plays an integral role in preserving the countries natural resources for future generations.

Creating Sustainable livelihoods

Through its widespread operation, EPP generates meaningful employment opportunities across the country. In addition to creating livelihoods the Group continues to invest in the socio-economic development of its estate communities through ongoing community investments.

(Refer pages 68 to 71 for more Information)

4,500 +
Direct Employment Opportunities

Climate Action

EPP is committed to the Country's climate agenda and continues to support efforts to reduce the country's dependence on non-renewable energy sources.

(Refer page 73 for more Information)

6,473 kW
Renewable Energy Generation Capacity

Economic Contribution

As part of one of the key sectors in Sri Lanka, EPP continues to contribute significantly to the countries revenue and reserves.

(Refer pages 86 to 91 for more Information)

Rs. 64 Mn
paid in taxes (FY 2022/23)

USD 218,390
Export Receipts (FY 2022/23)

Addressing Food Security

EPP implemented pro-active measures to ensure food security amongst its estate communities amidst a growing food crisis in the country.

Implementation of Ready to be Ready community-led crop cultivation and distribution system on estates

OUR ESTATES INFORMATION

NUWARA ELIYA DISTRICT

Dunsinane

Extent (Ha)	
Tea	442.31
Rubber	-
Oil Palm	-
Others	347.69
Total	790.00
Crop (Kgs '000)	
Tea	1,294
Rubber	-
Oil Palm	-

Sheen

Extent (Ha)	
Tea	195.94
Rubber	-
Oil Palm	-
Others	307.81
Total	503.75
Crop (Kgs '000)	
Tea	513
Rubber	-
Oil Palm	-

Meddecombra

Extent (Ha)	
Tea	353.97
Rubber	-
Oil Palm	-
Others	536.03
Total	890.00
Crop (Kgs '000)	
Tea	590
Rubber	-
Oil Palm	-

Fernlands

Extent (Ha)	
Tea	297.64
Rubber	-
Oil Palm	-
Others	186.61
Total	484.25
Crop (Kgs '000)	
Tea	554
Rubber	-
Oil Palm	-

KANDY DISTRICT

New Peacock

Extent (Ha)	
Tea	265.29
Rubber	-
Oil Palm	-
Others	270.44
Total	535.73
Crop (Kgs '000)	
Tea	764
Rubber	-
Oil Palm	-

Nayapane

Extent (Ha)	
Tea	234.25
Rubber	-
Oil Palm	-
Others	342.25
Total	576.50
Crop (Kgs '000)	
Tea	511
Rubber	-
Oil Palm	-

GALLE DISTRICT

Devitura

Extent (Ha)	
Tea	24.27
Rubber	120.68
Oil Palm	260.70
Others	490.57
Total	896.22
Crop (Kgs '000)	
Tea	12
Rubber	72
Oil Palm	3,450

Talgaswella

Extent (Ha)	
Tea	19.36
Rubber	104.75
Oil Palm	549.53
Others	360.21
Total	1,033.85
Crop (Kgs '000)	
Tea	24
Rubber	43
Oil Palm	8,139

Gulugahakande

Extent (Ha)	
Tea	-
Rubber	29.70
Oil Palm	101.70
Others	286.78
Total	418.18
Crop (Kgs '000)	
Tea	-
Rubber	18
Oil Palm	1,381

Lelwala

Extent (Ha)	
Tea	2.70
Rubber	53.90
Oil Palm	66.11
Others	117.64
Total	240.35
Crop (Kgs '000)	
Tea	2
Rubber	28
Oil Palm	1,175

Ketandola

Extent (Ha)	
Tea	1.15
Rubber	27.04
Oil Palm	239.14
Others	565.36
Total	832.69
Crop (Kgs '000)	
Tea	4
Rubber	22
Oil Palm	2,788

Bentota

Extent (Ha)	
Tea	-
Rubber	216.09
Oil Palm	81.24
Others	428.81
Total	726.14
Crop (Kgs '000)	
Tea	-
Rubber	64
Oil Palm	973

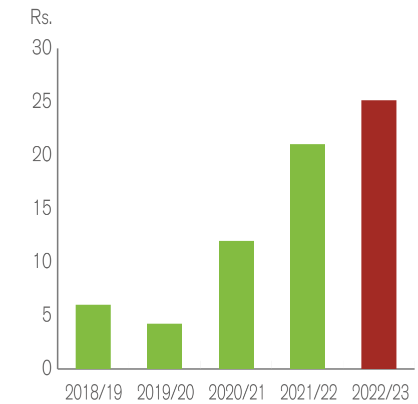
Elpitiya

Extent (Ha)	
Tea	-
Rubber	222.68
Oil Palm	290.24
Others	397.44
Total	910.36
Crop (Kgs '000)	
Tea	-
Rubber	90
Oil Palm	3,788

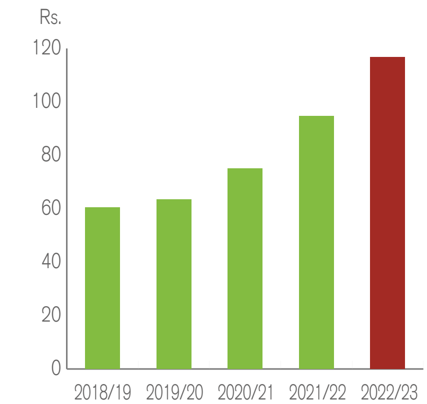
FINANCIAL HIGHLIGHTS

		Group		Company	
		2022/23	**2021/22**	**2022/23**	**2021/22**
Financial Performance					
Revenue	Rs.million	**8,348**	5,096	**8,334**	5,068
Gross profit	Rs.million	**3,122**	1,738	**3,122**	1,724
Operating profit	Rs.million	**2,706**	1,600	**2,635**	1,456
Pre-tax profit	Rs.million	**3,006**	1,634	**2,935**	1,490
Taxation	Rs.million	**(1,175)**	(101)	**(1,164)**	(99)
Profit for the year	Rs.million	**1,831**	1,533	**1,771**	1,391
EBIT	Rs.million	**3,076**	1,684	**3,005**	1,540
EBITDA	Rs.million	**3,436**	1,999	**3,356**	1,847
GP margin	%	**37**	34	**37**	34
OP margin	%	**32**	31	**32**	29
Net profit margin	%	**22**	30	**21**	27
Return on equity	%	**22**	23	**22**	22
Return on assets	%	**15**	16	**15**	15
Return on capital	%	**21**	21	**21**	20
Financial Position					
Total assets	Rs. Million	**12,017**	9,305	**11,696**	9,044
Long Term Investments	Rs. Million	**423**	353	**239**	239
Short Term Investments	Rs. Million	**2,472**	950	**2,472**	950
Non-current assets	Rs. Million	**7,777**	7,165	**7,417**	6,866
Current assets	Rs. Million	**4,241**	2,140	**4,279**	2,178
Working Capital	Rs. Million	**3,379**	1,473	**3,419**	1,514
Shareholders' funds	Rs. Million	**8,512**	6,899	**8,197**	6,644
Borrowings	Rs. Million	**186**	319	**186**	319
Debt to equity ratio	Times	**0.02**	0.05	**0.02**	0.05
Equity to assets ratio	Times	**0.71**	0.74	**0.70**	0.73
Interest cover	Times	**49**	40	**48**	37
Current ratio	Times	**5**	3	**5**	3
Investor information					
Earnings per share	Rs.	**25**	21	**24**	19
Dividend per share	Rs.	**19**	3	**19**	3
Net Asset Value per share	Rs.	**117**	95	**112**	91
Market value per share					
Highest value	Rs	**110**	175	**110**	175
Lowest value	Rs	**50**	38	**50**	38
Closing as at 31st March	Rs	**77**	76	**77**	76
Market capitalisation as at 31st March	Rs. Million	**5,574**	5,501	**5,574**	5,501
Dividend pay out	%	**76**	14	**78**	16
Dividend cover	Times	**1**	7	**1**	6
Dividend yield	%	**25**	4	**25**	4
Price Earnings Ratio	Times	**3**	4	**3**	4
Return on Capital Employed	%	**21**	21	**21**	20

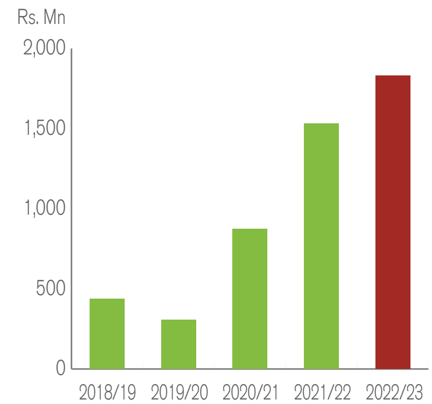
Earnings per Share



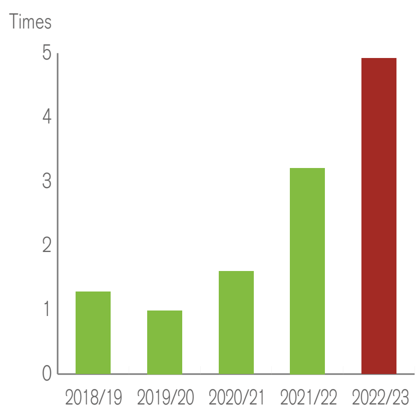
Net Assets per Share



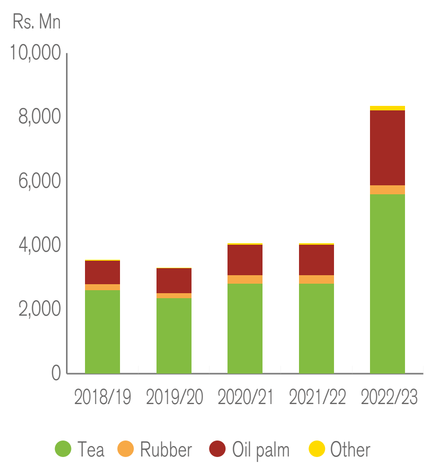
Profit After Tax



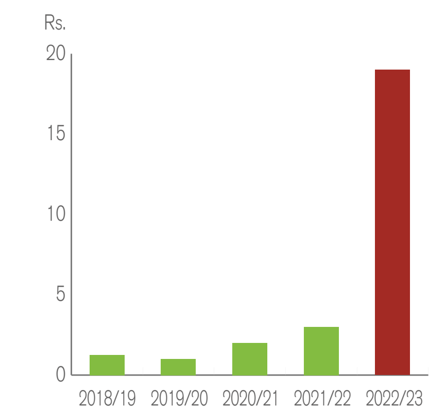
Current Ratio



Turnover



Dividend per Share



Rs. 8,348 Mn

Revenue

(2022: Rs 5,096 Mn) 64% ↑

Rs. 3,122 Mn

Gross Profit

(2022: Rs1,738 Mn) 80% ↑

Rs. 1,831 Mn

Net Profit

(2022: Rs 1,533 Mn) 19% ↑

Rs. 25

Earnings per share

(2022: Rs 21) 19% ↑

Rs. 19

Dividend per share

(2022: Rs 3) 533% ↑

Rs. 117

Net Assets per share

(2022: Rs 95) 23% ↑

NON FINANCIAL AND ESG HIGHLIGHTS

		Group		Company	
		2022/23	2021/22	2022/23	2021/22
Human Capital					
Total employees	No.	**4,628**	4,747	**4,624**	4,743
Payments to employees	Rs. million	**2,181**	2,404	**2,178**	2,402
Employee retention rate	%	**86**	89	**86**	89
Female representation	%	**51**	53	**51**	53
New recruits	No.	**532**	401	**532**	401
Investment in training	Rs. million	**7.4**	6.5	**7.4**	6.5
Total training hours	Hours	**11,076**	7,255	**11,076**	7,255
Average training hours/employee	Hours	**2.4**	1.5	**2.4**	1.5
Workplace injuries	No.	**-**	-	**-**	-
Union representation	%	**82**	82	**82**	82
Manufactured Capital					
Property, plant and equipment	Rs. million	**1,828**	1,486	**1,654**	1,303
Investment in capex	Rs. million	**870**	622	**870**	622
Investment in automation and digitisation	Rs. million	**23**	192	**23**	192
Intellectual Capital					
R&D Investment	Rs. Million	**16**	9	**16**	9
Average length of employee service	Years	**52**	52	**52**	52
Natural capital					
Raw material Consumption	MT	**27,953**	21,683	**27,953**	21,683
Energy consumption	GJ	**188,594**	155,717	**188,594**	155,717
Energy intensity	GJ per unit	**96.94**	117.02	**96.94**	117.02
Water consumption	M3	**54,394**	70,025	**54,394**	70,025
Solid waste generation	MT	**2,398**	6,561	**2,398**	6,561
Carbon footprint	tCO2e	**8,173**	8,151	**8,173**	8,151
Social and Relationship Capital					
Payments to suppliers	Rs. Million	**3,516**	1,304	**3,503**	1,304
Proportional spending to local suppliers	%	**98**	99	**98**	99

Manufactured Capital

Rs. 1,828Mn
PPE

Rs. 870Mn
Investment in capex

Nos. 33
Number of Polytunnels

Intellectual Capital

Rs. 16Mn
R&D Investment

9
New products developed

7
Products and process certifications

Human Capital

4,628
Employees

25
Promotions

51%
Female representation

Social and Relationship Capital

Rs. 231Mn
Investment in community engagement

+ 1,500
CSR Beneficiaries

Rs. 3,516Mn
Payments to suppliers

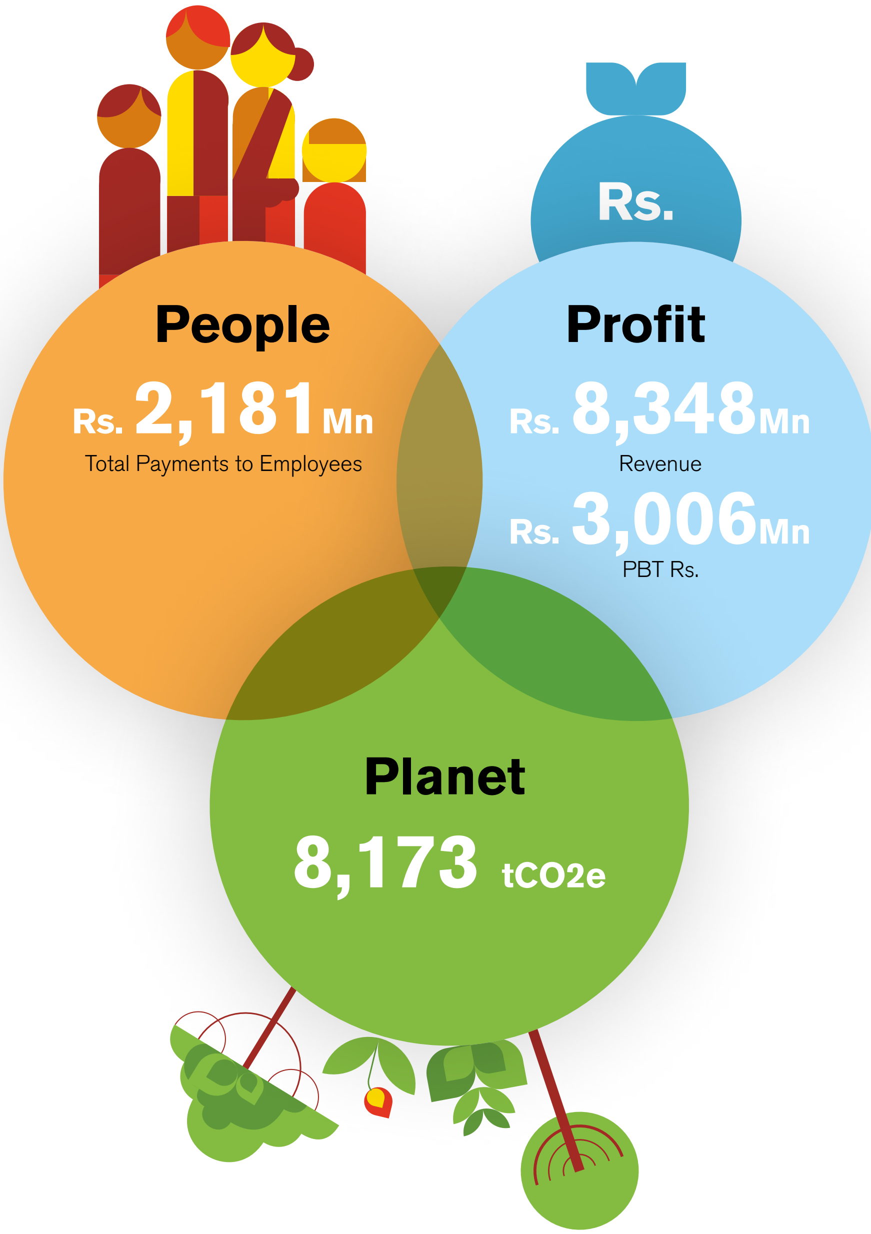
Natural Capital

62%
Reliance on rainwater

2.7%
Soil carbon

21%
Reduction in chemical fertiliser usage

TRIPLE BOTTOM LINE HIGHLIGHTS



KEY ACHIEVEMENTS DURING THE YEAR

1. Recorded highest ever profit in the company's history;

2. Recognized among the Ten Best Corporate Citizens with four category awards at the Best Corporate Citizen Sustainability Awards 2022 organised by the Ceylon Chamber Of Commerce

3. Multiple awards for excellence in Corporate Reporting
(see page 83 for full list)

4. Awarded Gold at the first ever 'Green Productivity Awards 2022' organized by Sri Lanka Association for the advancement of Quality and productivity (SLAAQP)

5. Overall Silver Winner and sector winner (Agriculture & Plantations sector) in the Best Management Practices Excellence Awards category at the Best Management Practices Company Awards 2023 organised by the Institute of Chartered Professional Managers of Sri Lanka

6. Winner of a sustainability award for the Agriculture sector (large category) by the German Industry and Commerce in Sri Lanka (AHK Sri Lanka) and the Friedrich Naumann Foundation.

“EPP’s unwavering commitment to excellence has once again garnered widespread recognition, as the company proudly clinched numerous prestigious awards and accolades throughout the year. This resounding validation not only bolsters our brand’s value but also reaffirms our position as the driving force behind setting new industry standards.”

CHAIRMAN'S MESSAGE

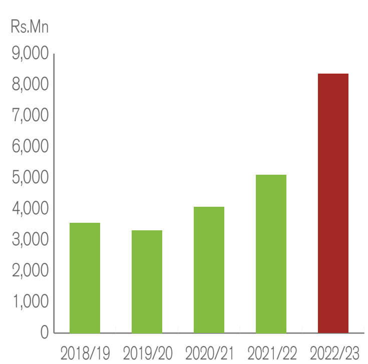
An Incredible Journey of Success

The success of our strategic endeavours is reflected in our strong financial performance. Despite powerful socio-economic headwinds during the last three years, the group has consistently maintained robust revenue and profit growth. Consolidated revenue grew by an impressive 64% to Rs.8.35 Bn in FY 2022/23 compared to the 25% growth recorded during the previous year. PBT also witnessed steady growth recording a 84% and 125% year on year growth in FY 2022/23 and FY 2021/22 respectively. The impressive performance amidst global and domestic pressures is a testament to the resilience of the Group.

Dear Stakeholders,

As Elpitiya Plantations PLC celebrates its Silver Jubilee this year, I look back with pride on the significant strides we have made and continue to make in our journey of growth. EPP has come a long way in the last twenty-five years. From a debt-ridden, loss-making entity in 1997, we are today one of Sri Lanka's leading Regional Plantation Companies, consistently ranking among the top 3 most profitable RPC's in the country with a diversified crop base and interests in a number of high impact sectors including renewable energy, high value horticulture and value-added manufacturing. Driving this change is our visionary strategy aimed at transforming EPP from a traditional, commodity-based organisation to a diverse, entrepreneurial, and dynamic 21st century entity. It is indeed a fitting milestone that we were able to record our highest ever profit in the company's history in our 25th year, despite the challenging operating conditions in the global and domestic arena. Our consistent performance is a reflection of our holistic strategy, strength of our leadership and dedication of our people. Our achievements so far are just the tip of the iceberg, with the best yet to come. I am proud of what we have achieved so far and look forward to what is in store. It is therefore with great pride that I present to you this synopsis of our performance during the year.

Revenue

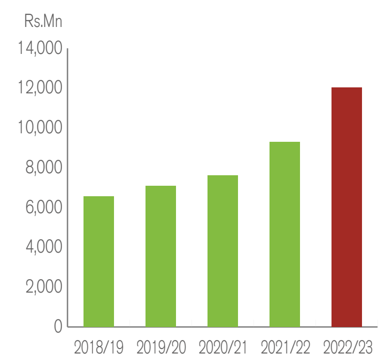


CREATING A STRONG FOUNDATION FOR GROWTH

Our three-pronged transformational strategy launched in 2020 has enabled us to build a strong foundation for our future growth plans. Ongoing investments in field mechanisation, agri technology, factory automation and productivity enhancement continue to transform our plantation business by enhancing yields and quality of our crops. Crop diversification efforts such as shifting unproductive rubber lands to oil palm, intercropping tea and rubber plantations with other high-yielding crops such as Pineapple, Coffee, avocado, and expanding high value crops such as cinnamon have not only expanded our revenue sources but also improved land utilisation on our estates. Strategic investments in renewable energy, high-value horticulture, value-added food processing and Bee tourism meanwhile continue to yield results as indicative from the growing contribution from these investments. We have also continued to develop our three key value-added brands, 'Harrow Ceylon Choice', 'Berry Much' and' Tropifruit' with innovative product offerings and by expanding our market presence. During the year we opened our second "Harrow House" retail outlet in Chennai India, signifying our foray into regional markets.

The success of our strategic endeavours is reflected in our strong financial performance. Despite powerful socio-economic headwinds during the last three years, the group has consistently maintained robust revenue and profit growth. Consolidated revenue grew by an impressive 64% to Rs.8.35 Bn in FY 2022/23 compared to the 25% growth recorded during the previous year. PBT also witnessed steady growth recording a 84% and 125% year on year growth in FY 2022/23 and FY 2021/22 respectively. The impressive performance amidst global and domestic pressures is a testament to the resilience of the Group. The Group's strong balance sheet also provides the group a strong foundation for its future plans. Total assets have continued to grow, amounting to

Total Assets



Rs. 12.01 Bn as at 31st March 2023. Relatively low levels of borrowings meanwhile shielded the group from the impact of rising interest rates and provide financial leeway for future expansions.

INDUSTRY HEADWINDS

Following a promising post-pandemic recovery in 2021, the Sri Lankan economy experienced an unprecedented economic crisis in 2022, revealing deep-rooted structural imbalances within the economy and the inadequacy of policy to address these imbalances . The economy contracted by 7.8% compared to the 3.5% growth witnessed in 2021. The plantation sector continued to be impacted by import restrictions and the shortage of foreign currency. These factors led to difficulties in obtaining essential supplies such as chemical fertilisers, agrochemicals, plant, machinery, and replacement parts. Additionally, the sector experienced increased costs of raw materials and disruptions in supply networks. These obstacles had a significant impact on the overall operations and productivity of the plantation sector.

CHAIRMAN'S MESSAGE

GENERATING SUSTAINABLE STAKEHOLDER VALUE

The Group's triple-bottom line approach to value creation and focus on embedding economic, social, and environmental aspirations to its overall business strategy has enhanced business resilience, enabling the Group to generate shared and sustainable value to its stakeholders. The Group's sustainability strategy which is a holistic approach to addressing long- term issues facing Sri Lanka's plantation industry such as climate change, declining yields, and outdated technology is closely aligned to six of the UN Sustainable Development Goals, namely SDG-06- Clean water and sanitation, SDG-07- Affordable and Clean Energy, SDG-08- Decent Work and Economic Growth, SDG-09- Industry Innovation and Infrastructure, SDG-15- Life on land and SDG-17- Partnership for Goals. Having achieved significant progress on our sustainability agenda during the last three years we expanded our socio-economic goals to include three more SDG's, SDG-12- Responsible Consumption and Production, SDG-3- Quality Education and SDG-4- Good Health and well-being, reflecting our ongoing commitment to reaching higher benchmarks in our sustainability journey. The notable progress we have achieved in each of our goals is further elaborated in the Managing Director's Report and ensuing sections of this report. We remain committed to uphold the 10 principles of the UN Global Compact.

CARING FOR OUR PEOPLE

Our social agenda extends well beyond our own employees to include the communities surrounding our estates. While continuing to invest in training and development aimed at creating an empowered, productivity driven workforce with the skills and knowledge required to thrive in an evolving labour market, we are also committed to contributing to the socio-economic development of our plantation communities. We continue to work towards a mind-set shift by enhancing the dignity of labour and improving the prospects of plantation work through innovative remuneration models and ongoing community engagement activities. Projects such as the "Ready-to-be Ready" vegetable cultivation project and community run Child Development centers aim to simultaneously support and empower more vulnerable segments of these communities, enabling them to move away from a legacy dependency mentality. Meanwhile we have over the years actively invested in developing community infrastructure including over 700 housing units, water and sanitation facilities, roads and other infrastructure.

ENSURING SOUND GOVERNANCE

Sound governance practices based on the governance framework of its Group, Aitken Spence PLC has enabled the EPP to remain resilient and emerge stronger than before. The Board remains closely involved in driving the strategic agenda of the Group by providing guidance and oversight. In addition to assessing the implications of the macro-economic crisis on performance and providing oversight on the Group's transformational strategy the Board has increased its focus on ESG considerations and their broader impact. Dr. Ravi Fernando's guidance on strategic sustainability matters has in particular been instrumental in driving the EPP's sustainability strategy from a Board level.

LEADING INDUSTRY CHANGE

Sri Lanka stands at the crossroads of change. A defining moment in history, where how we act now will shape the future of the country. The plantation sector as a key contributor to the economy has a vital role in the future of the economy. To contribute meaningfully and sustainably however the sector needs to transition from an archaic, attendance based, labour intensive model to a dynamic and forward-thinking industry. As a leader in the industry, we are committed to driving this change by combining our deep insights of the industry with our innovative mindset and passion for excellence. During the year we embarked on a pioneering partnership with Ceylon Agro Food Technologies (Pvt) Ltd, an agrofood tech research and development company to develop agriculture specific technology solutions for the plantations sector. We are also collaborating with several leading organisations to develop a research-based digitisation plan for the plantation sector. These initiatives are aimed at not only transforming ourselves but also Sri Lanka's plantation sector into a 21st century agro industry.

AWARDS AND ACCOLADES

EPP's commitment to excellence in all aspects of our operation continues to be recognised. The awards and accolades we have received over the years give us great pride, but more importantly they drive us to achieve greater heights. During the year EPP was recognised among the Ten Best Corporate Citizens receiving five awards at the Best Corporate Citizen Sustainability Awards 2022, two of which were for our pioneering sustainability projects " Project Ready to be Ready" and "Project Living Green Soil". 'Project Ready to be Ready', our social sustainability project also received overall silver award and was selected agriculture and plantations category winner at the Best Management Practices Awards organised by The Charted Professional Managers Institute. The Group's Annual Report for 2021/22 meanwhile was ranked among the top 10 best Integrated Annual Reports at the CMA Excellence in Integrated Reporting Awards 2022. EPP's Integrated Annual Report also emerged as plantation winners at ACCA's sustainability Reporting Awards 2022 while also receiving the Compliance Award at the Best Annual Report Awards Organised by The Institute of Chartered Accountants of Sri Lanka.

OUTLOOK

Recent trends in the macro-economic environment provide hope that the policy interventions and structural reforms currently underway could translate to a sustainable recovery of the economy in the medium term, eventually leading to long term prosperity and equitable growth. This upside potential however is largely dependent on the success of debt restructuring efforts as well as political commitment to drive growth enhancing structural reforms. We therefore re-iterate the importance of consistent, far-sighted policy in steering the economy forward.

Consistent and progressive policies that provide a clear framework for sustainable development, investment, and long-term planning is also vital for the prospects of the plantations sector. As witnessed in the oil palm sector and in the case of the ill-advised fertiliser ban, policy inconsistency and uncertainty result in severe disruptions that have widespread repercussions. We therefore urge the authorities to involve the right stakeholders in the policy formulation and decision-making process to ensure that policies are science-based and reflective of the diverse needs and interests of the plantation sector.

From an organisation point of view, I am confident that we have in place a strong foundation to embark on the next stage of growth. Our forward-thinking strategy together with our strong leadership and innovative mindset strongly positions us to navigate the inevitable short-term challenges while continuing to push boundaries and embrace emerging opportunities.

Our journey during the last 25 years is our precursor to prosperity. The possibilities are endless and I am extremely excited for what the future holds.

ACKNOWLEDGEMENTS

In conclusion, I would like to express my deep appreciation to my colleagues on the Board for their continued support and counsel over the years. On behalf of the Board, I congratulate the Group's leadership team and acknowledge their untiring efforts which have enabled the Group to achieve the heights it has. To our employees, the group's success over the last twenty five years are the fruits of your labour and I am deeply inspired by your steadfast commitment to excellence. Last but not least, I take this opportunity to thank all our valuable stakeholders, including shareholders, customers, suppliers, distributors and other partners for continuing to place their belief in us.

Dr. Parakrama Dissanayake
Chairman

02nd June 2023

MANAGING DIRECTOR'S REVIEW

A Story of Endurance & Jubilance

FY 2022/23, our jubilee year was yet another outstanding year in our Group's history. We recorded our highest ever profit of Rs. 3 Bn (before tax), was recognised amongst the Ten Best Corporate Citizens for the first time and were the proud recipients of several prestigious industry awards.

Dear Stakeholders,

FY 2022/23, our jubilee year was yet another outstanding year in our Group's history. We recorded our highest ever profit of Rs. 3 Bn (before tax), was recognised among the Ten Best Corporate Citizens for the first time and were the proud recipients of several prestigious industry awards. We also embarked on several ground-breaking initiatives including a pioneering partnership with an agro-tech company and revolutionary collaboration with industry leaders to develop a digitisation plan for the plantation sector. The achievements and milestones accomplished during the year are the fruits of a long journey of growth. A transformative journey that has been guided by visionary leadership, fueled by innovative thinking and driven by a passion for excellence. It gives me great pleasure therefore to present to you our performance during the year ended 31st March 2023.

A CHALLENGING OPERATING ENVIRONMENT

The operating environment in FY 2022/23 posed a multitude of challenges amidst a severe domestic financial crisis and global headwinds such as the Russia- Ukraine conflict, moderating global growth and persisting supply chain disruptions. Rising cost of production remained a key challenge during the year with cost of production increasing by almost 35% due to the sharp increase in fertiliser and other input prices. The cost of other material inputs, from packaging to fuelwood, and electricity all sharply increased, while labour wages remain completely untethered from productivity. The plantation sector also continues to be plagued by longstanding challenges including declining yields and labour shortages. Unfavourable and inconsistent policies, such as the sudden ban on oil palm meanwhile continue to hamper the potential of the industry, threatening the long-term viability of the industry.

PERFORMANCE REVIEW

Favourable pricing for tea, rubber and oil palm as well as our ongoing strategic focus on quality, efficiency and sustainability enabled the Group to record a strong performance during the year. Consolidated revenue increased by almost 64% to Rs. 8.35 Bn with NSA's of tea, rubber and oil palm all increasing during the year. A summary of our segmental performance is provided alongside. Both tea and rubber volumes were impacted by adverse weather conditions although oil palm recorded a marginal increase in crop volumes. Gross Profit Margins meanwhile improved from 34% to 37% reflecting our sustained efforts to drive efficiency and ability to attract premium prices. Operating expenses including administration expenses, Management overheads and employees incentive amounting to Rs. 848 Mn was in line with the previous year at 10% of total revenue, a notable feat considering the sharp increases in costs due to inflationary pressures. An ongoing focus on automation and mechanisation as well as closer control over cost efficiencies enabled us to contain sharp increases in our cost base. The group also benefited from a notable increase in finance income as a result of prudent financial investments made in previous years. Profit share from joint venture, AEN Palm Oil Processing meanwhile amounted to Rs. 237.9 million, further contributing to the Group's performance during the year. Resultantly, the Group's Profit Before Tax recorded an impressive 84% growth to Rs. 3.0 Bn, the highest ever profit recorded in the Group's history.

Tea	Rubber	Oil Palm	Strategic Investments
Revenue Rs. 5.5 Bn 92% ↑	**Revenue** Rs. 281.6 Mn 2% ↑	**Revenue** Rs. 2.3 Bn 30% ↑	**Revenue** Rs. 139.9 Mn 32% ↑
Segmental Profits Rs. 1.79 Bn 351% ↑	**Segmental Profits** Rs. 43.4 Mn (24%) ↓	**Segmental Profits** Rs. 1.3 Bn 3% ↑	**Segmental Profits** Rs. 17.9 Mn (60%) ↓
Revenue 67% of Group	**Revenue** 3% of Group	**Revenue** 28% of Group	**Revenue** 2% of Group

EXCELLENCE IN AGRICULTURE - AGRICULTURE AND PROCESSING STRATEGY

Our Agriculture and Processing strategy is the first pillar in our three-pronged Integrated Corporate Strategy designed to transform us into a plantation company of the future. Centred around increasing crop yields, labour productivity and product quality the Agriculture and Processing Strategy aims to address persistent challenges of labour shortages and low yields through mechanisation and better agricultural practices. As part of our factory modernisation efforts Rs. 09 Mn was invested in the factory upgradation of the New Peacock Factory into a state-of-the-art food grade factory. We also continued to make significant progress in our digitisation journey investing almost Rs. 13 Mn in digitisation efforts including the introduction of digital weighing scales for estates, roll out of a material management solution for seven estates and the introduction of smart ID with QR codes to employees. This ongoing focus on enhancing efficiency enabled the Group to generate cost savings during the year. Innovation remains the cornerstone of our transformational drive and we continue to enhance our research and development capabilities through strategic partnerships. During the year EPP entered into a unique partnership with Ceylon Agro Food Technologies (Pvt) Ltd (CAFT), an agrofood tech research and development company to develop agriculture specific technology solutions for the plantations sector such as drone-based solutions. The new entity which is a 50:50 partnership between EPP and CAFT will function as a separate Research and Development focused entity for the Group. EPP is also a part of a pioneering collaboration between Dialog, Huawei and the Pathfinder Foundation to develop a research based digitisation plan for the plantation sector aimed at improving productivity through digital solutions.

GROWTH THROUGH DIVERSIFICATION-DESIGN 2020

The second pillar of our integrated corporate strategy is the Design 2020 pillar aimed at creating greater economic and social value through revenue diversification and leadership development. With our berry cultivation

MANAGING DIRECTOR'S REVIEW

project showing strong growth potential since commencing commercial operations in FY 2021/22, we invested almost Rs. 342 Mn during the year to expand the berry polytunnels. We also continued to invest in crop diversification efforts, adding a number of tropical fruits to our portfolio. Moving up the value chain is a key focus of Design 2020 and we have identified several potential areas that we can establish a strong presence. Key among these is Cinnamon processing for which we successfully carried out a factory expansion project during the year. We also re-commenced our tea-concentrate project as part of our efforts to move up the tea value chain. Our three value-added product brands 'Harrow Ceylon Choice' (tea), 'Berry Much' (berries) and' tropifrut' (Tropical fruits value added products) continue to gain market share and we successfully expanded our overseas presence with a second dedicated retail outlet in Chennai India. Reflecting our ongoing commitment to product innovation we established a dedicated new product development team consisting of specially trained food scientists to expand the Harrow house range. A total of 09 new products were introduced as a result of these efforts. Our diversification drive extends beyond the agriculture sector and we have continued to expand our renewable energy generation capacity. We are also currently exploring a new investment destination project in the Dunsinane valley with significant development and investment opportunities. Meanwhile as described in detail in our Human Capital report we continue to focus on developing a strong pipeline of talent with the required leadership skills to steer the Group through this seismic transformation.

CREATING SHARED VALUE - SUSTAINABILITY STRATEGY

The third strategic thrust of our corporate strategy is the Sustainability Pillar. Built around 9 of the United Nations Sustainability Development goals we continue to carve out our unique brand of sustainability by blending over 25 years worth of industry expertise with cutting edge technology and innovation. We continued to make significant progress in our Environmental, Social and Governance (ESG) commitments, during the year as discussed in detail in the ensuing sections of this report. Improving soil fertility is a key focus for us and we invested almost Rs. 407 Mn in field development and enhancing biological assets. Our efforts to systematically reduce our dependence on agro chemicals by shifting to organic inputs stood us in good stead amidst the severe shortages of chemical fertiliser in the country. 4.8 Million Kg of compost including biochar was applied to our lands reducing the chemical fertiliser requirement by almost 21% during the year. Meanwhile we continued to reduce the use of chemical weed control and pest control by increasing the use of cultural methods. These initiatives together with our ongoing efforts to protect the biodiversity in and around our estates directly contribute to achieving UN SDG 15 Life on Land. We are also committed to responsible consumption of our water resources (SDG 6). Rainwater harvested through our 77 rainwater harvesting ponds amounted to 259 Mn litres during the year which is almost 20% of our water requirement. We continue to progress on our goal of being self sufficient through renewable energy sources (SDG 7). We continued to enhance our renewable energy generation capacity during the year adding three new solar roof top panels with a total capacity of 565 kW. During the year EPP generated 6,115,129 KWh of renewable energy which is 159% over the Group's energy requirement.

Our estates are home to over 4,500 plantation workers and their families, and we see it as our prerogative to ensure their socio-economic well-being. We continue to direct significant investments towards improving socio economic conditions of our estate communities while focusing on enhancing the dignity of labour through financial empowerment. The Group's total investment in community engagement initiatives amounted to Rs. 231 Mn during the year.

WAY FORWARD

Notwithstanding the short-term pressures arising from global and domestic headwinds, we remain focused on re-imagining the future not only of our organisation but also of the industry as a whole. Having transformed ourselves to what we are today, we are well set for the next level of growth. Technology will be a game-changer and we will continue to invest in cutting edge technology to find innovative solutions to industry challenges. We are excited about our partnership with CAFT and see tremendous potential for agro-technology solutions that can enhance efficiency, sustainability, and productivity of the plantation industry. Diversification will remain a key focus and we will continue to think beyond the realms of agriculture to find innovative ways of optimising land utilisation in the most sustainable way. The proposed ""Life @ Dunsinane" investment destination project presents exciting development prospects in a multitude of areas including tourism, wellness, adventure among others and we are excited to pursue these opportunities in the coming years. Encompassing all our efforts will be our commitment to our people, planet and communities. We will therefore continue to strive to achieve our vision of becoming " South Asia's most Sustainable Business by 2030" by achieving economic, social and environmental sustainability through a holistic approach to value creation. We are excited for the future, and are confident that we have with us the right mindset, right leadership and right people to achieve our lofty goals.

ACKNOWLEDGEMENTS

In conclusion I wish to take this opportunity to acknowledge the invaluable contributions made by the Chairman, Board of Directors, Members of the Management Committee and all our employees. The Group's journey of growth over the last 25 years bears evidence to your deep commitment and dedication to excellence. To our customers, business partners, shareholders and other stakeholders, we thank you for your ongoing support and look forward to continuing to create sustained value to you all.

Dr. Rohan Fernando
Managing Director

02nd June 2023

JOINT MANAGING DIRECTOR/CEO'S MESSAGE

Despite extraordinary challenges, EPP achieved exceptional financial and operational performance, demonstrating our strategic foresight. Diversification, sustainable agriculture, and investments in automation have driven our success. We successfully cultivated four types of berries, catering to the demand for healthy fruits. Operational improvements and enhanced business processes have positioned us for exponential growth. I extend my gratitude to our dedicated employees and valued stakeholders for their unwavering support. We remain committed to sustainability, innovation, and responsible practices, investing in our workforce, technology, and agriculture. Together, we will embrace opportunities, shape a promising future, and drive EPP's continued success.

Mr. Bhathiya Bullumulla
Joint Managing Director/Chief Executive Officer

02nd June 2023

BOARD OF DIRECTORS

DR. P. DISSANAYAKE
Chairman

Dr. Dissanayake joined the Board of Elpitiya Plantations PLC on 15th March 2019.

Prior to this appointment he was Secretary to the Cabinet Ministry of Ports, Shipping and Southern Development.

He was appointed as the first non-British International President of the Institute of Chartered Shipbrokers UK founded in 1911 and Royal Charter conferred in 1920.

Dr. Dissanayake has also held positions in the past that include, Chairman – Sri Lanka Ports Authority (two stints), Chairman – Chartered Institute of Logistics and Transport (Sri Lanka), Board Director Urban Development Authority and Board Director of Ceylon Shipping Corporation.

During the period June 2004 to May 2017, he served as a Director of Aitken Spence PLC and the Chairman & CEO of its Maritime & Freight Logistics sectors.

Dr. Dissanayake is an Alumni of the University of Sri Jayewardenepura, NORAD, JICA, Business Alumni of the University of Oxford (UK) and a Member of Harvard Business School USA (EEP), University of Cambridge UK (EEP).

He is also Chairman of Aitken Spence Plantation Managements PLC, Co-Chairman/Professor CINEC Campus, Hon. Consul of Fiji Islands and serves as a Professor in Maritime Studies (visiting) at Shanghai Maritime University, Dalian Maritime University.

DR. R. M. FERNANDO
Managing Director

Dr. Fernando was appointed to the Board of Elpitiya Plantations PLC on 1st August 1997 and as Managing Director on 14th May 2004. He is the Managing Director of Aitken Spence Plantation Managements PLC and an Executive Director of Aitken Spence PLC. Dr. Fernando is currently Head of the Plantations segment, Sustainability, Business Development and Branding.

He has extensive experience in the plantation industry; both in the public and private sectors; corporate management, corporate strategy and has played a key role in the plantation privatisation programme. He was the Chairman of United Nations Global Compact Network, Sri Lanka, a former President of the Chartered Institute of Marketing Sri Lanka Chapter, and a past Chairman of the Planters Association of Ceylon.

He is currently the President of the Palm Oil Industry Association which comprises growers, processors and refiners in the palm oil industry and also serves on the committee of the Asian Palm Oil Alliance (APOA).

In 2023, Dr. Fernando was appointed under the Co-Chairmanship of Advisor to the President and Chairman of National Science Foundation as a Member of the Expert Cluster on 'Perennial Crops' to achieve food security and nutrition in the country.

He holds a PhD and an MBA from the University of Colombo and is also a Chartered Marketer and a Fellow of the Chartered Institute of Marketing, (CIM UK).

MR. B. BULUMULLA

Joint Managing Director/Chief Executive Officer

Mr. Bhathiya Bulumulla joined Elpitiya Plantations PLC in February 1999 and was appointed as the Chief Executive Officer of the Company in 2013. He was appointed as the Director of Aitken Spence Plantation Managements PLC and of Elpitiya Plantations PLC during the years 2017 and 2018.

Mr. Bulumulla was involved in the expansion of Oil Palm cultivation and other diversified projects of the Company such as generation of renewable energy, berry cultivation and setting up the Harrow house retail outlet concept locally and internationally. He was also instrumental in digitization of all activities of Elpitiya Plantations PLC.

Mr. Bulumulla is the immediate Past Chairman of the Planters Association of Ceylon and he serves on the Boards of Plantation Human Development Trust . He is also a member of the Board of Study of the Wayamba University of Sri Lanka and National Institute of Plantation Management.

Mr. Bulumulla holds a Diploma in Plantation Management from the National Institute of Plantation Management (NIPM), a B.Sc. (Hons) Degree in Plantation Management from the Wayamba University of Sri Lanka and an M.Sc. degree in Environment Science from the Open University of Colombo.

Mr. Bulumulla is also a Fellow Member of the National Institute of Plantation Management (NIPM).

DESHAMANYA MERRILL J. FERNANDO

Non-Executive Director

Deshamanya Merrill J. Fernando was appointed to the Board of Elpitiya Plantations PLC on 1st August 1997 as a Director.

Deshamanya Merrill J. Fernando is the Chairman of MJF Holdings (Private) Limited and one of Sri Lanka's first tea tasters in the then British-dominated trade. He is the founder of "DILMAH TEA" brand name which re-launched, redefined and re-established the quality of Ceylon tea. DILMAH is currently a well-known global brand, renowned for its quality and the philosophy of caring and sharing behind the brand. Having established the brand on the unique philosophy of making business a matter of human service, Deshamanya Merrill J. Fernando's 'MJF Charitable Foundation' and Dilmah Conservation fulfill this pledge by diverting a minimum of 15% of pre-tax profits from the sale of Dilmah Tea towards direct humanitarian and environmental interventions.

BOARD OF DIRECTORS

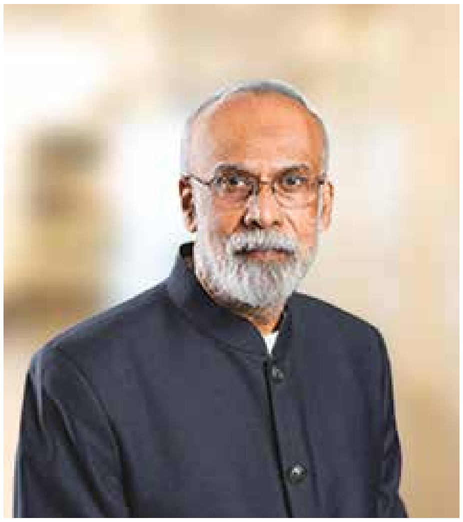
MR. MALIK J. FERNANDO
Non-Executive Director

Mr. Malik J. Fernando was appointed to the Board of Elpitiya Plantations PLC on 1st August 1997 as a Director.

Malik is a Director of MJF Holdings Limited & Dilmah Ceylon Tea Company PLC. Established by Mr. Merrill J. Fernando; Dilmah, named after his two sons Dilhan and Malik, was the first producer owned tea brand, offering tea 'picked, perfected and packed' at origin. Dilmah is founded on a passionate commitment to quality and authenticity in tea, it is also a part of a philosophy that goes beyond commerce in seeing business as a matter of human service.

Malik is also the Managing Director of Resplendent Ceylon (Private) Limited, the first Sri Lankan luxury resort brand. Resplendent Ceylon is developing a collection of small, luxury resorts offer discriminating travelers a remarkable circuit across Sri Lanka, with a range of authentic experiences, while contributing towards local communities & the environment through the MJF Foundation & Dilmah Conservation.

Malik has a BSc in Business Management from Babson College in the US.



DR. S. A. B. EKANAYAKE
Independent Non-Executive Director

Dr. Anura Ekanayake was appointed as a Director to the Board of Elpitiya Plantations PLC on 9th January 2009. He is a Past Chairman of the Ceylon Chamber of Commerce and of Industrial Association of Sri Lanka.

He started his professional career in the public sector and served in a number of senior Sri Lankan Government positions before moving to the private sector. He has held several key positions in the Plantation Sector, first serving as the Director of Planning at the Ministry of Plantation Industries and thereafter as Director General (Development) of the Ministry of Public Administration, Home Affairs and Plantation Industries.

He served on the Boards of Janatha Estate Development Board (J.E.D.B.) and Sri Lanka State Plantations Corporation (S.L.S.P.C.) prior to their privatization and thereafter served on the Boards of all 23 RPCs for several years. During this period, he also served as a member of the Tea Research Board as well as the Board of the Post Graduate Institute of Agriculture of University of Peradeniya. During his public-sector tenure, he also held a number of international positions including that of the Chairman of international Natural Rubber Organization based in Kuala Lumpur, Malaysia.

He holds a PhD in Economics from Australia National University where he conducted research on 'Economics of human capital'. He has widely published in Sri Lanka and abroad on economics, human capital, agriculture and environment related areas. His current professional interests are supporting businesses on organizational transformation including culture change and coaching young professionals to realize their full potential.

MR. S. C. RATWATTE

Independent Non-Executive Director

Mr. Sarath Ratwatte was appointed as a Director to the Board of Elpitiya Plantations PLC on 10th April 2013. He is a fellow of the Chartered Institute of Management Accountants, UK and has over 30 years work experience in the fields of financial and treasury management, project evaluation and development, investments, financing and risk management and joint ventures. Mr. Ratwatte has worked in several multinational organizations and conglomerates in Sri Lanka and overseas.

Prior to 2009, he has worked at Aitken Spence Group of Companies for a period of 20 years in many capacities including that of Group Treasurer / Director – Aitken Spence Corporate Finance (Private) Limited, Director – Ace Power Embilipitiya (Private) Limited and Director – Aitken Spence (Garments) Limited. He has also served on the Board of HNB Assurance PLC, as an Independent Non- Executive Director.

MR. D. A. DE S. WICKREMANAYAKE

Non-Executive Director

Mr. D. A. de S. Wickremanayake was appointed to the directorate of Elpitiya Plantations PLC on 2nd October 2017. In addition, he serves as a Director of Aitken Spence Plantation Managements PLC since 18th July 1997 and is also a Director of Pelwatte Sugar Colombo PLC.

Mr. Wickremanayake has wide experience in the corporate sector, having pioneered many companies and served on the boards of many others. He is the founder Chairman /Managing Director of Master Divers (Pvt) Ltd, which created a landmark area of activity in the shipping industry. He is the Chairman of Pelwatte Dairy Industries Ltd which produces a wide range of dairy products including milk powder and butter using locally produced milk. He is also the Chairman of Mawbima Lanka Foundation, an organization dedicated to promoting Sri Lankan goods. He is also a Director of Bogawantalawa Tea Estates PLC.

In the state sector, his experience was sought by the Government to help to run the National Livestock Development Board and the State Engineering Corporation where he served as Chairman of these two institutions, at different times.

He is a Member of the University Grant Commission Standing Committee on Agriculture, Veterinary, Medicine and Animal Science, Advisory Board Member of Sabaragamuwa University, Council Member of Ocean University, Faculty Representative for the Faculty of Technology, University of Colombo.

BOARD OF DIRECTORS

MRS. D.A.S. DAHANAYAKE

Non-Executive Director

Mrs. Anusha Dahanayake was appointed as a Director of Elpitiya Plantations PLC on 28th February 2022. Currently she is an Acting Director of the Department of Trade and Investment Policy of the Ministry of Finance, Economic Stabilization and National Policies. She possesses experience over 17 years in the public sector, including 13 years experience in the Sri Lanka Planning Service and is a Class II Officer of the Sri Lanka Planning Service.

Mrs. Dahanayake obtained a B.Sc. General Degree from the University of Kelaniya, Sri Lanka and a Master's Degree in Applied Statistics from the University of Colombo, Sri Lanka. She has wide experience at the national level, in the fields of Project Planning and Monitoring, Preparation and monitoring of Annual Expenditure Estimates and Budgetary Frameworks in the National Budget. Previously Mrs. Dahanayake was attached to the Department of National Budget and the Department of Trade and Investment Policy in the General Treasury for a period spanning above eight years. Further, she has undergone training and gained experience in countries such as India, Hong Kong, Indonesia and China.

CORPORATE MANAGEMENT

MR. J.A.R. NISSANKA
Chief Operating Officer– Finance & IT Development

MR. P.S. DISSANAYAKE
Chief Operating Officer - Engineering, Project Management & Business Strategies

MR. A.G. GEETHKUMARA
Chief Operating Officer - Plantations & Sustainability

MR. M.I. IZZADEEN
Senior General Manager

MR. L.D.N.G. NANAYAKKARA
General Manager - Administration & Legal

MRS. M.A.D.T.P. EDIRISINGHE
Deputy General Manager – Human Resources

MR. E.M.S.V. GUNASENA
Deputy General Manager - Finance

MR. M.D. JAYASHANTHA
Deputy General Manager - Marketing

MR. D.V. PATHIRANA
Deputy General Manager - Marketing

CORPORATE MANAGEMENT

MR. P.D.W. WITHANAGE
Senior Manager

MR. S.M.D. THALGASWATTE
Senior Manager - IT

MR. V.A.A.D. VITHARANA
Senior Manager - Engineering & Projects

MR. M.A.A.S. MADAWALAARACHCHI
Senior Manager – Forestry, Other Crops & Sustainability

MR. W.M.L. DARSHANA WEERAKOON
Senior Farm Manager - Berry Projects

MR H.G.C.N. SENEVIRATNE
Manager - IT

MR. W.J.W. DUNUKEWILA
Manager – Sales

MR. A.P. WIMALADASA
Manager – Cinnamon Projects

MR. D.H.C. SAMARANAYAKE
Manager – Oil Palm Quality Assurance

ESTATE MANAGEMENT

UP COUNTRY

MR. L. M.C.P. LIYADIPITA
General Manager - Cluster I - Up Country & Meddecombra Estate

MR. U.A.E.GUNASENA
Senior Manager - Dunsinane Estate

MR. D.A.U.A. BADDEVITHANA
Manager - Fernlands Estate

MR. K M RANCHAGODA
Acting Manager - Sheen Estate

MID COUNTRY

MR. S.K.S.B. PAHATHKUMBURA
Senior General Manager - Cluster II – Up Country & New Peacock Estate

MR. K.R. MATHAVAN
Deputy General Manager – Nayapane Estate

ESTATE MANAGEMENT

LOW COUNTRY

MR. D.U.H. BULUGAHAPITIYA
General Manager - Low Country & Talgaswella Estate

MR. R.B.S. DOUGLAS
Senior Manager - Katandola Estate

MR. N.T. DANDENIYA
Senior Manager - Elpitiya Estate

MR. G.M.U.R.K. GUNARATNE
Senior Manager - Deviturai Estate

MR. K.S. GANEWATTA
Manager - Lelwala Estate

MR. S.S.B. KARUNARATHNE
Manager - Gulugahakande Estate

MR. S G C Hansa
Acting Manager - Bentota Estate

MANAGEMENT DISCUSSION & ANALYSIS

STRENGTH

We inspire sustainable development and progress in all we do.

Urban ecosystems are characterised by the coexistence of natural and man-made elements. They are a testament to the spirit of human enterprise, our adaptive nature, and a future of sustainable progress.

UNDERSTANDING OUR OPERATING CONTEXT

KEY MARKET DEVELOPMENTS AND IMPACT

GLOBAL ECONOMY

Global growth slowed from 6.0% in 2021 to 3.4 % in 2022 with broad-based deceleration across regions. Higher global inflation, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the lingering COVID-19 pandemic weighed on global economic activity in 2022.

DOMESTIC ECONOMY

The Sri Lankan economy registered its deepest economic contraction since independence with real GDP contracting by 7.8% in 2022, compared to the growth of 3.5% in 2021. The agriculture sector contracted by 4.6% in 2022 reflecting severe shortages in chemical fertiliser and other agrochemicals, increased cost of raw materials, and disruptions of supply networks. The industry sector meanwhile recorded a contraction of almost 16% due to dampened performance of the construction and manufacturing subsectors amidst severe shortages in raw materials and input cost escalations. Inflation recorded an unprecedented increase throughout 2022, with headline inflation (YoY change in CCPI) increasing from 14.2% in January 2022 to peak at 69.8% in September 2022 before reaching 57.2% in December 2022. To arrest persisting inflationary pressures, the Central Bank of Sri Lanka continued with the tight monetary stance adopted since August 2021. Consequently, interest rates remained elevated throughout the year with policy interest rates being increased 5 times from January 2022 to March 2023 by a total of 1050 basis points. The Sri Lanka rupee meanwhile experienced high volatility and registered the historically largest depreciation against the US dollar during the first half of 2022, before stabilizing around the guidance band introduced in May 2022.

3.4% Global Growth	**8.8%** Global Inflation
-7.8% GDP Growth	**57.2%** (CCPI) Inflation
+9% Interest Rates (AWLR)	**44.8%** Exchange rates (Rupee Depreciation against USD)

PLANTATIONS SECTOR

The plantation sector benefited from elevated commodity prices in the global market and a sharp devaluation of the rupee, although the lagged effect of the now rescinded fertiliser ban and rising production costs continued to dampen industry performance. A major concern for the sector is the high wages in relation to low labour productivity. The political influence wielded by unionised labour has resulted in wage increases which are not on par with productivity increases, thereby adversely impacting production costs. Inflation added significant pressure on already narrow margins which was exacerbated by the increased energy and fuel prices. Shortage of chemical fertiliser following the imposition of organic fertiliser policy in 2021 meanwhile hampered agricultural processes with a knock-on impact on yields.

Tea

Rubber

Oil Palm

Tea

Despite a dip in production mainly due the lagged effect of the fertiliser ban, the tea sector enjoyed a positive year with Tea prices at the Colombo Tea Auction (CTA) reaching historical highs in 2022. Increasing costs of production however remained a concern amidst rising inflationary pressures.

Tea Production	7% decline to 246 Mn Kg
Cost of Production	Rs. 20 increase per Kg to Rs. 639.00 per Kg
Average Auction Price	105.2% increase to 1,270.50 per Kg
Average FOB price	8.7% increase to USD 5.03 per Kg

Rubber

Rubber prices which reached historically high levels during the first half of 2022, driven by the favourable global demand started declining during the second half of the year due to a weakening of both global and domestic demand. Rubber production meanwhile continued to decline due to the combined effect of adverse weather conditions, fertiliser shortages, and the spread of the Pestalotiopsis disease. Margins in the sector continued to be impacted by rising cost of production.

Rubber Production	7.8% decline to 70.9 Mn Kg
Cost of Production	30.3% increase to Rs. 288 per Kg
Average Auction Price	29.1% increase to Rs. 595 per Kg
Average Auction Price	29.1% increase to Rs. 595 per Kg
Average FOB price	0.4% increase to USD 2.73 per Kg

Oil Palm

Despite oil palm having the potential to transform the dwindling plantation industry due to relatively higher levels of crop productivity and significant demand potential, inconsistent government policy has been a major impediment to the sustainable growth of oil palm in Sri Lanka. Having approved the cultivation of oil palm in 2014, the Government arbitrarily banned cultivation and in 2020 and mandated companies to gradually uproot oil palm and cultivate alternative crops. During the year prices increased significantly on the back of a temporary oil palm export ban by Indonesia and rising global demand.

Cinnamon

Earnings from cinnamon increased notably during the year supported by strong demand and higher prices. Earnings from Cinnamon exports increase by 50% during the year and was a significant contributor to export earnings from minor export crops.

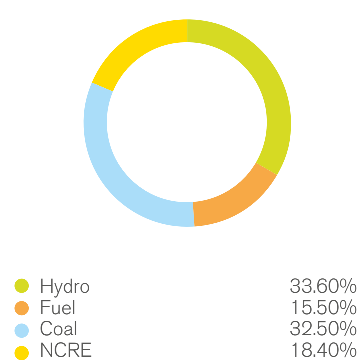
Fruits

Import restrictions on the importation of several fruits by the Government led to an increase in domestic demand for locally grown fruits.

Renewable Energy

Despite its growing importance in ensuring energy security in the country, the renewable energy sector continues to grapple with a host of difficulties hindering the progress in the sector. High capital costs and import costs, capacity constraints in the national transmission grid, continued to impede the expansion of the renewable energy sector of the country while payment delays by CEB to small power producers was a key challenge faced during the year.

Relative Share of Energy Generation Capacity



UNDERSTANDING OUR OPERATING CONTEXT

OPPORTUNITIES AND RISKS

Our operating environment continues to evolve in response to rapidly changing market dynamics presenting both opportunities and challenges. The PESTEL analysis and SWOT analysis presented below provides a high-level view of key developments during the year and our key opportunities and risks going forward.

PESTEL ANALYSIS

	Key Developments		Potential Impact on EPP	Our Response
Political	Geo-political developments including the ongoing Russia Ukraine conflict Re-opening of China's borders	-	Demand from key buying markets could be negatively impacted	Revenue diversification through increased focus on value-added products
		-	Possible supply chain disruptions	
		-	Increased supply from China as a result of the re-opening of borders.	
Economic	Approval of USD 3 Bn IMF Emergency Fund Facility and ongoing economic reforms.	-	Exchange rate volatility could impact the countries competitiveness in global markets	Effectively managing foreign currency risk Drive cost and operational efficiencies to maintain margins Move up value chain to improve margins
		+	An easing of inflationary pressures could positively impact margins particularly if prices remain elevated	
			Elevated interest rate impact borrowing and finance costs	
Social	Higher levels of labour migration due to economic conditions in the country Changing customer preferences	-	Shortages of skilled labour	Holistic strategy to improve employee value proposition Continue to focus on developing new product offerings
		+	Increased demand for tea as a healthy beverage	
		+	Increase demand for value added product offerings	
Technology	Increased adoption of technology among RPCs	+	Increased mechanization of operations could address prevalent labour shortages in the industry	Increased focus on driving innovation to explore ways in which technology can be leveraged in different areas of the operation.
		+	Increased operational efficiencies including productivity gains	
Environmental	Growing implications of climate change Increase focus world-wide on climate action and ESG considerations	-	Increased threat of adverse weather on quality and yields	Diversify into weather resilient sectors Continued focus on climate action Continue to integrate ESG considerations into corporate strategy Expand renewable energy capacity
		+	EPP's long standing reputation as a sustainable operation increases is competitive advantage	
		+	Growing opportunities in renewable sector	
Legal	Continuation of the ban on palm oil cultivation Amendments to tax rates Continuation of import restrictions	-	Direct implications on the Group's financial performance	Continue to engage with industry to arrive at a mutually acceptable way forward for the oil palm industry.
		-	Increased VAT and Corporate tax rates will impact bottom line performance in FY 2023/24 and beyond	

SWOT ANALYSIS

Strengths

- Visionary strategy for Growth
- Competent Board and leadership team
- Strong balance sheet with limited gearing
- Strong track record in sustainable agriculture
- Strategic focus on diversification
- Reputation for quality
- Compliance to internationally accepted standards in quality, environmental management and health and safety.

Weaknesses

- Earnings dominated by Plantation Sector which is vulnerable to vagaries in weather and commodity prices
- Highly labour intensive sector

Threats

- Moderation of global growth
- Escalation of geo-political tensions
- Continued domestic macro-economic vulnerabilities
- Potential exchange rate volatility
- Implications of climate change.

Opportunities

- Strong reputation for Sri Lankan Tea
- Increasing customer prevalence towards healthy beverages including value added products
- Increased opportunities in domestic fruit market
- Increased opportunities in renewable energy sector
- Increased global focus on ESG considerations

UNDERSTANDING OUR OPERATING CONTEXT

STAKEHOLDER RELATIONS

Engaging with our stakeholders on an ongoing basis enables us to proactively identify stakeholder needs and concerns in order to be able to respond to these evolving needs effectively. To ensure that we engage with those who can most impact and are impacted by our operation we have in place robust engagement mechanisms across our operations.

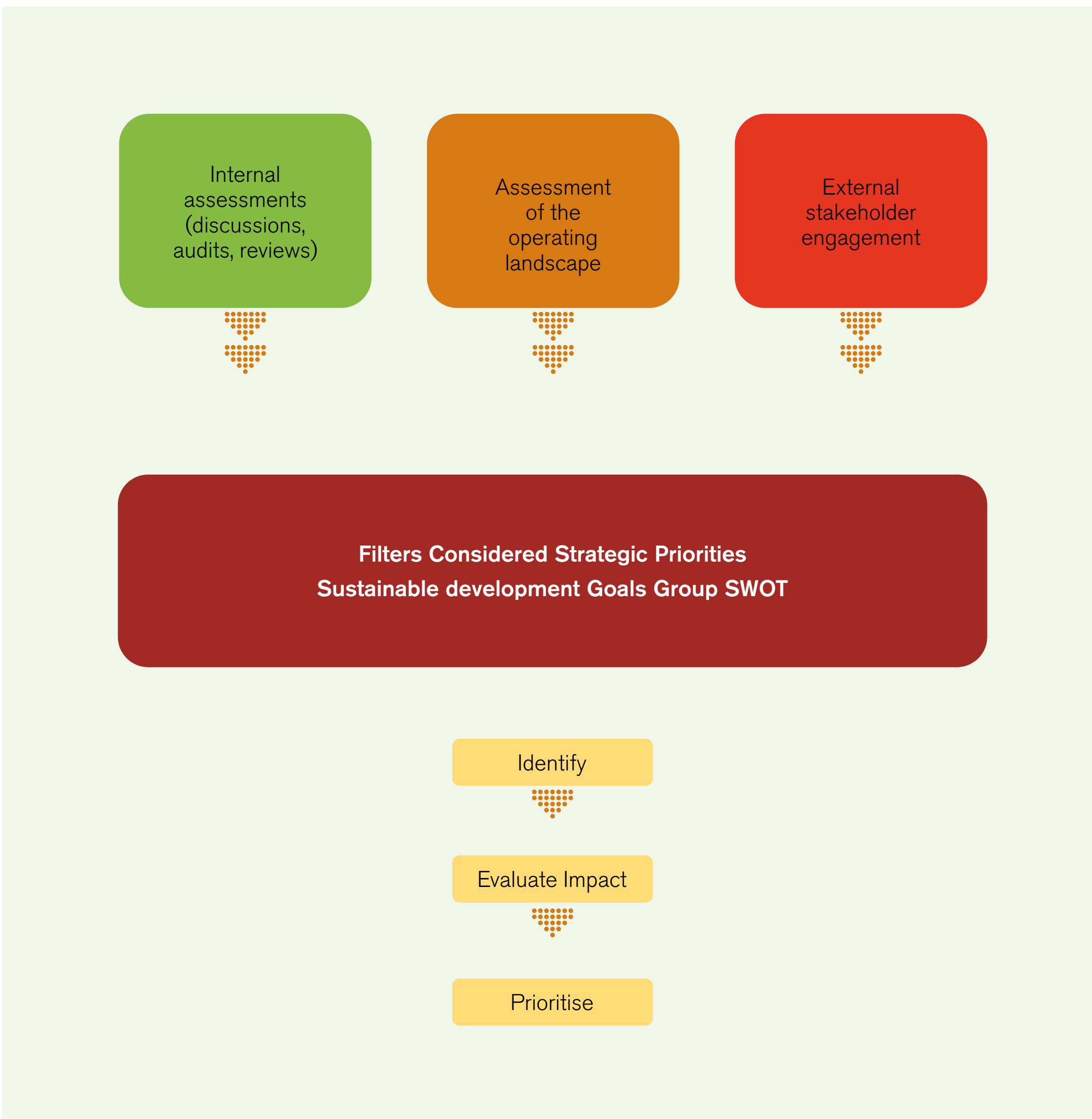
Stakeholder Mechanisms and outcomes of our stakeholder engagement activities during the year are depicted below.

Stakeholder group	Engagement Mechanism	Topics and concerns raised
Shareholders	• Quarterly and annual Financial Statements • Annual General Meeting • CSE Announcements (Continuous) • Press Releases (Continuous)	• Impact of financial crisis on performance, stability and employee well-being • Triple bottom line performance • Sustainable business growth and diversification • Corporate governance and risk management
Employees	• Engagement through welfare officers at each estate • Daily Forums • Engagement with union representatives • Employee Surveys • Complaint registers maintained at all estates • Monthly meetings with union representatives • Year-round event calendar	• Job security and remuneration practices • Opportunities for training and development • Career progression and succession • Health and safety concerns
Customers	• One-to-one meetings (Continuous) • Interaction through digital platforms including social media (ongoing)	• Quality of product • Reliability of supply • Competitive pricing • Sustainable business practices • Operational efficiency
Suppliers	• One-to-one meetings (Continuous) • Site visits	• Timely payments • Opportunities for growth • Mitigating risks to supply chain disruptions
Regulators	• One-to-one meetings at estate level with local government agent and provincial councils. (Continuous) • Meetings at corporate level with relevant ministries and other officials • Engagement through industry bodies and associations (continuous)	• Ensuring compliance to all relevant health and safety protocols • Regulatory compliance • Contribution towards creating a conducive industry environment • Job creation and community development • Sustainable business practices
Community	• Village forums (Continuous) • One-to-one meetings with Estate Managers and General Managers(Continuous) • CSR initiatives	• Access to food and other essentials • Meaningful employment • Impact on environment from operations • Meaningful community development projects

MATERIALITY AND MATERIAL TOPICS

The Group's material topics are those that represent the organization's most significant impacts on the economy, environment, and people, including impacts on their human rights in the short, medium and long term. The process for determining material matters is a consultative process that involves continuous input and feedback from a range of stakeholders as well as in-depth analysis to identify, evaluate impact and prioritize matters based on their relative importance.

Process for determining Material Matters



UNDERSTANDING OUR OPERATING CONTEXT

THE GROUP'S MATERIAL MATTERS FOR 2022/23 BASED ON THE MATERIALITY ASSESSMENT CONDUCTED IS PRESENTED BELOW;

Material topic	Change in materiality compared to 2021/22	Corresponding GRI disclosure
Macro-economic challenges	▲	-
Geopolitical Developments	▲	
Cost Management	New Topic	
Sustainable business growth	-	GRI 201: Economic Performance 2016. GRI 202: Market Presence 2016
Government policy and regulatory developments	▲	
Fertiliser shortage	▲	
Labour availability and productivity	▲	GRI 401: Employment 2016
Labour management relations	-	GRI 402: Labour Management Relations 2016. GRI 407: Freedom of Association and Collective Bargaining 2016. GRI 405: Diversity and Equal Opportunity 2016. GRI 406: Non-discrimination 2016
Employee well-being	▲	GRI 403: Occupational Health and Safety 2018
Competitive pricing	-	-
Product quality and reliability	-	GRI 416: Customer health and safety 2016. GRI 417: Marketing and labelling 2016
Responsible consumption of resources	▲	GRI 301: Materials 2016. GRI 302: Energy 2016. GRI 303: Water and Effluents 2018
Environmental impacts	-	GRI 304: Biodiversity 2016. GRI 305: Emissions 2016. GRI 306: Waste 2020
Relationships with surrounding communities	-	GRI 203: Indirect economic impacts 2016 GRI 204: Local communities 2016
Relationships with suppliers	-	

Link to Strategic Pillar	Reference for further information
-	Opportunities and Risks Risk Management
-	Opportunities and Risks Risk Management
Agriculture and Processing Strategy	Operational Reviews Financial Capital
Design 2020 strategy Sustainability Strategy	Human Capital. Social and Relationship Capital
-	Opportunities and Risks
	Opportunities and Risks
Agriculture and Processing Strategy Sustainability Strategy	Human Capital
Sustainability Strategy	Human Capital
Sustainability Strategy	Human Capital
Agriculture and Processing Strategy	Operational Reviews
Agriculture and Processing Strategy	Social & Relationship Capital
	Natural Capital
Sustainability Strategy	Natural Capital
Sustainability Strategy	Social & Relationship Capital
Sustainability Strategy	Social & Relationship Capital

A TRANSFORMATIONAL STRATEGY

VALUE CREATION MODEL

Our value creation model depicts how we leveraged our six capitals to generate sustainable value to our stakeholders in terms of outputs and outcomes.

RESOURCE INPUTS

Financial Capital

Rs. 8.5 Bn
Shareholders' funds

Rs. 870 Mn
Capital Expenditure

Manufactured Capital

18
Factories

Rs. 1,828 Mn
Property, Plant and Equipment

Human Capital

4,628
Employees

Social and Relationship Capital

Relationships with out-growers, brokers, buyers, communities and non -governmental organisations

Intellectual Capital

Tacit knowledge Systems, processes and standards R & D Capabilities

Natural Capital

8800 Hectares of biological assets

Water Resources

Our Business

Plantations Businesses

- Tea
- Rubber
- Oil Palm
- Cinnamon
- Forestry
- Agarwood
- Other Crops

Primary precessed Tea, Rubber and Cinnamon, CPO, Timber, Coconut

Non-Plantation Businesses

- Renewable Energy
- Adventure Theme Park
- High Value Horticulture
- Value Added Food Processing (Products)
- Bee Keeping Related Products / Bee Tourism
- Tourism (Life @ Dunsinane)

Cinnamon, Berries, Fruit Prouducts ("TropiFuit"), Bees Honey, Tea, Coffee, Treacle, Renewable Energy, Adventure Atractions, Tourism Products

New Business Opportunities

- Business Development Activities / Business Incubator
- Expansion of Research and Development Opportunities

Mergers and acquisitions, Joint Ventures

Our Transformational Corporate Strategy

Agriculture and Processing Strategy

Increase crop yields and labour productivity through field and factory mechanization and better agricultural practices

(Page 46)

Design 2020 Strategy

Create greater economic and social value through revenue diversification and leadership development

(Page 48)

Sustainability Strategy

Ensure a sustainable and responsible operation through social and environmental consciousness

(Page 49)

Functional Strategies

Procurement of Input Material

- Procurement Strategy

Cultivation of crops

- HR Strategy
- ICT Strategy
- QA Strategy

Value Addition

- Engineering Strategy
- R and D Strategy

Marketing and Sales

- Marketing Strategy
- Finance Strategy

OUTPUTS

Rs. 8.3 Bn	Revenue Generated	+
Rs. 1.8 Bn	Profits Generated	+
4,268 MT	Tea production	+
337 MT	Rubber production	+
21,694 MT	Oil Palm production	+
Rs. 168 Mn	Additions to PPE	+
11,076	Training Hours Provided	+
Rs. 3,516 Mn	Payments to Suppliers	+
Rs. 231 Mn	Investments in community engagement	+
8,173 tCO2e	Emissions	-
17,252 M3	Effluents discharged	-
2,398 MT	Waste Generated	-

OUTCOMES (Linked To Our CREDO)

Financial Capital	Enhancing shareholder Returns through diversified revenue streams	Rs. 219 Mn Dividends paid Rs. 25.13 Earnings Per share
Manufactured Capital	'Enhancing employees' quality of life through attractive remuneration and opportunities for skill and career development	51% Female employees Rs. 2,181 Mn Payments to Employees
Human Capital	Ensuring customers consistent product quality and value-added product offerings to meet evolving needs of customers	120 New employment opportunities created within the community
Social and Relationship Capital	Providing suppliers and business partners ongoing opportunities for mutual growth through stronger partnerships	98% Local suppliers
Intellectual Capital	Contribute to the socio- economic development of our communities through meaningful engagement	9 New Products
Natural Capital	Create positive environmental impacts through focus on long-term environmental sustainability	21.31% Reduction of the base year in use of chemical fertiliser 2% Increase in Greencover

CONTRIBUTION TO UN SDGs

- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 7 AFFORDABLE AND CLEAN ENERGY
- 4 QUALITY EDUCATION
- 17 PARTNERSHIPS FOR THE GOALS
- 6 CLEAN WATER AND SANITATION
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 15 LIFE ON LAND
- 3 GOOD HEALTH AND WELL-BEING

+ Positive Impact - Negative Impact

A TRANSFORMATIONAL STRATEGY

OUR CORPORATE STRATEGY

EPP is on a path of transformation, transforming itself from a traditional, commodity-based organization to a diverse, entrepreneurial, and dynamic 21st century entity with strong social and environmental consciousness. Supporting this journey of growth is our cohesive, transformational strategy that aims to improve our existing buisness model, develop adjacent products, services and markets and explore endless possibilities for growth. The strategy is based on three key pillars as depicted below;

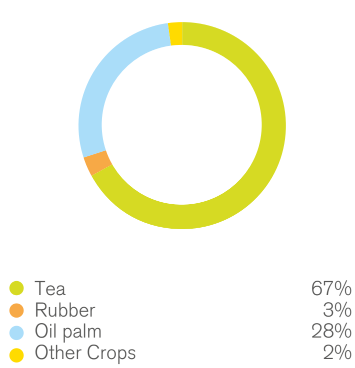
AGRICULTURE & PROCESSING STRATEGY

The Group's Agriculture and Processing Strategy aims address two key challenges in the plantation industry; low labour and land productivity through mechanization and widespread adoption of sustainable agricultural practices.

Goals

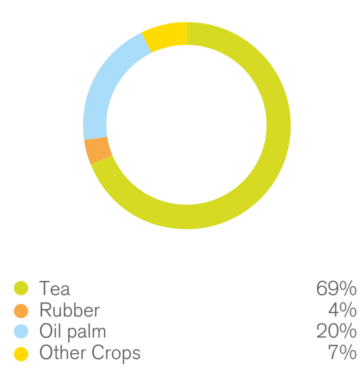
Where We Are | **Where We Want to Be**

Revenue Breakdown



Revenue From Plantation Business

Revenue Breakdown

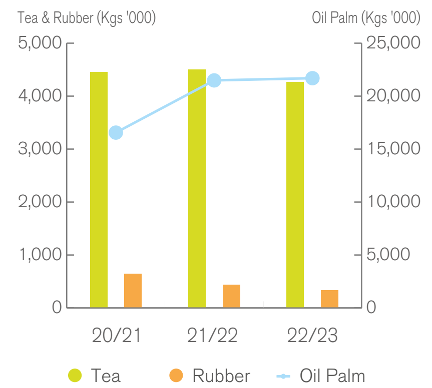


Strategic Action during FY 2022/23

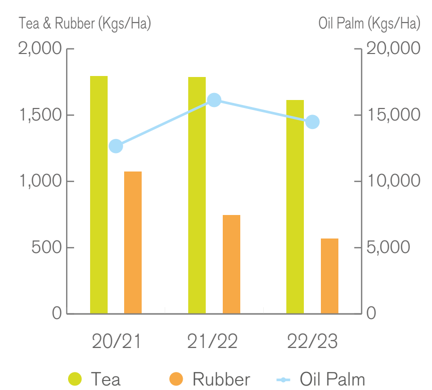
	Key Strategies	Progress Achieved during the year	Resources allocated
Tea	• Uproot low yielding fields and replant them with high yielding clones, or diversification • All manufacturing facilities to run at optimum capacity	• 24 Ha uprooted and replanted • Ongoing factory upgrades including investment in new boilers • Upgrading new peacock factory to a food grade factory • Ongoing digitalization and automation of field and factory operations	Rs. 95 Mn Invested in field replanting
Rubber	• Uproot low yielding fields and explore diversification opportunities (cinnamon, agarwood, timber, coconut, soursop, durian, pineapple, passionfruit)	• 99 Ha of unproductive rubber fields uprooted and replanted	Rs. 9 Mn spent of factory upgrades, and field mechanization
Oil Palm	• Enhance yields by introducing irrigation systems	• Increase soil carbon levels with the application of 4.8 million Kgs of compost • Diversion of harvested rainwater for oil palm plantations	Rs. 5 Mn invested in manufacture of compost
Other crops	• Enhance timber extent • Plant cinnamon, agarwood • Plant Short-term/Medium-term crops, intercropping with existing main crops during immature period	• Cultivation of short term crops including avocado, Durian, Organic pineapple and Soursop	Rs. 175 Mn Invested in field replanting

KPI's

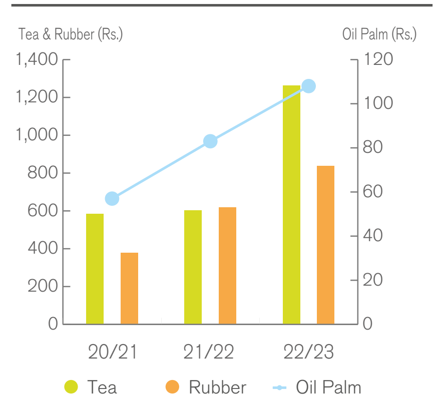
Crop



Yield



NSA



WAY FORWARD

- Continued focus on crop diversification (Fruits, Cinnamon)
- Continued investments in factory and field mechanization
- Explore opportunities for the manufacture of organic fertiliser
- Ongoing focus on productivity training

A TRANSFORMATIONAL STRATEGY

DESIGN 2020 STRATEGY

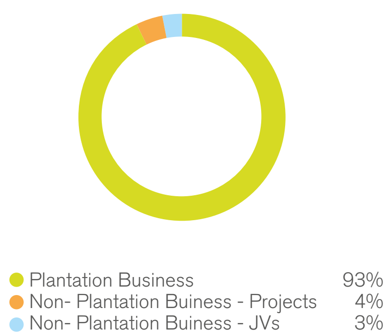
Design 2022 is the Group's visionary strategy aimed at transforming EPP from a traditional plantation company to diverse and entrepreneurial organization with diverse business interests and new age leadership capabilities. Design 2020 seeks to create social, economic and leadership value by exploring avenues of buisness diversification, moving up the value chain and developing a strong pipeline of talent within the Group.

Goals

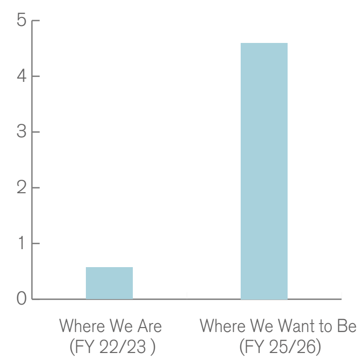
Having successfully achieved the financial goals set out in DESIGN 2020 prior to the expected target, the Group re-aligned its Design 2020 strategies to drive the next phase of evolution and growth

Where We Are **Where We Want to Be**

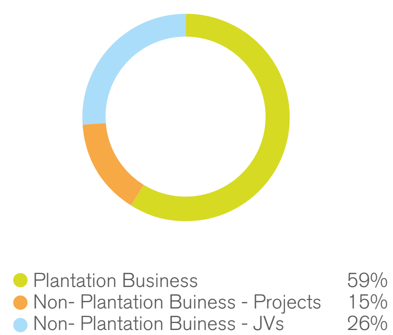
Revenue Breakdown



Revenue from Non-Plantation Business



Revenue Breakdown



Strategic Action during FY 2022/23

	Key Strategies	Progress Achieved during the year	Resources allocated	KPI's
Non-Plantation Businesses - Projects	• Invest and expand in projects less dependent on weather vagaries • Invest in projects which are less land intensive • Develop leadership capacity	• Expanded berry project by extending the berry cultivation tunnel • Expanded processing capacity of Cinnamon Processing Factory • Establishment of a dedicated new product development team to enhance Harrow House range • Commencement of three non-renewable energy plants • Opening of the Groups second Harrow House retail outlet in India • Re-commencement of tea concentrate project • Ongoing training and development for employees	Rs. 16 Mn invested in research and development Rs. 17 Mn invested in Chennai Retail Outlet	No. of New Products Developed 9 No. of New Strategic Partnerships 1
Non-Plantation Businesses – Partnerships	• Explore opportunities to operate under SPVs aiming to attract potential strategic investors	• Entered into a partnership with CAFT to develop agriculture specific technology solutions for the plantations sector • Exploring potential of Dunsinane Valley for investment project	Rs. 7 Mn Training Investment	

WAY FORWARD

- Continued emphasis on moving up the value chain
- Continue to explore new distribution channels to strengthen brand presence
- Strategic focus on leadership development
- Continue to explore strategic partnerships for further growth

SUSTAINABILITY STRATEGY

EPP's holistic sustainability strategy aims to achieve economic, environmental and social sustainability by addressing critical challenges impacting the long-term sustainability of the plantation sector. The Group's sustainability strategy revolves 6 key areas which are aligned to 9 of the United Nations Sustainability Development Goals, 3 of which were included during the last financial year to further expand our sustainability agenda.

Goals

Economic Sustainability

- Increase non plantation business revenue to 40% whilst increasing overall GP margin to 30% by 2030

Environmental Sustainability

- Become a net positive business model by generating 300% renewable energy while improving soil carbon level up to 3 -3.5% by 2030

Social Sustainability

Ensure a home for every plantation worker family moving away from line room, to develop a healthy, educated skilled workforce by 2030

Strategic Action during FY 2022/23

For details on specific targets and progress under each goal please refer to " Our Commitment to Sustainability" on page 50 of this report

Economic Sustainability	• Drive Innovation for business differentiation, sustainable consumption and production • Synergise through strategic partnerships to enhance business sustainability
Environmental Sustainability	• Ensure clean water and sanitation facilities for estate communities while recharging soil to retain water content • Achieve Self-sufficiency in energy through sustainable energy sources • Enhance land productivity by at least 10% by 2025 while improving soil fertility and minimizing environmental impact
Social Sustainability	• Social upliftment through community empowerment and improved health and education

A TRANSFORMATIONAL STRATEGY

OUR COMMITMENT TO ESG AND SUSTAINABILITY

Sustainability is more than a business priority at EPP, it is a way of life. We are committed to becoming South Asia's most sustainable buisness by 2030 and have in place a clearly articulated sustainability strategy to achieve this lofty goal. Well defined goals and targets together with a robust ESG governance structure meanwhile ensure that targets are monitored on an ongoing basis and refined to reflect emerging developments.

ESG Governance

Stakeholder Engagement

Our sustainability agenda revolves around the matters most important to our stakeholders. A robust stakeholder engagement process is therefore in place to engage with stakeholders on an ongoing basis and effectively identify and prioritize the matters that drive our sustainability agenda.

Refer page 40 for our stakeholder engagement process.

Structure and Oversight

A board level sustainability team headed by sustainability expert Dr. Ravi Fernando drives the Groups' sustainability agenda. Estate-wise and division wise sustainability teams comprising of goal leaders for each SDG meanwhile ensure that the sustainability initiatives are driven from the grassroots.

During the year we implemented an Environmental Management System (EMS) for our plantations in collaboration with the Rainforest Alliance, further strengthening our ESG monitoring system. Accordingly progress on our goals are monitored on a monthly basis.

Transparent & Accurate Reporting

Transparent and accurate reporting ensures accountability and provide important information to investors. As a public listed company EPP is responsible for providing quarterly accounts and Annual Reports to the Colombo Stock Exchange in adherence to the accounting & auditing standards. Our sustainability reporting practices meanwhile which include adoption of international reporting standards such as GRI and the <IR> framework ensure that sustainability related information is comprehensively reported. Meanwhile a combined assurance model ensures the integrity of the information.

Refer page 6 for details of our reporting practices.

Dr. Ravi Fernando applauded by Chairman for leading the Group's sustainability agenda.

PROGRESS ON OUR ESG GOALS

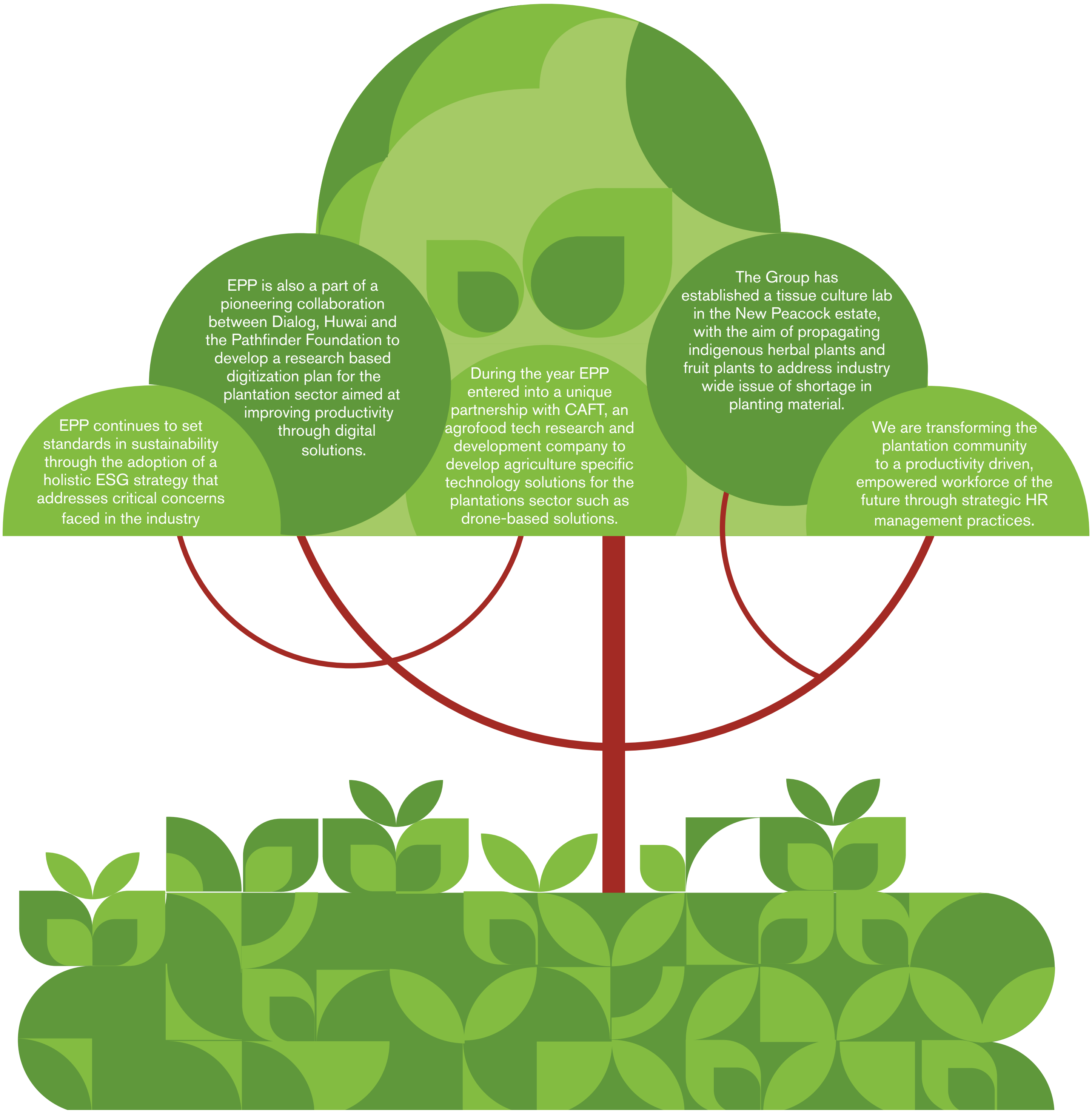
The following table presents a high level update on the progress to-date on our sustainability goals. For further details on these inititaves please refer our Capital Reports from pages 56 to 83.

	Initiative	KPI	2030 Goals	Progress to date
Environmental Goals	**Goal 1: Ensure clean water and Sanitation facilities while recharging soil** *More information : Natural Capital Report on Page 75*			
	Increase rainwater collection capacity	Rainwater harvested (ltr)	300 Mn 77 Ponds	259 Mn
	Maintain catchment areas	% of total land	15%	5%
	Increase soil carbon level	% of carbon	3%	2.7%
	Provide potable water to every household	% of households with potable water	100%	64%
	Goal 2: To achieve Self-sufficiency in energy through sustainable energy sources *More information : Natural Capital Report on Page 77*			
	Electrical energy requirements to be met /set off by renewable energy sources	% of energy fulfilled through renewable energy	300%	159%
	Full thermal energy requirement to be met through estate grown sustainable biomass sources	% of thermal energy requirements	100%	15%
	Move to electric and hybrid vehicles	% of vehicle fleet	50%	1%
	Goal 3: To enhance land productivity by at least 10% by 2025 while improving soil fertility and minimizing environmental impact *More information : Natural Capital Report on Page 74*			
	Reduce chemical fertiliser application	% of reduction	50%	21%
	Reduce chemical weed control by 80%	% of reduction	65%	43%
	Reduce chemical pest control	% of reduction	75%	87%
	Increase green cover by 10%	% of increase	10%	05%
Governance Goals	**Goal 4: Innovation for business differentiation, sustainable consumption and Production** *More information : Intellectual Capital Report on Page 81*			
	Drive factory process automation	% of processes automated	60%	54%
	Increase field mechanization	% of operations mechanized	70%	60%
	Drive innovation to grow revenue from branded value added exports	% of Revenue	40%	03%
	Productive use of entire land extent through GIS applications	% of increase	10%	10%
	Goal 5: Synergise through strategic partnerships to enhance business sustainability *More information : Intellectual Capital Report on Page 80*			
	Widen knowledge base through collaborations	No of Partnerships	100%	3
	Strategic partnerships to widen company's current buisness portfolio	No of Partnerships	100%	3
	Strategic partnerships for new business developments	No of Partnerships	100%	1
Social Goals	**Goal 6: Social upliftment through community empowerment and improved health and education** *More information : Social and Relationship on page 68 and Human Capital Report on Page 62*			
	Increase access to health and educational facilities	% of community with access	100%	100%
	Increase employee awareness on sustainability	% of employees trained on sustainability	100%	42%
	Ensure a home for every plantation worker, moving away from line rooms	% of estate workers with a home away from line rooms	100%	16%
	Increase employment from local communities	% of permanent employees hired from local community	90%	92%

A TRANSFORMATIONAL STRATEGY

CREATING THE BLUEPRINT FOR A 21ST CENTURY PLANTATION

EPP continues to lead the way in transforming the plantation industry through pioneering inititaves aimed at disrupting the status quo and unleashing the true potential of the plantation sector in Sri Lanka. Leveraging the deep insights and knowledge of the industry we have gained over 25 years, we continue to drive innovation and passion to envision the future of this vital industry.



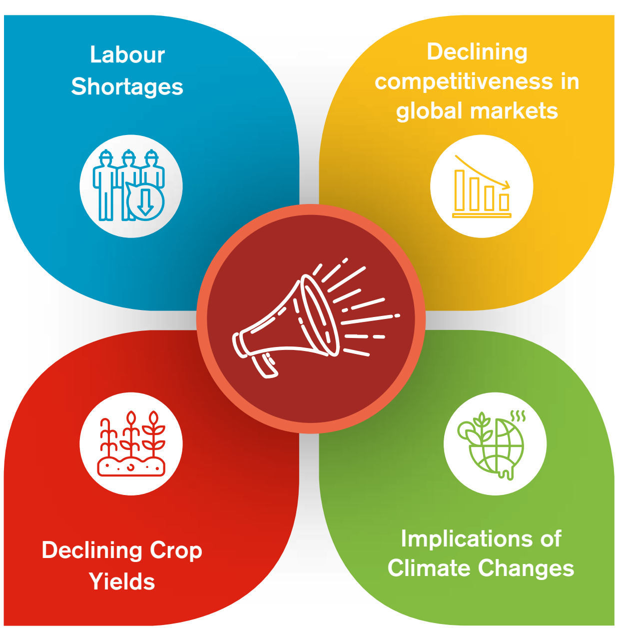
FUTURE OUTLOOK

OUTLOOK AND ADEQUACY OF STRATEGY

The following section provides an overview of the short-term outlook for the key sectors we operate in as well at the key long-term challenges we face.

		Outlook 2023/24
Tea	A moderation of global growth together with geo-political tensions in key buying markets are expected to impact demand conditions for tea in FY 2023/24. However supply shortages due to key producers retaining stocks for domestic consumption and possible reduction in global production is expected to sustain tea prices in FY 2023/24.	Positive
Rubber	Global economic slowdown and sluggish global industrial demand is expected to dampen global demand for natural rubber although the re-opening of China (a major natural rubber consumer that accounts for one-third of global tire manufacturing) is likely to somewhat compensate for the drop in global demand.	Negative
Oil Palm	Domestic demand for palm oil is expected to remain buoyant amidst ongoing higher prices for imported edible oils. Unfavourable and inconsistent government policies on oil palm including the continuation of the ban on the cultivation of oil palm however continue to hamper the prospects of the industry.	Positive
Renewable Energy	Heightened vulnerabilities in the power and energy sector which resulted in significant socio-economic implications in 2022, have highlighted the growing importance of renewable energy in ensuring the energy security of the country. The recently approved Long Term Generation Expansion Plan 2022–2041 (LTGEP) sets out an ambitious plan to expand the share of renewable energy of the total electricity generation to 70 per cent by 2030, while committing to carbon neutrality in power generation by 2050. This presents significant opportunities for growth in the sector.	Positive
Agri-products (Berries/ Fruits)	The increasing emphasis on import substitution and domestic production is expected to drive increased demand for locally grown berries and fruits domestically.	Positive

LONG TERM CHALLENGES



Adequacy of Strategy to meet long term challenges

- Adoption of agro technology to increase crop yields and productivity
- Strategic crop diversification to optimize usage of land and diversify revenue sources
- Business diversification to reduce business impact of weather vagaries
- Mechanization to reduce dependency of manual labour and enhance dignity of work

Tea plucking - New Peacock Estate

LEVERAGING ON OUR CAPITALS

GROWTH

We stand a cut above the rest, and continuously seek to elevate our value proposition through every eventuality.

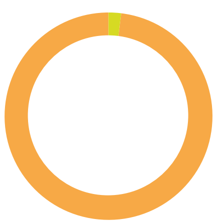
Montane and sub-montane forest ecosystems thrive at high elevations. These towering canopies and hills are home to unmatched diversity and serve as a source of life, abundance, vitality and growth.

LEVERAGING ON OUR CAPITALS

Financial Capital

Prudent management of financial capital enables the Group to invest in its other capitals to create long term value

Composition of our Financial Capital

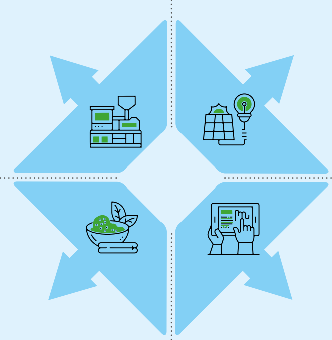


Equity	98%
Debt	2%

VALUE TRANSFORMATION IN FY 2022/23

Strong pricing and diverse product mix to defend margins

Reduced Gearing Level from 5% to 2%



Prudent management of financial investments resulting in increase in finance income

23% increase in retained earnings resulting in a stronger equity base

HIGHLIGHTS

64% Revenue Growth

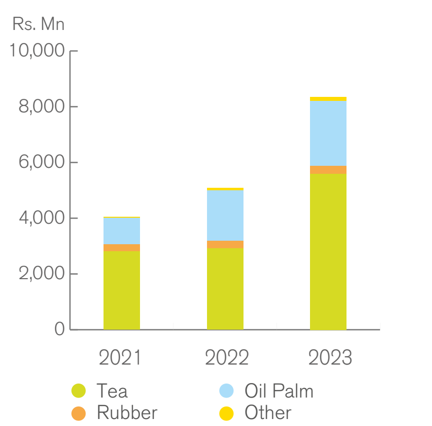
19% Profit Growth

FINANCIAL PERFORMANCE

Revenue

The Group's consolidated revenue increased by 64% to Rs. 8.34 Bn during the year, supported by broad-based growth in all revenue categories. The tea sector led the growth during the year, recording an impressive growth of almost 92% to Rs. 5.59 Bn due to an almost 110% increase in NSA despite a 5% reduction in production volumes. Despite a 23% drop in production, the rubber sector too recorded a revenue growth of 2% amidst stronger prices particularly during the first half of the year. Oil palm which accounted for 28% of group revenue during the year also witnessed a growth of almost 30% supported by a 26% growth in NSA. The "Others" sector meanwhile recorded a topline growth of 32% mainly on account of increases earnings from non traditional crops. Reflecting the group's strategic focus on diversification, the oil palm and "other" sector account for 30% of the Groups' earning profile. Potential earnings from oil palm have however been significantly impacted by the government's ban on oil palm cultivation, which has undermined our investments in this Sector since 2014.

Revenue Composition and Growth



Gross Profits

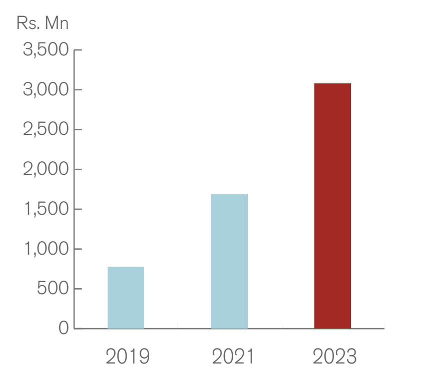
Despite the significant increase in cost of production across all segments due to the sharp escalation of inflationary pressures, the Group recorded a 80% increase in gross profits to Rs. 3.1 Bn during the year. The notable increase in tea sector margins which increased from 14% to almost 32% mainly on account of buoyant tea prices was the main contributor to this improvement. Gross margins in rubber, oil palm and other sector however were impacted by the sharp escalations on cost of production. Consequently, Group Gross Profit margins widened from 34% to 37% during the year.

Segmental results		
	Segment Profit (Rs Mn)	Rate (%)
Tea	1,788	57
Rubber	43	1
Oil Palm	1,273	41
Others	18	1

Operating Profits

Consolidated operating profits (prior to deducting management fees) during the year amounted to Rs. 2.7 Bn a 66% increase compared to the previous year. The growth was upheld by the strong performance of the tea sector as well as a steady contribution from the oil palm sector. Other income amounting to Rs.201.4 Mn consist of income from renewable energy projects, commercial forestry and others. The share of profit from joint ventures declined by a marginal 2% due to the impact of loss incurred by joint venture Elpitiya Dianhong Jin Ya Tea Company (Pvt) Ltd. As a result Group Operating profit margins remained in line with the previous year at 32%.

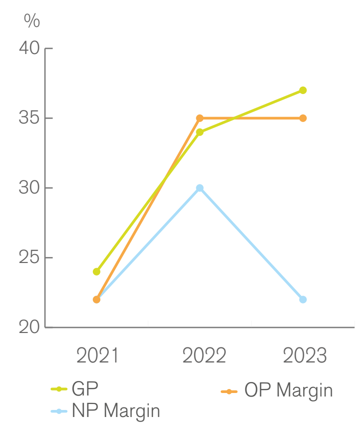
Earnings Before Interest (EBIT) and Tax Movement



Net finance Expense

Finance income increased from 45.1 Mn to Rs. 357.9 Mn due to higher earnings on short term investments resulting from the high interest rate environment that prevailed during the year. Finance expenses too increased in line with the higher borrowing costs. However, the significant impact of higher finance income resulted in the company recording a net finance income of Rs. 288 Mn compared to the net finance cost of Rs. 4.79 Mn during the previous year.

Movement in Margins



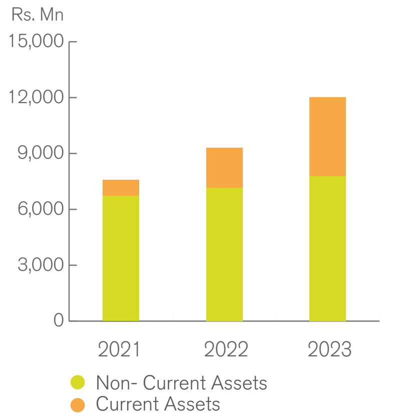
Pre and Post Tax Profits

Consolidated pre-tax profits of the Group increased from Rs. 1.63 Bn in FY 2021/22 to Rs. 3.0 Bn during the year. Tax provision to the government amounted to Rs. 1.18 Bn including deferred tax expenses. Consequently, the Group's profit (PAT) for the year increased by 19% to reach a record high of Rs.1.83 Bn the highest profitability in the Group's operating history.

Financial Position

Total Assets which amounted to Rs. 12.1 Bn as at 31.03.2023 increased by Rs. 2.7 Bn (YoY 29%) during the year mainly on account of short-term investments increasing by almost Rs. 1.5 Bn. Meanwhile a higher level of operations during the year also resulted in working capital including inventory and trade receivables increasing by almost 45% to Rs.1.2 Bn as at 31.03.2023. Property plant and equipment which account for approximately 15% of total assets also increased by Rs. 341.4 Mn due to Investment in Polytunnel carried out during the year.

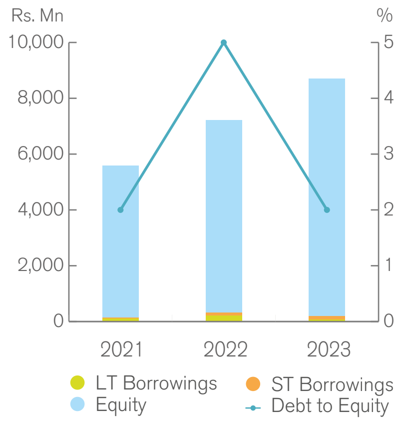
Asset Growth



Capital and Liabilities

Strong profit growth during the year, resulted in the Group's equity base strengthening further with shareholder funds increasing by 23% to Rs. 8.5 Bn as at the end of FY 2023. The Group continues to maintain a low gearing position with a debt to equity ratio of just 2% (FY 2022: 5%). Borrowing levels decreased further during the year with total borrowings declining from Rs. 319 Mn to Rs. 186 Mn as at the end of FY 2023. Total liabilities however increased by 46% to Rs. 3.5 Bn mainly on account of the deferred tax liabilities amounting to Rs. 1.4 Bn.

Funding Profile



Cash Flow

The Group's liquidity levels remained healthy with cash and cash equivalents of Rs.386 Mn by end-year. Net cash inflow from operating activities increased by 86% to Rs.2.83 Bn during the year reflecting the strong operational performance during the year. The Group recorded a net cash outflow of Rs. 2.3 Bn from investing activities due to cash directed to short term investments and also expenditure incurred on field and PPE development. The Group also recorded a net cash outflow of Rs. 401.5 Mn from financing activities due to loan settlements and dividend payments during the year. Consequently the Group recorded a net cash inflow of Rs. 176 Mn during the year compared to the cash outflow of Rs. 2.1 Mn during the previous year.

WAY FORWARD

While commodity prices are expected to remain buoyant in the immediate term, a moderation of global growth together with geo-political tensions in key buying markets are likely to impact revenue particularly in the tea and rubber sectors. Continued macro-economic pressures on the domestic front meanwhile remain key concerns going forward, with margins expected to continue to be squeezed. We will therefore continue to focus on diversifying our revenue sources while driving cost efficiencies to improve margins.

Diviturai Factory equipped with Solar roofing

LEVERAGING ON OUR CAPITALS

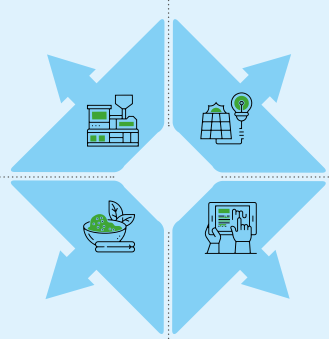
Manufactured Capital

Investments in machinery upgrades and factory modernisation require a significant outlay of financial capital, but over the long-term will support increased productivity and profitability while reducing the reliance on scarce labour. Meanwhile investing in greener technology will enhance our natural capital in the long run.

VALUE TRANSFORMATION IN FY 2022/23

Rs. 10 Mn
invested in factory modernisation and development

Rs. 9 Mn
invested in solar power generation



Rs. 345 Mn
invested in berry Polytunnel and cinnamon processing factory

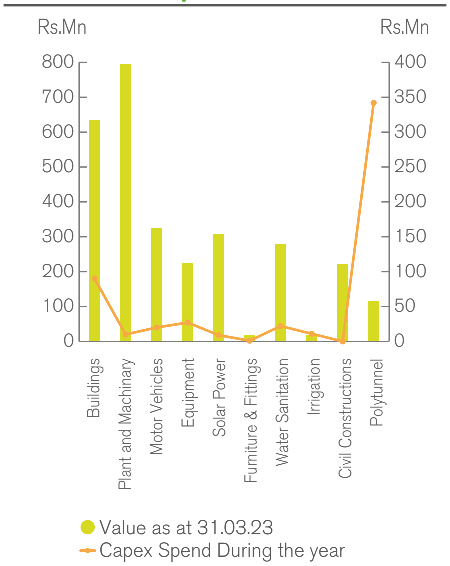
Rs. 14 Mn
invested in enhancing digital infrastructure

HIGHLIGHTS

33%
Increase in production Capacity

32%
Increase in renewable energy generation capacity

Composition of our Manufactured Capital



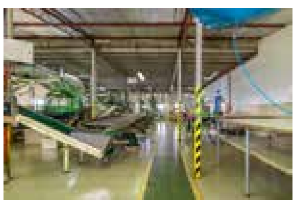
7 AFFORDABLE AND CLEAN ENERGY
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

VALUE ADDITION DURING THE YEAR

The Group continued to enhance its manufacturing capabilities during the year, investing over Rs. 24 Mn in its physical and digital infrastructure. While continuing to invest in factory modernisation inititaves the group also made several key investments in developing the required infrastructure for our strategic investments.

Factory Modernisation and Development

A total of Rs. 10 Mn was invested in enhancing capacity, driving greater efficiency and improving sustainability across our factories. Key investments made during the year include

New Peacock Factory upgradation to a state-of-the-art food graded factory	Replacement of heaters with boilers to enhance steam capacity in Nayapane factory.	Enhanced steam generation capacity of boilers at Dunsinane factory
		

2,313KW

Three new solar roof top projects we installed at Kaipoogala, Dunsinane and Meddecombra increasing our solar generation capacity to 2,313 kW.

Expansion of Berry Tunnel	Cinnamon Factory Expansion
Following the successful launch of the 'Berry-Much' project the group invested Rs. 342 Mn in expanding the berry Polytunnel adding a total of 23 polytunnels this year.	The group also invested Rs. 3 Mn expanding it cinnamon processing factory.
	

INVESTMENTS IN DIGITAL INFRASTRUCTURE

The Group continues to make significant progress in it's digitalisation journey; transforming processes at estate level through automation and digitalisation, which in turn has supported increased efficiency, accuracy, and quality of decision-making. During the year over Rs. 14 Mn was invested in our digital infrastructure. Key investments during the year include ;

Introduction of digital weighing scales for six Estates.
Introduction of smart ID with QR codes to employees
Digitisation of procurement process with the roll out of a material management solution for seven estates.
Upgrades to payments and invoicing system
Introduction of a POS system for sales outlets

WAY FORWARD

Factory automation and field mechanisation will remain key areas of focus as we continue to face issues of labour shortages in the industry. We will also continue to invest in digitisation efforts across our field, factory and office operations. Meanwhile we will continue to invest in the infrastructure required to diversify our revenue bases and achieve our Design 2020 strategic

LEVERAGING ON OUR CAPITALS

Human Capital

Investments in human capital not only bring financial returns due to improved productivity, it also enhances our intellectual capital by creating a pool of industry expertise. Meanwhile as an operation that depends on its surrounding communities for much of its labour requirments, investing in our people and communities contributes to stronger social and relationship capital which in turn contribute to the long term sustainability of our operation.

Composition of our HR Capital

	By Employment Type	
2,224	Permanent	2,373
25	Contract	6
-	Part Time	-
	By Region	
45	Head Office	14
1,454	Up country	1,739
750	Low Country	626
	By Age	
322	Under 30	217
1,325	30-50	1,553
602	Over 50	609

VALUE TRANSFORMATION IN FY 2022/23

Rs. 7 Mn

Training Investment
11,076 of training hours provided to over 1,500 employees

Customised competency based training for field and factory staff

Improvements to HR processes including establishment of Regional Performance Review Committee and a new Recruitment Assessment Centre

Rs. 2 Bn

Rs. 2 Bn in payments to employees including special addition support during financial crisis

HIGHLIGHTS

25
Promotions

86%
Labour retention rate

HR GOVERNANCE

EPP's HR governance structure and policy framework which is aligned to that of the Aitken Spence Group goes well beyond legal requirements to reflect industry and global best practices.

The overall responsibility for people management lies with the centralised HR Department. The HR department co-ordinates with respective divisional heads to action HR strategic priorities. The Aitken Spence PLC HR Committee meanwhile provides oversite on the HR function through regular engagement and guidance. The HR function is supported by an HR information System (HRIS) which ensures that performance is monitored on an ongoing basis against identified KPI's.

Compliance with laws and regulations is a key aspect of HR governance and we ensure strict compliance with all relevant labour laws. During the year we introduced several new policies pertaining to labour practices. These include the Child Labour Policy, Diversity and Inclusion Policy, Forced Labour Policy, and Policy on Freedom of Association and Collective Bargaining. There were no cases of child / forced labour or discrimination cases reported during the year.

Board of Directors

Aitken Spence PLC HR and Remuneration Commitee

EPP Remuneration Commitee

Managing Director

HR Department

POLICY FRAMEWORK

Rewards and Recognition

- Equal Opportunity Policy
- Performance Management Policy
- Rewards and Benefits
- Remuneration Policy

Employee Development

- Training and Development Policy
- Promotions Policy
- Recruitment and Selection Policy

Ethics and Labour Practices

- Code of Ethics
- Grievance Handling Policy
- Employee Disciplinary Policy
- Child Labour Policy (New)
- Diversity and Inclusion Policy (New)
- Forced Labour Policy (New)
- Policy of Feedom of Association and Collective Bargaining (New)

Health and Safety

- Health and Safety Policy
- Overseas travel policy

HR STRATEGIC PRIORITIES

Our HR strategic priorities are a response to shifting labour market dynamics and the evolving needs of our operation.

- Enhance employee productivity through training and development
- Develop a strong leadership pipeline
- Increase dignity of labour by offering clear pathways for career progression
- Explore innovative remuneration models to attract and retain a new generation of plantation workers
- Ongoing focus on health and well-being of employees

EMPLOYEE ATTRACTION AND RETENTION

We continue to streamline our recruitment processes in order to be able to attract the best talent available. A key inititave during the year was the launch of a recruitment assessment centre for creepers where potential candidates go through a full day competency assessment exercise. During the year a total of 532 employees were onboarded in line with our growth aspirations.

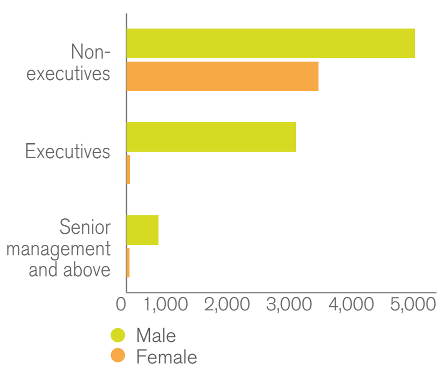
Despite relatively high levels of attrition in the industry, EPP maintained a labour turnover rate of 14% during the year indicating the strength of our employee value proposition.

New Recruits			Exits	
No.	%		No.	%
		By Gender		
280	52	Male	316	49
252	48	Female	335	51
		By age		
62	12	Below 30	104	16
368	69	30-50	327	50
102	19	Over 50	220	34
		By Region		
17	3	Head Office	11	2
367	69	Up country	421	65
148	28	Low Country	219	33

TRAINING AND DEVELOPMENT

Training and development are key strategic priorities as we seek to improve productivity, empower our employees, and create a strong leadership pipeline for the future. Training programs are designed to develop both occupational and soft skills and offered to all employees including the estate workers.

Training Hours per Employees



Training Focus

Top/Middle Management	Assistant Managers/ Executives	Field Level Staff	Worker Category (Pluckers/tappers/ harvesters/factory workers)
Strategic Development	Operational Improvements and Talent Development	Technical skills and Competency Development.	Productivity Enhancement.

Training Programs conducted during the year

Unleash your potential – "To be the best you were born to be."

A leadership development program targeted at corporate and middle managers. Over 66 corporate managers and middle managers participated in the program.

Competency Development for Field/ Factory Staff

This structured program was specifically designed to provide field and factory staff targeted training in 11 core areas.

Customized Certificate Course in HRM for Welfare Officers

Aimed at transforming the traditional plantation welfare officer's role into a HR professional this customized learning programme was conducted over six months and covered many topics from human resources, organisational planning to information technology (IT). 58 welfare officers participated in the program and received certificates.

Leadership/Management Essentials for Plantation Executives

This two day residential programme Included a management simulation and special training on social etiquette.

PERFORMANCE MANAGEMENT

All employees are appraised bi-annually based on pre-determined goals and targets while estate worker productivity is closely monitored through a digitised real time data capturing at estate level. We continued to strengthen the performance management process during the year with the establishment of a Regional Performance Review Committee (RPRC). During the RPRC, respective managers of estates are required to justify ratings given to subordinates and clarify any matters regarding employee performance. The committee serves to improve transparency objectivity, credibility, of the performance evaluation process.

REMUNERATION AND BENEFITS

Remuneration of executives include a fixed base pay and performance based variable component. Permanent employees are also entitled to wide range of benefits including medical insurance, Employee Assistance Programs, Education and Training among others. Estate worker wages and benefits are negotiated every two years and are set out in the Collective Agreement between the estate union and the management. The company's "womb to tomb" proposition to estate workers meanwhile ensure that workers and their families are entitled to benefits such as childcare, elderly care, medical and housing facilities throughout their lives. We also continue to explore innovative revenue models such as profit sharing schemes, incentive schemes and fixed salaries for certain estate worker categories as part of our efforts to move towards a more productivity based revenue model.

Respective estate managers justify employee ratings

RPRC

Chief Operating Officer- Plantations and Sustainability

Deputy General Manager- HR

Regional Heads

Assistant Managers are also provided opportunities to convey their opinions

Rs. 2 Bn

Total payments to employees

Ratios of entry level wage to industry minimum wage

100% **100%**

EMPLOYEE HEALTH AND SAFETY

The company has in place a comprehensive Health and Safety Policy which sets our health and safety standards, guidelines and protocols. The Collective Agreement with estate workers also covers key elements of employee health and safety such as access to medical facilities and safe working conditions.

Estate-wise safety committees with worker representation ensure that health and safety issues at ground level are identified and addressed. Certified welfare officers meanwhile ensure that health and wellness issues of employees are addressed holistically.

Work-related Injuries

	No.	Rate
Fatalities due to work-related injuries	Nil	0%
High-consequence work-related injuries	Nil	0%
Recordable work-related injuries	Nil	0%

All estates have onsite trained medical officers and well equipped medical facilities including ambulance and first aid equipment. Periodic heath camps are conducted at estate level providing estate workers and communities assess to health care facilities. All staff are also entitled to medical allowances and annual medical check-ups as part of their benefits packages. All welfare and managerial staff have completed health and safety training while regular training and awareness programs are conducted for staff and estate workers. During the year a special emphasis was placed on creating awareness on nutrition factors given the challenges relating food security. We also provided mid day meals and dry ration packs to ensure estate worker nutrition needs were met during the crisis period.

GENDER PARITY

Enables

Strong policies enable us to provide a conducive, empowering work environment for our female colleagues

Policies	Practices
• Equality in pay • Sexual Harassment Policy • 84 days of paid maternity leave • Comprehensive health and medical care for all workers and families	• Child-care facilities for estate workers • Flexible working hours and work from home options • Robust grievance mechanism

Composition

We continue to strive to achieve greater gender equality in the workplace by providing equal opportunities for our female colleagues in all aspects including recruitment, promotions and management opportunities.

3%
Percentage of Women in Senior Management

9%
Percentage of Women in Middle Management

47%
Percentage of Female New Recruits

16%
Percentage of women receiving Promotions

15%
Female labour turnover

Gender Gap Indicators

We continue to monitor our gender gap indicators and are proud to note a progress on these indicators

Work-related Injuries	FY 2022/23	YoY change
Raw Mean Gender Pay Gap	Nil	0%
Raw Median Gender Pay Gap	Nil	0%
Proportion of Women who Received Training	40%	6%
Percentage of Women who returned to work after parental leave and were still employed 12 months after returning to work	98%	0%
Proportion of Females who Received a Performance Bonus	100%	0%

Responsible Brand

We continue to be recognised as an employer that empowers and protects its female employees.

EPP is Certified as a “Mother and Child Friendly “ estate by Save the Children

LABOUR RELATIONS

Approximately 82% of our employees are represented by 12 trade unions. We continued to maintain cordial relations with our unions closely engaging with union representatives on an ongoing basis. Approximately one month of notice is given to employees regarding significant operational changes.

EMPLOYEE ENGAGEMENT

Events are held throughout the year giving employees opportunities to pursue interests outside of work, build camaraderie and participate in community service activities.

Women’s day celebrations

Children’s Day celebrations

School Stationery Distribution to kids of all employees in estates

Employees engagement activities

Inter estate Cricket tournament

WAY FORWARD

With labour shortages in the plantation sector continuing to be a challenge we will focus on enhancing our employee proposition in order to attract and retain a new generation of empowered plantation workers. Meanwhile we will continue to focus on building a pipeline of talent and leadership that can successfully steer us along our journey of transformation.

LEVERAGING ON OUR CAPITALS

Social and Relationship Capital

Investing in our customer, supplier and community relationships not only enhance our brand value but has direct financial value in terms of higher customer retention, lower labour turnover and a more efficient supply chain.

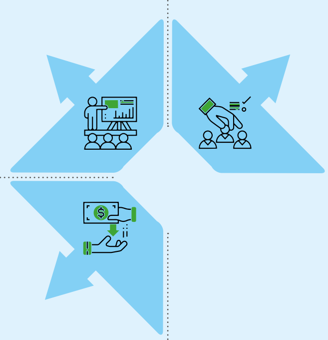
COMPOSITION OF OUR SOCIAL AND RELATIONSHIP CAPITAL

- Customers
- Suppliers
- Plantation Community

VALUE TRANSFORMATION IN FY 2022/23

Customer acquisition through product and channel diversification

Strategic collaborative initiatives to address challenges faced by our communities



Expansion of bought leaf farmer network and closer engagement levels

Rs. 3.5Mn in payments to suppliers

HIGHLIGHTS

9 New products to value-added product range

86% Increased market reach by diversifying sales and distribution channels

Rs. 231Mn Investment in community upliftment

STRONG CUSTOMER RELATIONSHIPS

Our customer base comprises of commodity brokers for tea and rubber and direct buyers for our value-added products. Our relationships with our customers are based on the sound foundation of reliability and quality which has enabled us to retain our customers and enjoy consistently high customer satisfaction levels. Continuously engaging with our customers is a critical element of our customer management strategy and we do so through periodic customer satisfaction surveys, participation in trade fairs and through direct engagement on digital mediums.

We remain committed to maintaining the highest standards in product responsibility and ensure that information on quantity and quality of our products are clearly indicated on our product labels. During the year there were no incidents of non-compliance concerning product and service information and labelling or marketing communications.

96%

Customer Satisfaction Rate as per quarterly customer satisfaction survey among 500 + customers

Customer Relationship Management in FY 2022/23- Key Initiatives
Strengthened B2C channel with the establishment of a second Harrow-House Retail outlet in India
Strengthened direct distribution through partnerships with distribution partners in key buyer markets such as Germany, Turkey and several Baltic countries
Customer acquisition by expanding value- added product range (Berry Much, Tropifruit)
Strengthened digital presence through e-commerce platforms

Our Customer Promise

- Sustainable Manufacturing
- Supply Reliability
- Innovative Products
- Consistent Quality

LEVERAGING ON OUR CAPITALS

STRONGER PARTNERSHIPS

Strong partnerships with supplier networks, industry stakeholders, government and non-government institutions enable us to create synergies and push our boundaries further. These mutually beneficial partnerships are an important aspect of our diversification and transformation strategy.

Supplier Relationships

Our supplier base includes a wide network of individuals, SMEs, local and foreign corporates that supply key inputs such as bought leaf, fertiliser and other agro inputs, packing material and other supplies. We have carefully nurtured these relationships over the years to build a strong and reliable supply chain that enables us to continue to operate seamlessly.

Our sustainability ethos extends to our supplier base, and we continue to work closely with our suppliers to propagate sustainable practices. Detailed supplier assessments carried out to ensure conformity to all regulatory requirements at the time of onboarding and periodic assessments are carried out there-after. Meanwhile we actively contribute to supplier development by sharing our expertise on agriculture and processing which ensures the quality of the products we purchase while increasing their productivity.

Key Initiatives to Strengthen Supply Chain in FY 2022/23
Increased dependence on local suppliers. During the year we expanded our bought leaf farmer network by 12%.
Ongoing focus on supplier Development with Over 4 supplier development programs being conducted during the year.
Digitization of procurement Process with the roll out of a IT based material management solution for seven estates.

Our Supplier Promise

- Ongoing Supplier Development
- Transparent Procurement Practices
- Fair and reliable payments

Among the Ten Best Corporate Citizens - Ceylon Chamber of Commerce

Industry Partnerships

EPP entered into several pioneering partnerships during the year that are expected to generate significant long term value. Key collaborations during the year include:

- Partnership with CAFT, an agrofood tech research and development company to develop agriculture specific technology solutions for the plantations sector such as drone-based solutions
- EPP is also a part of a pioneering collaboration between Dialog, Huawei and the Pathfinder Foundation to develop a research based digitization plan for the plantation sector aimed at improving productivity through digital solutions.
- Partnership with SLINTEC for new product development

Membership in Industry Associations

- Ceylon Chamber of Commerce
- Palm oil Association of Sri Lanka
- Ceylon Tea Traders Association

Eye camp for estate community

STRONGER COMMUNITY ENGAGEMENT

Our commitment to our estate worker community is integrated into our overall integrated corporate strategy, through a dedicated sustainability pillar that aims to achieve social sustainability through socio economic development and empowerment. Build around four priority areas, our community agenda also contributes to several of the United National Sustainable Development Goals.

Education and child development

EPP is a Signatory to "Mother and Child-Friendly Seal for Responsible Business" and works closely with Save the Children, to improve the well-being of mothers and children residing in its estates

Education support including provision of free textbooks, educational material, and scholarships for higher studies, are provided for schoolchildren residing in estates managed by the company.

Health and well-being

Medical camps and health screenings for NCD's are conducted annually for all employees

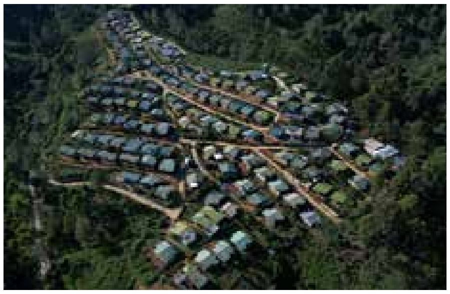
Having identified the need to proactively address the threat of food security within its estate communities, EPP implemented the "Ready to be Ready" project aimed at promoting food self sufficiency within EPPs estate communities and improving the overall well-being of its workers. The project involved the cultivation of 14.39 Ha of estate land with vegetables to be consumed by estate communities.

Community infrastructure development

EPP continues to invest in developing community infrastructure including access to clean water and sanitation. Currently 65% of our communities have direct access to pipe borne water and we hope to increase this to cover the entire estate population.

EPP also maintains an elders home with over 42 elders from the community

EPP has 44 Child Development centers for children of plantation workers.



Housing Project - Ensuring improved living conditions and better quality of life.

IMPROVED LIVING CONDITIONS

Over 700 individual housing units have been constructed and upgraded in line with our goal of moving away from line rooms and ensuring a home for every plantation worker,

We also continue to create sustainable livelihoods within the community to empower youth and women. Key projects include the bee honey project, cinnamon out-grower project and the berry project where a majority of employees are from the surrounding communities.

WAY FORWARD

We are committed to driving socio-economic development from the grass- roots and see our community and supplier engagement platforms as an important way in which we can tangibly contribute to the recovery of the economy. We will therefore continue to invest in our communities, supplier networks with meaningful development initiatives. Meanwhile we will continue to focus on creating greater value for our customers through an ongoing focus on innovation and value addition.

LEVERAGING ON OUR CAPITALS

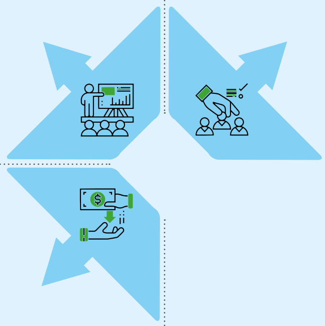
Natural Capital

Preventing the degradation of natural capital by investing in sustainable agricultural practices contributes to higher land productivity which in turn positively impacts financial capital. The adoption of innovative agricultural practices meanwhile contributes to the company's intellectual capital while also enhancing social relationship capital through better relationships with communities and other stakeholders.

VALUE TRANSFORMATION IN FY 2022/23

Rs. 9 Mn
Invested in expanding in renewable energy generation capacity

2% increase
Greencover by planting 8879 shade trees and 7975 bamboo plants



4.8 Million Kg
Organic compost was applied recording 2.7% in soil carbon levels

HIGHLIGHTS

159%
Renewable energy generation exceeded energy requirement

21%
Reduction of the base year in use of chemical fertiliser

Our Natural Capital			
		Unit	FY 2022/23
Land Resources	Land extent	hectares	8,838
Materials used			
Renewable	Green leaf	Kgs (000)	18,363
Non-Renewable	Fertiliser	Kgs (000)	3,140
	Weedicides	Litres	12,198
	Pesticides	Litres	1,755
Energy Consumption			
Non-Renewable Sources	Petrol	Litres	48,226
	Diesel	Litres	243,757
	LPG	Kgs	6,100
	National Grid	KWh (Units)	3,663,117
Renewable Sources	Biomass	Kgs (000)	10,144
	Total Energy Consumed	GJ	188,594
	Energy Intensity	GJ per unit	96.94
Water Withdrawal	Surface water	Litres	5 Mn
	Ground water	Litres	15 Mn
	Rainwater Harvested	Litres	259 Mn
	Municipal lines	Litres	-
	Total Water Withdrawn	M3	54,394

Land Management

Enhancing land productivity by improving soil carbon levels & fertility

Higher crop yields

Energy Management

Renewable electrical Energy Generation 159% over the current electrical energy Utilisation

Improved crop quality

Water Management

Clean Water, Sanitation and recharging soil with harvesting over 259 million litres of rainwater

Business Sustainability

'GO GREEN AND BEYOND'

The Group's environmental aspirations are driven through the "Go Green and Beyond" initiative- the Group's award-winning sustainability initiative that aims to simultaneously reduce the company's vulnerability to accelerating climate change while reducing its environmental footprint and preserving natural resources for future generations. Launched in 2018/19, the initiative is an integral part of EPP's integrated approach to managing its environmental impact, energy, and water footprints to build a climate-resilient business model. The initiative, which revolves around three core areas that the group believes has the greatest impact on its operations, is closely aligned with three of the UN sustainability development goals.

LEVERAGING ON OUR CAPITALS

GOVERNANCE

A robust environmental governance system is in place to drive the Group's environmental agenda. Estate-wise and division wise sustainability teams comprising of goal leaders for each SDG to ensure that the sustainability initiatives are driven from the grassroots. Meanwhile a board level sustainability team headed by sustainability expert Dr. Ravi Fernando drives the Groups' sustainability strategy and monitors progress monthly. Implementation of an Environmental Management System (EMS) for our plantations in collaboration with the Rainforest Alliance and Forest stewardship council further strengthening our environmental and governance system. We ensure strict compliance with all relevant laws and regulations and responsibly state that there were no violations pertaining to environmental laws and regulations during the period under review.

Partnerships for Progress

- Sri Lanka Sustainable Energy Authority
- Ceylon Electricity Board
- United Nations Development Project
- Asian Development Bank
- Lanka Rainwater Harvesting forum.
- Biodiversity Sri Lanka
- Sri Lanka Mahaweli Authority
- United Nations Industrial Development Organisation
- Rainforest Alliance
- FSC, Forest stewardship council.

LAND MANAGEMENT

Enhancing land productivity is of strategic importance to us and we do so by improving soil carbon level, fertility and preserving the soil microorganism in our land. Soil management practices such as increasing carbon levels through the application of internally produced biochar and organic compost have increased water retention and soil nutrition levels. We also continue to systematically reduce the use of chemical fertiliser, weedicides and pesticides in our estates and have in place specified targets for the reduction of chemical inputs. Meanwhile technologically advanced measures such as soil fertigation and other precision agriculture technologies have been deployed by the company to maintain the quality of the soil and make optimal use of the land.

Land Management

Our Goals:

- Enhance land productivity by 10%
- Reduce Chemical Fertiliser by 50%
- Reduce Chemical weed control by 65%
- Reduce chemical pest control by 75%
- Increase green shade tree cover by 10%

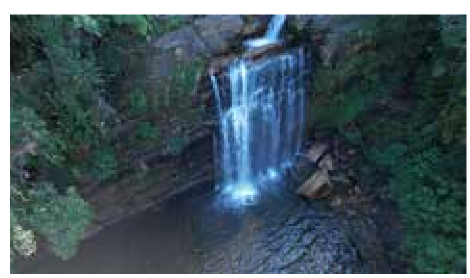
Total investment in field development and enhancing biological assets.

Rs. 407 Mn

21.31% reduction in the use of Chemical Fertiliser (compared to base year of FY 2018/19)

We continue to reduce the use of chemical inputs in our operation

43.1% reduction in the use of Chemical weedicides compared to base year of FY 2018/19)



BIODIVERSITY CONSERVATION

With over 8800 hectares of land rich in biodiversity under our stewardship, we consider it our responsibility to protect the ecosystems in these areas. We have conducted biodiversity surveys across our lands and documented the biodiversity in the vicinity. Most of the flora and fauna within the estates have been identified with records being maintained by field officers. We have also developed a comprehensive biodiversity conservation plan in collaboration with the Rainforest Alliance. (See alongside)

EPP Biodiversity Conservation Plan

- Afforestation
- Creating buffer zones between cultivated areas and natural forest areas
- Increasing green cover 10% by planting shade trees/bamboo in boundaries, ravines, and roadsides
- Restoration of natural streams reservations by planting native trees connecting animal corridoes.
- Conducting regular awareness programs on protecting the eco system
- Designating our estates polythene free areas by educating the community.

WASTE MANAGEMENT

Ensuring that all waste generated through our operation is disposed of responsibly with minimum impact to the environment is also an important element of protecting our land. Practices such as composting, recycling, and eco-friendly disposing are therefore practiced extensively across our estates. Over 90% of biodegradable waste generated on our estates is recycled and re-used as compost.

Solid Waste		Unit	2022/23
Nonhazardous Waste	Paper	tons	11
	Iron Scraps	tons	4
	Composted Waste	tons	1,197
	Food Waste	tons	10
Hazardous Waste	Bottom ash	tons	1,797
	Fly ash	tons	141
	Total Waste Generated	tons	3,160

WATER MANAGEMENT

The Group's interactions with water arise primarily in cultivation of its crops and for use by employees and communities within the estates. Given the importance of water as a significant resource for our operation we strive to reduce our water footprint by ensuring responsible consumption of water resources across our operation. The Group's main priority in water management has been to harvest rainwater through ponds, thereby reducing the reliance on ground and surface water sources. The harvesting ponds have also enabled us to maintain a watershed of 77 Nos well above our target of 52 nos. Meanwhile soil enrichment efforts including the application of organic compost is aimed at maintaining soil carbon levels above 3% to assist in recharging soil retaining soil moisture levels thereby reducing the impact of drought and water requirement for cultivation purposes.

Water Management

Our Goals:

- Increase rainwater harvesting capacity to 300 million Litres per annum by 2030.
- Reserve 05% of land area for catchment areas
- Irrigate tea and oil palm land with harvested rainwater.
- Increase soil carbon level to over 3% to improve soil moisture.

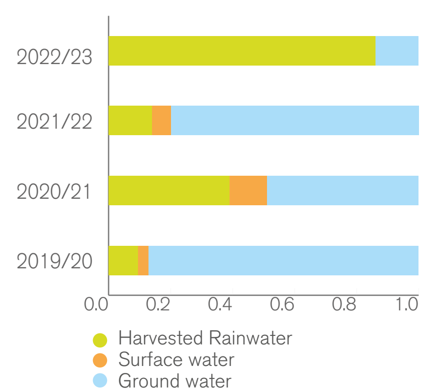
We currently have 77 rainwater harvesting ponds across all 13 estates with a total rainwater harvesting capacity of 259 million Litres

Rainwater Consumption during the year.

34 Mn

(62% of total consumption)

Water Consumption by Source



LEVERAGING ON OUR CAPITALS

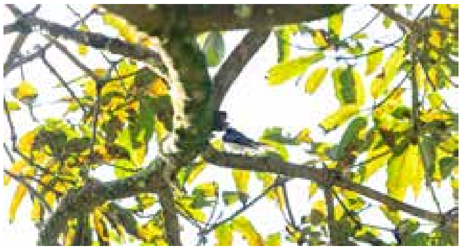
EFFLUENTS

Water recycling is also practiced extensively across our estates together with ongoing awareness programs to promote responsible consumption of water among our communities. Wastewater plants have been established in all our factories while housing units have also been provided with wastewater tanks to ensure that effluents are responsibly disposed of recycled water from our factories was re-used in the operations. The quality of water discharged from our operations is assessed to ensure that they in line with the parameters set out in the Environmental Protection License of the Central Environmental Authority.

During the year

4.8 million Kg

compost was applied recording 2.7% soil carbon level.



ENERGY MANAGEMENT

We are committed to becoming net positive in energy through sustainable energy sources and continue to invest in expanding our renewable energy generation capacity.

EPP was the first Regional Plantation Company to receive funding from ADB to install roof top solar panels and currently has installed solar panels in all of its factories. During the year we added 3 new rooftop solar panels with a generation capacity of 565 kW further expanding our solar generation capacity.

We also focused on improving energy efficiency across our operations through ongoing investments in energy efficient equipment and machinery such as VFD's, LED lighting and energy efficient boilers.

EMISSIONS

EPP on its journey towards reducing carbon footprint becoming a net positive business model by 2030 has shown steady progress in reducing emission levels. Ongoing efforts to shift to renewable energy sources as well as the systematic reduction in the use of chemical fertilisers, a significant contributor to emissions in the agriculture sector, have enabled EPP to continue to reduce emissions.

Energy Management

- 300% of renewable electrical energy generation over our demand by 2030
- 100% of thermal energy needs to be met through sustainable biomass energy sources by 2030.
- 50% of vehicle fleet to electric or hybrid by 2030.

Renewable Energy Generation

Solar
1,541,966 kWh

Hydro
4,573,163 KWh

Biomass
10,134,627 kgs

EPP generated 6,115,129 KWh of renewable energy in FY 2022/23 which is 159% over the Group's energy requirement.

		FY 2022/23	FY 2021/22
Direct (Scope 1) GHG emissions	tCO2e	5,572	5,459
Indirect (Scope 2) GHG emissions	tCO2e	2,601	2692
Total GHG emissions	tCO2e	8,173	8151
Emission intensity	(GHG tCO2e/ Rs. million revenue)	0.97	1.59
Total Emissions offset and/ or reduced	tCO2e	17,560	15,866

*GHG emissions are computed based on the Green House Gas Protocol published by the World Resource Institute

LEVERAGING ON OUR CAPITALS

CLIMATE-RELATED DISCLOSURES

As part of our efforts to incorporate best practices in climate reporting we have adopted the Task Force on Climate-related Financial Disclosures (TCFD) from this year.

	TCFD Disclosure Requirement
	Progress Made
Governance	Progress on ESG goals, including climate action, is monitored at board level through monthly meetings headed by Board Member Dr. Ravi Fernando. ESG governance was strengthened during the year with the implementation of a Environmental Management System (EMS) developed in collaboration with the Rain Forest Alliance and Forest stewardship council. The EMS systems enable closer goal tracking by improving visibility on ESG indicators.
Strategy	The Groups three-pronged integrated strategy which includes an Agriculture and processing strategy, Design 2020 strategy and Sustainability strategy have taken into account the short, medium and long-term implications of climate change. See page 50 (strategy) on how climate action has been incorporated into our overall strategy.
Risk Management	Climate risks and opportunities are identified and assessed on an ongoing basis through the Group's risk management process. See page 120 (Risk Management) for more details on climate risk management.
Metrics and Targets	Specific goals and targets are in place to reduce our climate impact. These include. Generation of 300% renewable electrical energy generation over the demand to be a net positive business model by 2030. Reduction of usage of chemical fertiliser quantity by 50% to reduce fertiliser GHG emission by 50% by 2030. Harvesting rainwater with the rainwater ponds to collect 300 million litres of rainwater annually by 2030. 100% of thermal energy needs to be met through sustainable biomass energy sources by 2030. 50% of vehicle fleet to electric or hybrid by 2030. Increase green cover by 10% with planting shade tree /bamboo by 2030.

WAY FORWARD

Climate action will remain a key priority as we continue to contend with the growing implications of climate change. We will therefore continue to focus on expanding our renewable energy generation capacity to 300% over our current demand to reduce GHG emission to reach net positive business while taking proactive steps to protect and enhance the quality of our lands with the systematic reduction of application of chemical fertilisers by 50%, Weedicides by 65% and pesticide by 80% with the improvement of soil carbon level over 03% by 2030.

Chemical spraying using Drone Technology at New peacock Estate

LEVERAGING ON OUR CAPITALS

Intellectual Capital

Continuing to Invest in its intellectual capital will foster a culture of innovation which will enable EPP to transform itself into a plantation company of the future. It will also enable the company to attract and retain the best talent in the industry while also contributing to brand equity in the long term.

COMPOSITION OF OUR INTELLECTUAL CAPITAL

Brand Equity	A brand associated with superior quality, good agricultural practices and sustainability
Tacit Knowledge	Knowledge and experience of Our employees
Robust systems and processes	Compliance with over 07 product and process certifications

VALUE TRANSFORMATION IN FY 2022/23

- Continued to focus on digitisation of operations
- Strengthened brand presence locally and overseas
- Strengthened Research and Development Capabilities through strategic partnerships

HIGHLIGHTS

- Establishment of second "Harrow House" retail outlet in Chennai, India
- Joint Venture partnership with CAFT, to develop agriculture specific technology solutions for the plantations sector
- **9** — 09 new products developed under Berry Much Range

OUR JOURNEY OF DIGITALISATION

EPP is committed transforming the plantation industry from an archaic, legacy driven industry to a vibrant, technology driven industry by ushering in a new digital era for the sector. To this end, the Group has over the years introduced several pioneering inititaves that successfully blend legacy practices with cutting-edge technology to bring about transformational change in all areas of its operations. Key highlights of the Group's digital journey are depicted below.

2019

AUTOMATION OF PLUCKING ROUND INFORMATION

A first in the Industry, EPP deployed 163 tabs to field officers, which enables the capture and aggregation of plucking data at source.

2020

USE OF PRECISION AGRICULTURE TECHNOLOGY

Technologies such as fertigation and GIS Mapping were introduced to improve optimal usage or land.

2021

INTRODUCTION OF SMART IDS

Workers were provided smart IDs with QR codes.

2022

DIGITALISATION OF WEIGHING PROCESS

Digital scales with blue-tooth technology have been installed at two factories.

2023

DIGITALISATION OF PROCUREMENT PROCESS

Introduction of a material management solution for all of our 13 estates

DRIVING INNOVATION

Innovation is a key component of our business strategy. While striving to continuously enhance our value proposition through product and process innovation, we continue to push boundaries in the plantation industry by finding innovative solutions to industry challenges. During the year we entered into several pioneering R and D partnerships while also strengthening our inhouse research and development capabilities. Key initiatives during the year are listed below.

Partnership with CAFT

During the year EPP entered into a unique partnership with CAFT, an agrofood tech research and development company to develop agriculture specific technology solutions for the plantations sector such as drone based solutions. The new entity which is a 50:50 partnership between EPP and CAFT will function as a separate Research and Development focused entity for the Group.

Establishment of a Dedicated New Product Development Team

Three specially trained food scientists were recruited and a dedicated new product development team was established with the aim of expanding the Harrow House product range. The team also developed a 11 step new product development protocol to stream line the process.

Development of a Digitisation Plan for the Plantation Sector

EPP is currently collaborating with Dialog, Huwai and the Pathfinder Foundation to develop a research based digitisation plan for the plantation sector. EPP will serve as the test bed for research activities, once again showing its commitment to pioneering innovation in the industry. Key objectives of the collaboration are to:

a. Improve efficiencies in the plantation sector
b. Address labour shortages
c. Improve land productivity
d. Drive Automation in the sector

Tissue Cultivation Lab

The Group has also established a tissue culture lab in the New Peacock estate, with the aim of propagating indigenous herbal plants and fruit plants. This is expected to further support vegetable cultivation within the estates while also addressing an industry wide issue of shortage in planting material.

LEVERAGING ON OUR CAPITALS

BRAND VALUE

EPP continues to enjoy a strong brand presence in Tea & Rubber sectors as indicative from the premium prices the company continues to command at the Colombo Auctions. We continue to enhance this presence by remaining focused on the key attributes of our brand; superior quality, good agricultural practices and sustainability.

During the year we continued to enhance our retail brand presence, expanding our flagship retail store brand house "Harrow House" with a second exclusive outlet in Chennai, India. Meanwhile we continued to develop both the Berry Much and Tropifruit brands by expanding the product ranges and increasing commercial cultivation of berries and tropical fruits.

Our Brand Portfolio

INDUSTRY EXPERTISE AND TACIT KNOWLEDGE

The knowledge and expertise of our strong employee base is a key component of our intellectual capital. We continue to harness this tacit knowledge through ongoing mentoring programmes, knowledge sharing programs and on-the- job training opportunities. Members of our senior management represent a wide number of industry bodies, actively engage with industry stakeholders and participate in industry forums to share their expertise and knowledge.

Industry Associations Represented
Palm Oil Industry Association of Sri Lanka
National Institute of Plantation Management
Plantation Human Development Trust (PHDT)
Planters Association of Sri Lanka
Ceylon Cinnamon Geographical Indication Association (CCGIA)
Industry Consultative Committee – Faculty of Technology – University of Colombo

COMMITMENT TO EXCELLENCE

We are committed to ensuring excellence in all aspects of our operation and have obtained a wide range of product and process certifications and accreditations.

Certification	Estates Certified
Rainforest Alliance	Dunsinane, Sheen, Fernlands, Meddecombra, New Peacock, Nayapane
ISO 22000.2005 HACCP	Dunsinane, Meddecombra, Fernlands, New Peacock, Nayapane, Talgaswella and Devitura
Organic EU	Community based Organic farming
USDA-NOP	Community based Organic farming
Japanese Agricultural Standards (JAS)	Community based Organic farming

RECOGNITION

EPP continues to be recognised for excellence and was the proud recipient of a number of awards and accolades during the year. This recognition not only contributes to our brand value but also serves to set industry standards.

1. **CMA Excellence in Integrated Reporting Awards**

- Winner in the Plantation Sector
- Among Sri Lanka's top 10 Integrated Annual Reports

2. **Best Corporate Citizen Sustainability Awards 2022**

- Among the Ten Best Corporate Citizens
- Winner Triple bottom line award – Environment
- 2nd Runner up sustainability award in Category B (below LKR 15 Bn)
- Best sustainability project winner for Project- 'Living Green Soil'
- Best sustainability project winner for Project 'Ready to be Ready'

3. **'Green Productivity Awards' organised by Sri Lanka Association for the advancement of Quality and productivity (SLAAQP)**

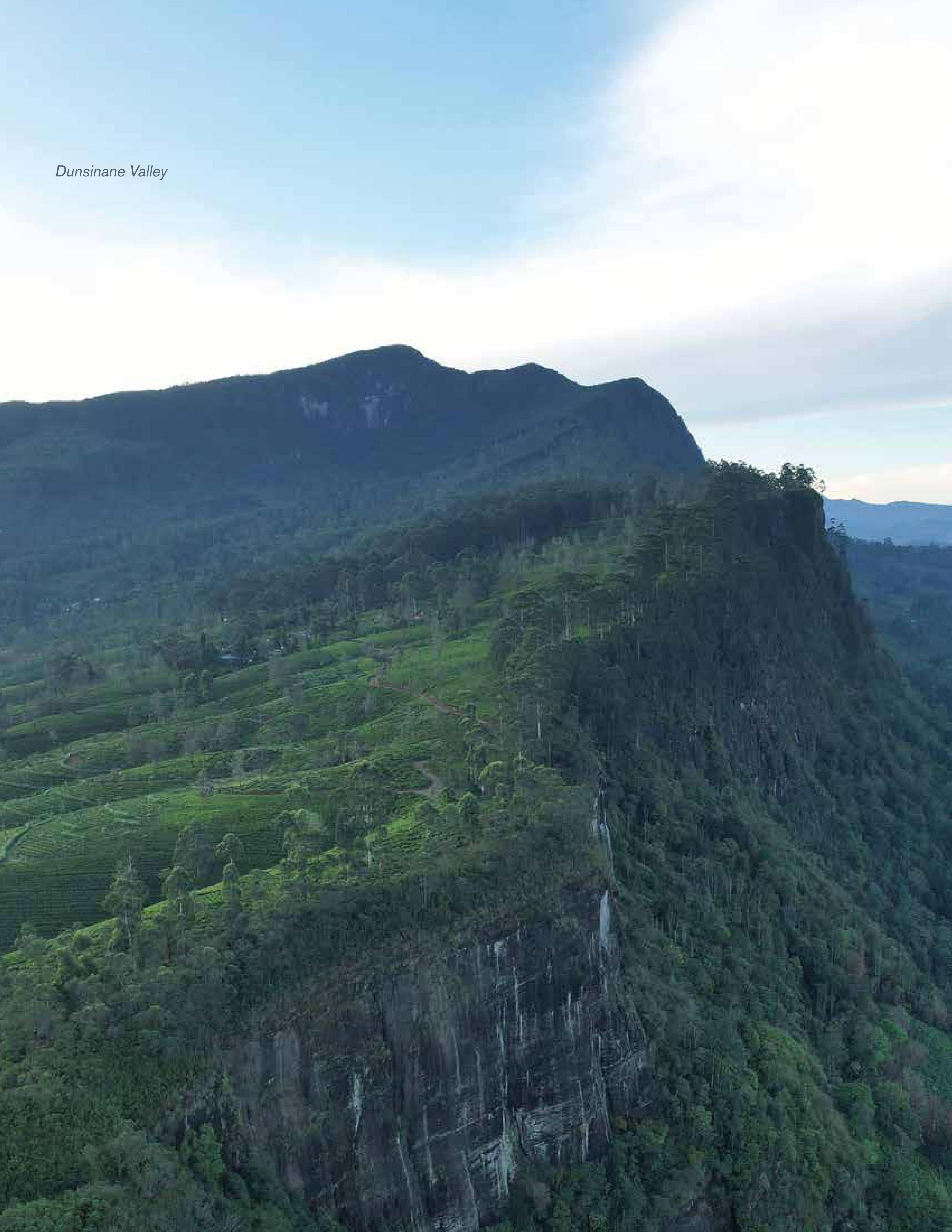
- Gold award

4. **Best Management Practices Company Awards 2023" -Category Winner**

- Winner in the Plantation Sector
- Overall Silver Winner

WAY FORWARD

Transforming the plantation sector through technology is a strategic imperative amidst the growing challenges in the industry. We remain committed to driving this change, and will continue to hone our intellectual capital to be able to lead this transformation. We will therefore continue to invest in our research and development capabilities, improve our systems and processes and continuously strive for excellence to achieve our objectives.


Dunsinane Valley

PERFORMANCE REVIEW

CONNECTIVITY

Our vibrant, diverse partnerships enable us to conquer the odds and face the future.

Coral reefs are dynamic, incredibly diverse ecosystems built on a foundation of interconnectedness and partnerships that demonstrate the impactful nature of a single individual in a vast web of life

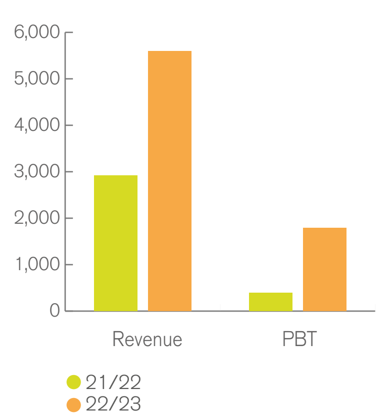
PERFORMANCE REVIEW

TEA

PERFORMANCE

Revenue from the tea segment increased by 92% to Rs. 5.6 Bn supported by elevated global tea prices throughout the year and the Group's ability to attract premium prices for its teas. Despite continued pressure on the cost of production due to higher utility costs, wage costs and fertiliser costs, the sector recorded an exceptional PBT of Rs. 1.78 Bn, a 349% growth compared to FY 2021/22.

Tea Sector Performance



STRATEGIC FOCUS IN FY 2022/23

- Continued emphasis on field mechanisation and factory automation to enhance productivity and yields. Key investments during the year include the introduction of a digital weighing system and digitalisation of field documentation with smart devices
- Ongoing focus on quality by enhancing soil quality and adopting more efficient boilers.
- Recommencement of tea-concentrate project as part of our efforts to move up the value chain.
- Expansion of tea value-added product range under Harrow Ceylon Choice brand with the introduction of new products such as a new wellness range and BOPF ziplock pouches
- Expanded presence of Harrow Ceylon Choice brand in India with a new retail shop in Chennai.

Overview

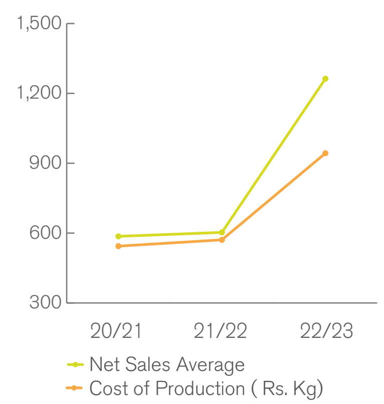
The tea sector posted an exceptional performance recording a 92% growth in revenue and 349% growth in pre-tax profits. Whilst strong global tea prices supported this growth, our unwavering commitment to quality and excellence enabled us to capitalise on the opportunities presented and record an above average performance during the year.

MARKET REVIEW

- Tea production in almost all producer countries showed negative growth in 2022 when compared with 2021 resulting in a global supply shortage
- Tea prices at the Colombo Tea Auction (CTA) reached the historically highest level in 2022 and remained elevated throughout the year.
- Although the import ban on fertiliser was reversed during the latter part of 2021, the foreign currency crisis in the country led to persisting supply shortages of agro chemicals
- Input prices including utility costs, wage costs and fertiliser costs increased sharply amidst rising inflationary pressures.

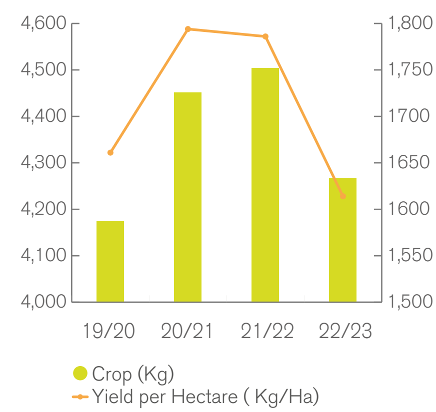
Impact on Sector

Impact on Profitability



Tea NSA increased by almost 109% to Rs. 1,263 on the back of buoyant global tea prices. Cost of production per Kg however increased by almost 70% due to domestic pressures.

Impact on Production



EPP recorded a 10% drop in yields and 5% drop in production during the year mainly due to the lagged effect of the of acute shortages of fertilisers and agrochemicals domestically.

STRATEGIC PRIORITIES 2023/24

Opportunities

- Growing demand for orthodox tea due to an increase in consumption
- Global supply shortages due to producer countries retaining stocks for domestic consumption
- Increased opportunities for value added products
- Increased demand for sustainably produced products

Risks

- Continued pressure on margins due to rising cost of production
- Labour shortages due to higher levels of migration
- Implications of climate change
- Possible exchange rate fluctuations
- Impact on demand conditions and supply chain if Russia- Ukraine conflict escalates

Way Forward

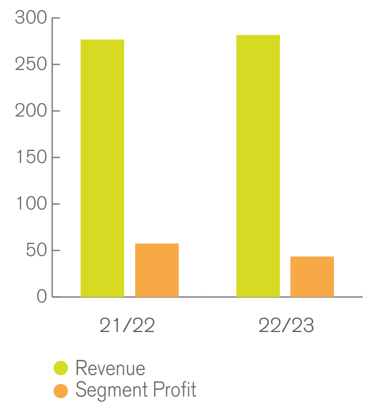
- We will continue to explore innovative revenue sharing models in order to increase productivity of workers and attract a new generation of plantation workers
- Mechanisation, automation and digitisation will remain a focus in order to continue to enhance cost and operational efficiencies
- We will also continue to strengthen our research and development capabilities to move up the tea value chain

RUBBER

PERFORMANCE

Despite a 23% drop in production, the rubber sector recorded a revenue growth of 2% to Rs. 281.6 Mn supported by stronger global prices for natural rubber particularly during the first half of the year. Increased cost pressures however continued to impact margins resulting in sector profits declining by 27% to Rs. 41.6 Mn

Sector Performance



STRATEGIC FOCUS IN FY 2022/23

- Continued focus on improving crop yields and quality by improving soil quality, using Ethilin stimulation for latex extraction and installing rainguards on trees to safeguard against weather vagaries
- Strategic emphasis on improving labour productivity by introducing more efficient harvesting techniques
- Continued to explore opportunities for direct export sales to reduce dependence on auction sales
- Aggressively sought domestic and international customers in high margin value-added segments such as sole crepe and coloured sole crepe
- Considering the comparatively lower returns from rubber and the numerous challenges faced by the sector, the Group continued to gradually shift low yielding rubber lands to more lucrative crops.

Overview

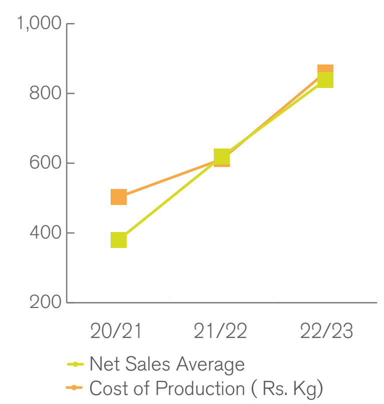
Performance of the rubber sector remained subdued amidst declining crops and rising costs of production. Considering the comparatively lower returns from rubber and the numerous challenges faced by the sector, we have taken a strategic decision to reduce our dependence on raw rubber exports, by replanting low yielding rubber lands with more lucrative crops and exploring opportunities is value added segments.

MARKET REVIEW

- The strong demand for natural rubber witnessed during the first half of 2022 started to taper off towards the second half of the year with the slowing down of the global economy.
- Domestic demand for natural rubber by the industrial sector meanwhile also contracted in 2022 due to the decline in demand for medical gloves in both domestic and global markets as the COVID-19 pandemic faded away.
- Consequently, global rubber prices which reached historically high levels during the first half of 2022, started declining during the second half of the year.
- Domestically, rubber production continued to decline due to adverse weather conditions, fertiliser shortages, and the spread of the Pestalotiopsis disease.

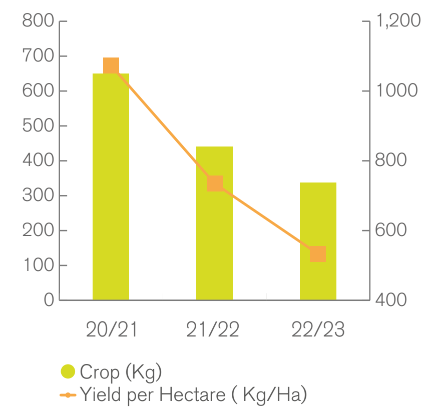
Impact on Sector

Impact on Profitability



Although rubber NSA increased by 36% supported by higher global prices particularly during the early part of 2022, cost of production per Kg also increased by 37% during the year negating the impact of elevated prices.

Impact on Production



EPPs rubber production has gradually declined over the years with the Group gradually shifting low yielding rubber lands to more lucrative crops.

STRATEGIC PRIORITIES 2023/24

Opportunities

- -Increased demand from China (a major natural rubber consumer that accounts for one-third of global tire manufacturing) with the re-opening of its borders in January 2023 and resumption of industrial activities
- Opportunities for growth in the value-added segments

Risks

- Global economic slowdown and sluggish global industrial demand is expected to dampen demand prospects for natural rubber
- Continued pressure on margins due to domestic macro economic pressures
- Labour shortages due to higher levels of migration
- Implications of climate change
- Continued fertiliser shortages
- Possible exchange rate fluctuations

Way Forward

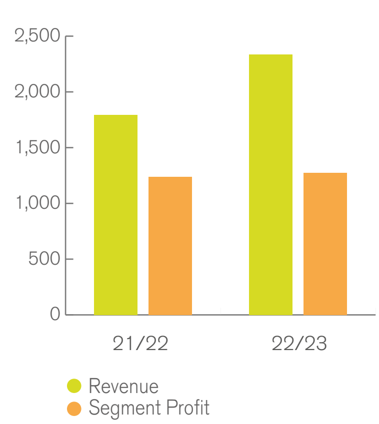
- We will continue to focus on managing our cost of production through greater cost efficiencies and enhanced labour productivity
- We will also strengthen our presence in value-added segments to further improve our margins
- Unproductive rubber lands will be converted to more lucrative crops

OIL PALM

PERFORMANCE

The oil palm sector recorded a commendable performance with revenue increasing by 30% to Rs. 2.3 Bn during the year supported by strong domestic demand. Segmental profits which accounted for 41% of consolidated segment profits also increased by 2% to Rs. 1.3 Bn.

Sector Performance



STRATEGIC FOCUS IN FY 2022/23

- Continued emphasis on improving crop yields of existing extent through mechanisation of field operations and adoption of sustainable agricultural practices
- Driving process efficiencies and productivity enhancement to manage cost of production
- Ongoing focus on enriching soil quality by maintaining water content in oil palm lands.

Overview

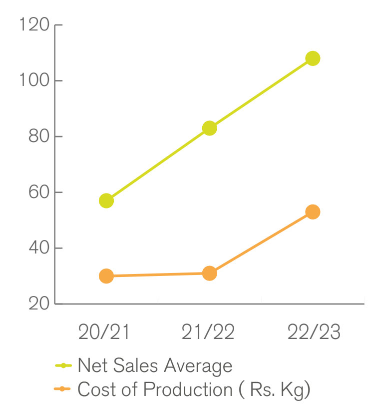
The oil palm sector continued to deliver positive results during the year supported by strong demand and favourable prices in the domestic market. Despite significant growth potential, prospects of the sector continue to be impacted by unfavourable policy such as the 2019 ban on oil palm cultivation. Although we have curtailed our expansion plans in the sector, we continue to focus on improving crop yields, driving greater process efficiencies, and improving the quality of our existing crop extent.

MARKET REVIEW

- Domestic oil palm prices witnessed strong upward momentum throughout much of 2022 due to strong domestic demand.
- Continued uncertainty surrounding policy on oil palm cultivation remains a key barrier to growth prospects

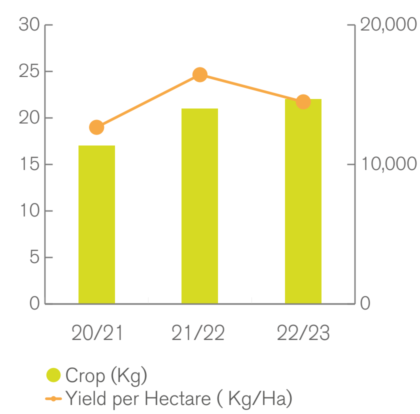
Impact on Sector

Impact on Profitability



Oil palm NSA increased by 30% supported by strong domestic demand. Cost of production per Kg however increased by almost 77% due to domestic inflationary pressures.

Impact on Production



Yields per hectare although significantly higher that tea and rubber witnessed a 10% decline during the year mainly due to poor weather conditions and fertiliser shortages. Notwithstanding this, total production remained relatively stable recording an increase of 1% during the year.

STRATEGIC PRIORITIES 2023/24

Opportunities

- Increased domestic demand due to import restrictions on other edible oils
- Opportunities for export growth

Risks

- Unfavourable and inconsistent government policies on oil palm including the continuation of the ban on the cultivation of oil palm
- Continued fertiliser shortages and implication on crop yields
- Implications of climate change

Way Forward

- We will continue to work closely with the relevant stakeholders towards ensuring a mutually acceptable way forward for the industry
- We will also continue to collaborate with Industry stakeholders, government bodies, and international organisations to promote sustainable palm oil practices in Sri Lanka.

STRATEGIC INVESTMENTS

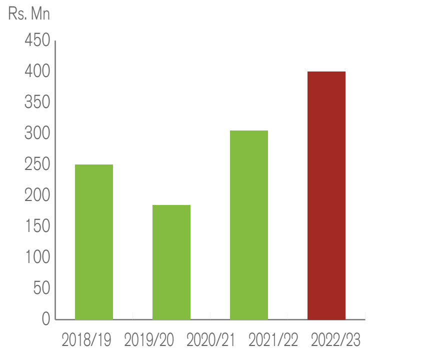
RENEWABLE ENERGY

The Group's renewable energy portfolio includes 3 mini hydro projects and 14 rooftop solar projects with a total generation capacity of 6,473 kW at the end of the financial year.

Key Developments during the year

- Installation of four new solar roof top projects in our upcountry estates
- Successfully bid for two 5 MW solar projects for third party solar roof installations on Engineering, Procurement and Contract (EPC) basis.

Revenue Growth - Strategic Investments



Overview

EPP continues to diversify its revenue bases in line with the DESIGN 2020 strategy. Accordingly, the Group now has significant interests in key growth industries such as renewable energy, high value horticulture, commercial forestry and value-added food products. Revenue contribution from these strategic investments have shown a steady growth and is expected to emerge as more significant contributors to earnings over the medium-to-long term.

HIGH VALUE HORTICULTURE

As part of the Group's strategic plans to diversity its crop base to maximise land utilization, EPP ventured into the cultivation of a range of berries and fruits. A key strategic focus under this initiative is the "berry project" a pioneering effort to cultivate and market a range of four berries including Strawberry, Raspberry, Blackberry and Blueberry. The project was commercialized in 2020 and has since witnessed impressive growth.

Key Developments during the year

- With our berry cultivation project showing strong growth potential since commencing commercial operations in FY 2021/22, we invested Rs. 342 Mn during the year to expand the berry cultivation tunnel.
- We also continued to invest in crop diversification efforts, adding a number of tropical fruits including avocado and pineapple to our portfolio.

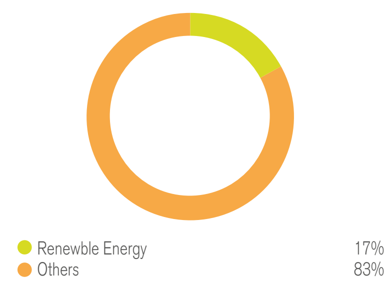
VALUE ADDED PROCESSING AND BRANDING

EPP has established three successful value-added product brands 'Harrow Ceylon Choice' (tea), 'Berry Much' (berries) and' Tropifruit' (Tropical fruits value added products) which are retailed at selected super markets and the Group's own retail outlet "Harrow House".

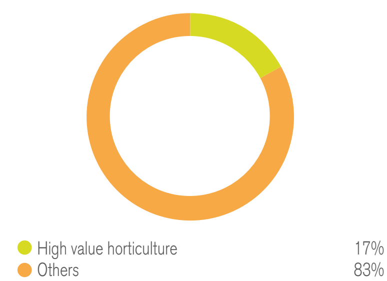
Key Developments during the year

- Established a dedicated new product development team consisting of specially trained food scientists to expand the Harrow house range. A total of 9 new products were introduced as a result of these efforts.
- We successfully expanded our overseas presence with a second "Harrow House" retail outlet in Chennai India
- Re-commenced the tea-concentrate project as part of our efforts to move up the tea value chain

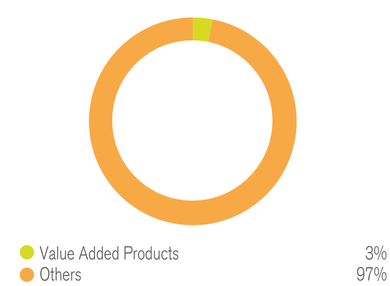
Renewable Energy



High value horticulture



Value added Processing and Branding



PERFORMANCE REVIEW

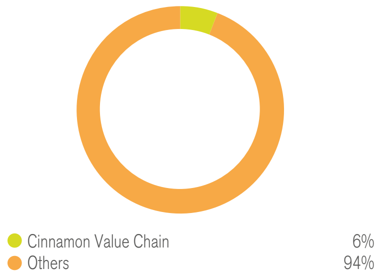
CINNAMON VALUE CHAIN

EPP continues to strengthen its presence along the Cinnamon Value chain. Currently we have cultivated approximately 153 hectares of Conventional Cinnamon on our own estates. We also have access to over 266 hectares of organic cinnamon through the organic cinnamon project, where we partner with certified out-grower farmers to exclusively purchase organic cinnamon. EPP has obtained Organic certificates; EU, NOP & JAS from Control Union for the project. Over the last two years we have focused on moving up the cinnamon value chain by developing a range of value-added cinnamon products under the Harrow Ceylon Choice Brand

Key Developments during the year

- Rs. 3 Mn invested in expanding our cinnamon processing plant in the Divitura estate.

Cinnamon Value Chain



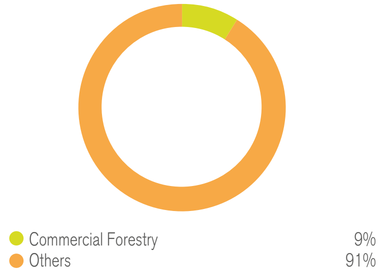
COMMERCIAL FORESTRY

Our managed timber plantation currently spans over 958 Hectares of commercial forestry and includes a range of commercial timber plants such as Eucalyptus, Albizzia, Alstonia and Agarwood. As at the end of the year, the biological asset value of our timber plantation was at Rs.1 Bn.

Key Developments during the year

- Invested Rs. 33 Mn in the land upkeep and planting of commercial timber

Commercial Forestry



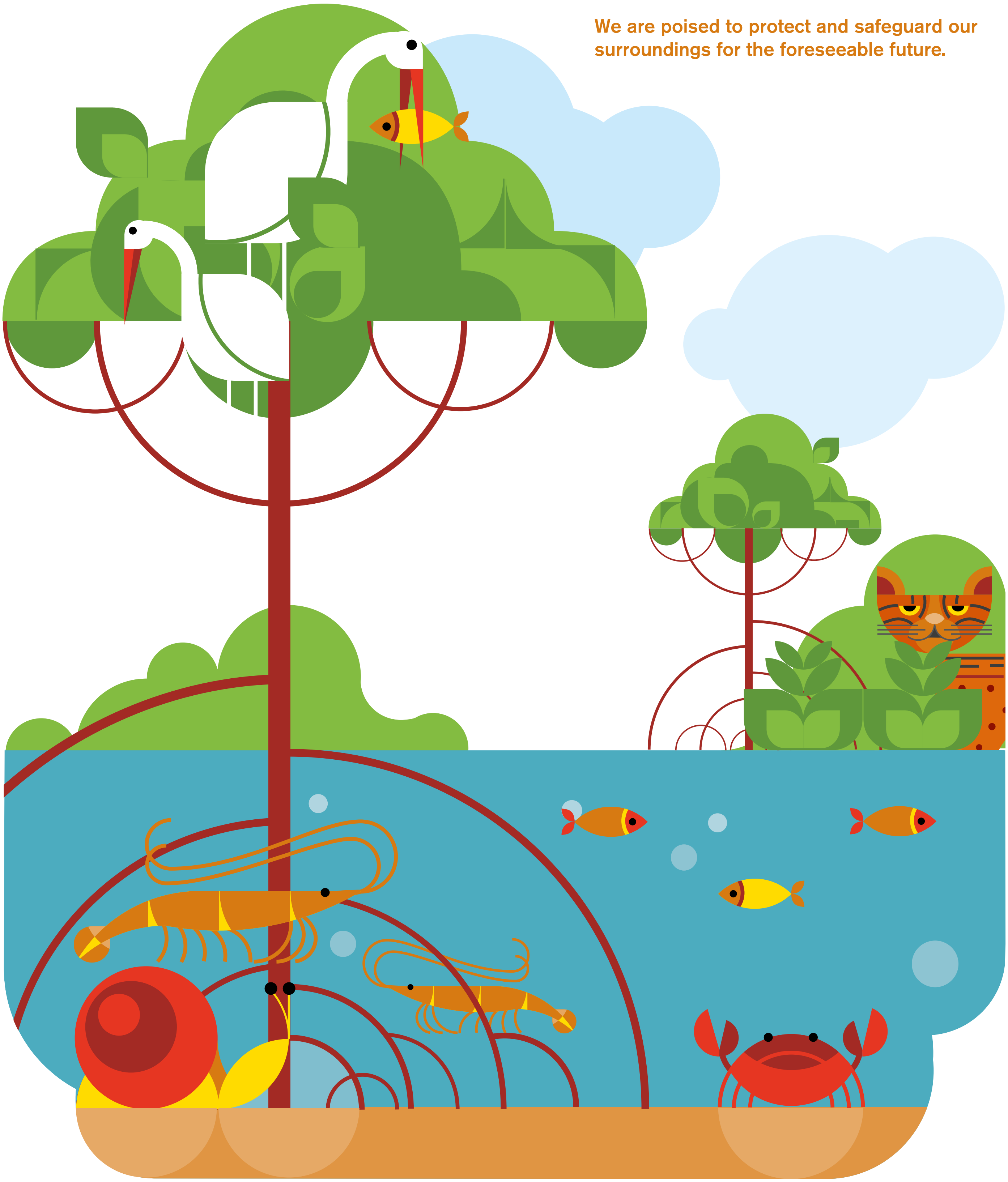
ADVENTURE TOURISM/ AGRO

EPP continues to explore ways it can optimize the use of its unique lands in a sustainable manner. To this end the group is currently exploring the potential of the Dunsinane valley as a unique destination for investment and development. The proposed project "Life @ Dunsinane" will include a range of investments including tourism, wellness, adventure among others.

GOVERNANCE AND RISK

RESILIENCE

We are poised to protect and safeguard our surroundings for the foreseeable future.



Supported by a spirit of sustainability and founded on solid roots and stable structures, mangrove ecosystems are designed to protect and insulate the environment from risks and calamitous events.

CORPORATE GOVERNANCE

A sound Corporate Governance Framework enabled the Group to successfully navigate recent challenges, emerging even stronger than before. As an associate company of Aitken Spence group, the corporate governance practices of the Group are aligned to Aitken Spence group and customized to reflect industry specific factors and sensitivities.

Highlights FY 2022/23

Shareholder Meetings

- Annual General Meeting of the Shareholders on 28th June 2022.

Payment of Rs. 218.6 Million, as an Interim dividend for the Financial Year ended 31st March 2022.

Interim dividend payment of Rs. 3.00 per share for the year ended 31st March 2022.

Strengthening Policies and Processes

- Revalidation of Anti-Bribery and Anti-Corruption Policy.
- Re-emphasis on Group Whistleblowing Policy.
- Rolled out a focused Diversity, Equity, and Inclusion agenda themed "Freedom to be me" with an emphasis on #SpenceWomenAtWork (2022-2024)
- Enhanced maternity leave to 100 days and introduced 5-day paid paternity leave, fostering a supportive and inclusive work environment for Spensonians.
- "SpenceWay Service Excellence" surveys conducted by Aitken Spence Group Human Resources for 14 segments.
- "Voice of Spensonians" employee opinion survey conducted by Aitken Spence Group Human Resources.
- Formation of a sub committee for sustainability.

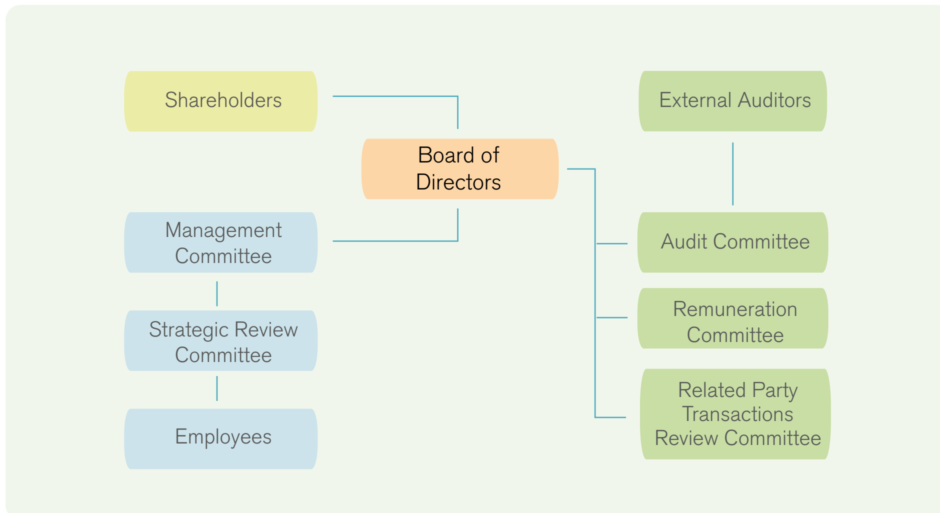
GOVERNANCE AND REGULATORY COMPLIANCE

The Group's governance framework is based on the following internal and external instruments:

Risk Factor	Mandatory Compliances	Voluntary Compliances
External instruments	• Companies Act No. 7 of 2007 • Listing Rules of Colombo Stock Exchange (CSE) • Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021, including directives and circulars • Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 • Foreign Exchange Act No. 12 of 2017 • Shop and Office Employees Act, • Industrial Disputes Act, • Employees Provident Fund Act, • Employees Trust Fund Act, • Payment of Gratuity Act, • Plantation Staff / Workers Collective Agreements between the RPCs and Trade Unions, • Maternity Benefit Ordinance • Inland Revenue Act No. 24 of 2017 • Wages Board ordinance	• Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka – 2017 • United Nations Global Compact (UNGC) • Women's Empowerment Principles • Management Systems (Environment & Social) • Integrated Reporting Framework • Global Reporting Initiative Standards • Codes of regulatory authorities, professional institutions and trade associations
Internal Standards and Principles	• Articles of Association • Group Code of Ethics and Professional Conduct • Group internal policy frameworks • Board and Board sub-committee terms of reference • Human Resources Policies • Health and Safety Policies • Environmental Policies • Integrated Sustainability Policy and Implementation of Framework	

GOVERNANCE STRUCTURE

The Board of Directors as the highest governing body and decision-making authority holds overall responsibility for determining the Group's strategic direction, providing leadership and ensuring that risks are managed in line with the Group's risk profile. The Board is assisted by three Board-Sub committees, which hold oversight responsibility for certain functions warranting greater attention enabling the Board to allocate sufficient time to matters within its scope. As such, the Governance structure of the Group ensures accountability and empowerment in strategic matters.



BOARD COMPOSITION

The Board consists of 3 Executive Directors and 6 Non-Executive Directors of whom 2 are engaged as independent directors. The 9 Directors are diverse in demographic profile, skills and qualifications and industry experience thereby enriching board discussions and decision making through greater diversity.

Non-Independent Non-Executive Directors	
Independent Non-Executive Directors	
Executive Directors	

Board Diversity	
By Gender	
Male	8
Female	1
By Age	
41- 50	1
51 - 60	2
61 - 70	4
>70	2

Industry Experience

BOARD APPOINTMENTS, RE-APPOINTMENTS, RE-ELECTIONS AND RESIGNATIONS IN FY 2022/23

All the Directors held office throughout the financial year 2022/23.

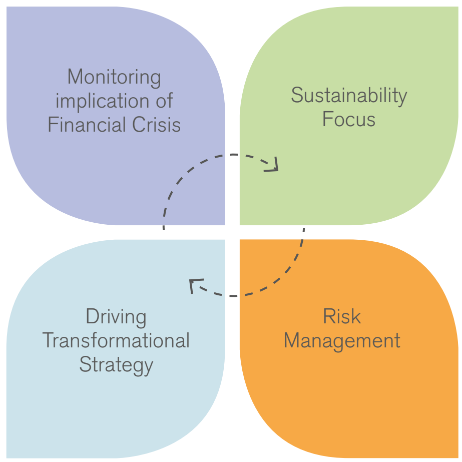
The Board recommended that Deshamanya Merrill J. Fernando, Mr. D. A. de S. Wickremanayake and Dr. R M Fernando who are over 70 years of age and vacate office in terms of Section 210(2)(b) of the Companies Act No. 07 of 2007 be re-appointed as Directors of the Company in terms of Section 211 of the Companies Act No. 07 of 2007 specially declaring that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the said Directors.

Mr. B Bulumulla who retires by rotation in terms of Article 92 and 93 of the Articles of Association of the Company and offers himself for re-election at the forthcoming Annual General Meeting. The Board recommended his re-election.

CORPORATE GOVERNANCE

BOARD CONTRIBUTION TO VALUE CREATION IN FY 2022/23

- Proactively assess emerging developments in the domestic economic landscape and its implications on performance and liquidity
- Monitor potential impacts of policy and regulatory developments
- Activate business continuity and response plans



- Monitor ESG developments in industry context
- Monitor developments in the Group's sustainability agenda and performance against social and environmental goals
- Provide direction on sustainability focus areas

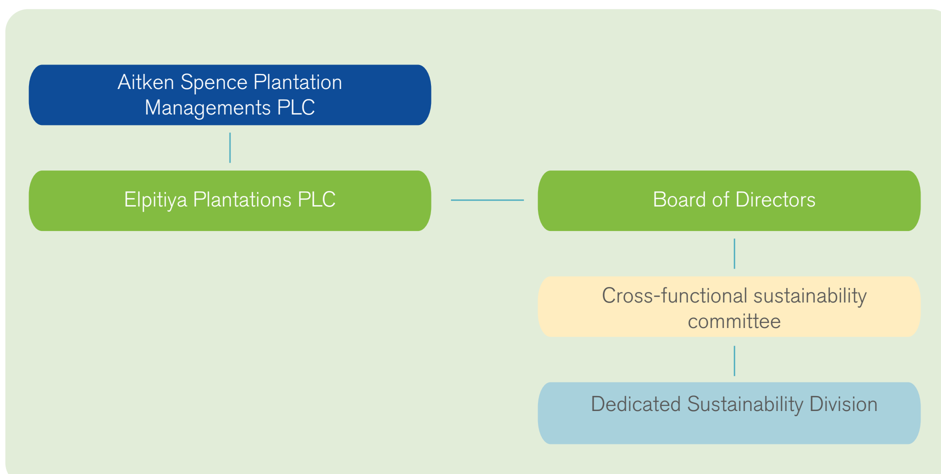
- Monitor progress against key pillars of the Groups transformational strategy
- Explore avenues for diversification and value addition
- Provide direction for reserach and development

- Monitor external developments including government policy, geo political developments, implications of climate change and commodity prices.

BOARD OVERSIGHT ON SUSTAINABILITY

Integration of Sustainability

The Board holds ultimate responsibility for ensuring that sustainability considerations are embedded into all aspects of the operation. The Group benefits from the expertise of globally renowned sustainability practitioners and industry veterans who through their role as board members provide valuable guidance in embedding sustainability as a core element of its strategy. Accordingly the Group's sustainability strategy is embedded into the group's corporate strategy through the sustainability pillar and includes specific goals and targets that are linked to 9 of the UN sustainable Development Goals.



ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG) GOVERNANCE

A robust ESG governance structure comprising of a cross-functional Sustainability Committee and a dedicated Sustainability Division is in place to ensure transparency and accountability in driving the Group's ESG strategy.

MONITORING AND REPORTING ON ESG PERFORMANCE

Progress on each of these goals is monitored at estate level, aggregated by the Group sustainability team on a monthly basis and regularly reported to the Board through sustainability dashboards and scorecards. The Company also produces an Integrated Annual Report which complies with the Global Reporting Initiative (GRI) Standards on Sustainability Reporting and disclosures recommended under the Sustainability Accounting Standards Board (SASB) standards. The Board of Directors holds ultimate responsibility for ensuring that the Report is accurate, credible and addresses all relevant material matters and fairly represents the Group's integrated performance.

REMUNERATION PRACTICES

The Group's Sustainability Division's key performance indicators (which ultimately determine the variable component of its remuneration) includes specific targets on managing environmental and social impacts. Performance against these targets are assessed annually, during the performance appraisal and remuneration determined accordingly. In addition, the Group also has a reward scheme in place to recognise and reward individuals demonstrating strong commitment to sustainability through identified behaviour and actions. Board remuneration is aligned with the practices of Aitken Spence PLC and is discussed in further detail in the Remuneration Committee Report on page 143 of this Report. There is no process currently in place for linking Board remuneration with the Group's sustainability performance.

1. MANDATORY COMPLIANCES

1.1 Compliance with the Companies Act No. 07 of 2007

Section Reference	Requirement	Compliance Status	Reference
168 (1) (a)	Any change during the accounting period in the nature of business of the Company or any of its subsidiaries, and the classes of business in which the Company has an interest, whether as a shareholder of another company or otherwise.	Compliant	There has been no change in the nature of business of the Company and its subsidiaries during the year under review. Please refer Financial Statements on pages 152 to 208 and the Annual Report of the Board of Directors on pages 137 to 139 of this Annual Report.
168 (1) (b)	Financial Statements of the Company and the Group for the accounting period completed and signed.	Compliant	Please refer Financial Statements on pages 147 to 208 and the Annual Report of the Board of Directors on pages 137 to 139 of this Annual Report.
168 (1) (c)	Auditor's Report on the Financial Statements of the Company and the Group.	Compliant	Please refer Independent Auditor's Report on pages 147 to 151 of this Annual Report.
168 (1) (d)	Change of accounting policies during the accounting period.	Compliant	Please refer the Annual Report of the Board of Directors on pages 137 to 139 and Note 3 to the Financial Statements on pages 157 to 173 of this Annual Report.
168 (1) (e)	Particulars of entries in the Interest Register made during the accounting period.	Compliant	Please refer Financial Statements on pages 202 to 204 and the Annual Report of the Board of Directors on pages 137 to 139 of this Annual Report.
168 (1) (f)	Remuneration and other benefits paid to the Directors during the accounting period.	Compliant	Please refer the Annual Report of the Board of Directors on pages 137 to 139 and Note 9 to the Financial Statements on page 175 of this Annual Report.
168 (1) (g)	Total amount of donations made by the Company and the Group during the accounting period.	Compliant	Please refer the Annual Report of the Board of Directors on pages 137 to 139 and Note 9 to the Financial Statements on page 175 of this Annual Report.
168 (1) (h)	Directorate of the Company and the Group as at the end of the accounting period along with the changes that occurred during the accounting period.	Compliant	Please refer the Annual Report of the Board of Directors on pages 137 to 139 and Corporate Information on page 219 of this Annual Report.
168 (1) (i)	Amounts payable to the Auditors as audit fees and fees payable for other related services provided by them.	Compliant	Please refer the Annual Report of the Board of Directors on pages 137 to 139 and Note 9 to the Financial Statements on page 175 of this Annual Report.
168 (1) (j)	Relationship or interest of the Auditors with the Company or any of its subsidiaries.	Compliant	Please refer the Annual Report of the Board of Directors on pages 137 to 139 of this Annual Report.
168 (1) (k)	The Annual Report of the Board of Directors be signed on behalf of the Board.	Compliant	Please refer the Annual Report of the Board of Directors on pages 137 to 139 of this Annual Report.

CORPORATE GOVERNANCE

1.2 Compliance with the continuing listing requirements - Section 7.6, section 7.10 and section 9.3.2 on corporate governance rules for listed companies, issued by the Colombo Stock Exchange.

Section Reference	Requirement	Compliance Status	Reference
7.6	Contents of Annual Report		
7.6.(i)	Names of persons who during the financial year were Directors of the entity	Compliant	Please refer Corporate Information on page 219 of this Annual Report.
7.6.(ii)	Principal activities of the entity and its subsidiaries during the year and any changes therein	Compliant	Please refer the Annual Report of the Board of Directors on pages 137 to 139 and the Corporate Information on page 219 of this Annual Report.
7.6.(iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares denominated in LKR or any other class of shares denominated in Foreign Currency and the percentage of such shares held	Compliant	Please refer Shareholder and Investor Information on pages 213 to 215 of this Annual Report.
7.6.(iv)	The float adjusted market capitalization, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement in respect of voting ordinary shares. The public holding percentage (%) in respect of non-voting ordinary shares (where applicable)	Compliant	Please refer Shareholder and Investor Information on pages 213 to 215 of this Annual Report. The Company has not issued non-voting shares.
7.6.(v)	A statement of each Director's holding and Chief Executive Officer's holding in each class of shares of the entity denominated in LKR and in Foreign Currency (as applicable)	Compliant	Please refer Shareholder and Investor Information on pages 213 to 215 of this Annual Report.
7.6.(vi)	Information pertaining to material foreseeable risk factors of the Entity	Compliant	Please refer Risk Management on pages 119 to 121 of this Annual Report.
7.6.(vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Compliant	Please refer Human Capital on pages 62 to 67 of this Annual Report.
7.6.(viii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties	Compliant	Please refer Note 15 to 16 to the Financial Statements on pages 182 to 185 of this Annual Report.
7.6.(ix)	Number of shares representing the Entity's stated capital	Compliant	Please refer Shareholder and Investor Information on pages 213 to 215 of this Annual Report.
7.6.(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Compliant	Please refer Shareholder and Investor Information on pages 213 to 215 of this Annual Report.
7.6.(xi)	Ratios and market price information	Compliant	Please refer Shareholder and Investor Information on pages 213 to 215 of this Annual Report.
7.6.(xii)	Significant changes in the entity's or its subsidiaries fixed assets and the market value of land	Compliant	Please refer Note 15 to 16 to the Financial Statements on pages 182 to 185 of this Annual Report.

Section Reference	Requirement	Compliance Status	Reference
7.6.(xiii)	If during the year the entity has raised funds either through an initial public offering and/or a further issue of securities (as applicable)	Compliant	The Company had no public issues, rights issues or private placements during the year under review.
7.6.(xiv)	Employee share option/purchase schemes (if any)	Compliant	As at date, the Company has no share option/ purchase schemes made available to its Directors or employees.
7.6.(xv)	Corporate Governance Disclosures	Compliant	Please refer Corporate Governance on pages 96 to 118 of this Annual Report.
7.6.(xvi)	Related Party Transactions in terms of Sections 9	Compliant	Please refer Note 34 to the Financial Statements on pages 202 to 204 of this Annual Report and the Related Party Transactions Review Committee Report on Page 144.
7.10 and 9.3.2	**Corporate Governance Compliance**		
7.10.1	**Non-Executive Directors (NED)**		
(a)	The Board of Directors shall include at least two NEDs or equivalent to one third of the total number of Directors whichever is higher	Compliant	Six out of the nine Board Members are NEDs.
7.10.2	**Independent Directors**		
(a)	Two or one-third of NEDs, whichever is higher, should be independent	Compliant	Two out of the six NEDs are independent.
(b)	Annual submission of a signed and dated declaration of independence/non-independence by all NEDs.	Compliant	A declaration is submitted by all NEDs annually confirming their independence/non- independence in compliance with the relevant statutory regulations.
7.10.3	**Disclosures relating to Directors**		
(a)	The Board shall make a determination annually as to the Independence/ Non-Independence of each NED. The names of Directors determined to be independent shall be disclosed in the Annual Report	Compliant	Independence of the NEDs has been determined by the Board based on the annual declaration and taking into the account of all the other information and circumstances. The criteria for determining the independence of the NEDs could be found in Corporate Governance on page 101 of this Annual Report.
(b)	Criteria not met by the Non-Executive Directors and basis for determining to be independent	Compliant	The criteria for determining the independence of the NEDs could be found in Corporate Governance on page 101 of this Annual Report.
(c)	Publication of a brief resume of each Director including the Director's areas of expertise.	Compliant	Please refer the Profiles of the Directors on pages 26 to 30 listing out the names and a brief resume of each Director set out in this Annual Report.

CORPORATE GOVERNANCE

Section Reference	Requirement	Compliance Status	Reference
(d)	Submission of a brief resume to the Colombo Stock Exchange (CSE) upon appointment of a new Director to the Board	Compliant	Upon appointment of a new Director to the Board, the Company makes an announcement to the Colombo Stock Exchange with a brief resume of such Director containing the nature of his expertise, relevant interest, other directorships held, membership in Board Committees and the nature of appointment. There were no new appointments to the Board during the year under review.
7.10.4	**Criteria for Defining Independence**		
a.to h.	Requirements for determining independence of a Director	Compliant	Our Independent Non-Executive Directors neither participate in day-to-day operations of the Company nor take part in any business dealings with the Company. This enables them to be free from any conflict of interest with the Company. **Dr. S. A. B. Ekanayake** The Board is of the view that although the period of service of Dr. Ekanayake exceeds ten years as a Board member, it does not compromise his independence and objectivity in discharging his duties as a Director. Therefore, in consideration of the above, the Board determined that Dr.Ekanayake is “independent” as per the Listing Rules. **Mr. S. C. Ratwatte** Mr. Ratwatte is construed to be an Independent Non-Executive Director as he conforms to the relevant criterion for independence.
7.10.5	**Remuneration Committee**		
(a)	The Committee shall comprise of two independent Directors or Non-Executive Directors a majority of whom shall be independent, whichever is higher. One Non-Executive Director shall be appointed as Chairman of the committee by the Board of Directors.	Compliant	Two out of the three members of the Remuneration Committee are Independent Non- Executive Directors. Mr. Malik J. Fernando, Non-Executive Director is the Chairman of the Committee.
(b)	The Remuneration Committee shall recommend the remuneration of the Chief Executive Officer (CEO) and the Executive Directors	Compliant	The Remuneration Committee is responsible of reviewing policy of remuneration packages of Executive Directors and the CEO, and recommend the same to the Board.
(c)	The Annual Report should set out; a) Names of the Directors comprising the Remuneration Committee b) Statement of Remuneration policy c) Aggregate remuneration paid to Executive and Non- Executive Directors	Compliant	Please refer Remuneration Committee Report on page 143 and Note 9 to the Financial statements on page 175 of this Annual Report.

Section Reference	Requirement	Compliance Status	Reference
7.10.6	**Audit Committee**		
(a)	▪ The Audit Committee shall comprise of a minimum of two Independent Non-Executive Directors or of Non-Executive Directors a majority of whom are Independent, whichever shall be higher. One Non- Executive Director shall be appointed as Chairman of the Committee by the Board of Directors.	Compliant	The Audit Committee is composed of Non- Executive Directors, two of whom are Independent Directors. Dr. S. A. B. Ekanayake who is an Independent Non-Executive Director is the Chairman of the Committee.
	▪ Chief Executive Officer (CEO) and the Chief Financial Officer shall attend committee meetings.	Compliant	Mr. B. Bulumulla, Joint Managing Director/CEO and Mr. J. A. R. Nissanka, COO - Finance attend the meetings by invitation.
	▪ The Chairman of the Audit Committee or one member shall be a member of a professional accounting body.	Compliant	Mr. S. C. Ratwatte, member of the Committee is a fellow member of the Chartered Institute of Management Accountants, UK.
(b)	Audit Committee Functions Should be as outlined in the Section 7.10 of the Listing Rules:	Compliant	Please refer Audit Committee Report on page 141 and the Board of Director's Statement on Controls on page 145 of this Annual Report.
(c)	Disclosure in the Annual Report: ▪ The Annual Report should set out the Names of the Directors comprising the Audit Committee ▪ Determination of the independence of the Auditors and disclose the basis for such determination ▪ A Report of the Audit Committee setting out the manner of compliance	Compliant	Please refer Audit Committee Report on page 145 and Annual Report of the Board of Directors on pages 137 to 139 of this Annual Report.
9.3.2	**Related Party Transactions Review Committee**		
	▪ Details pertaining to Non-Recurrent Related Party Transactions ▪ Details pertaining to Recurrent Related Party Transactions ▪ Report of the Related Party Transactions Review Committee ▪ Declaration by the Board of Directors as an affirmative statement of compliance with the rules pertaining to Related Party Transactions, or a negative statement otherwise	Compliant	Please refer Related Party Transactions Review Committee Report on page 144 and Annual Report of the Board of Directors on pages 137 to 139 of this Annual Report.

2. Voluntary Compliances

The Compliance levels with the Code of Best Practice on Corporate Governance 2017, issued by the Institute of Chartered Accountants of Sri Lanka

SECTION 1 : THE COMPANY

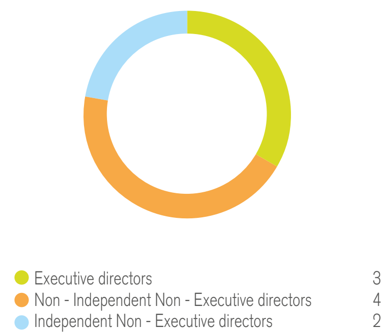
A. DIRECTORS

A.1 The Board

The Board consists of three Executive Directors and six Non-Executive Directors out of which two Directors are independent Directors and four of whom are Non-Independent Directors. The Chairman, Managing Director and Joint Managing Director/CEO serve as Executive Directors.

Our Board represent a well-balanced mix of professions with wide knowledge and experience which enable them to impart substantial value, knowledge and independent judgment towards decision making and providing effective leadership to the Company. The names and profiles of each Director are on pages 26 to 30 of this Annual Report.

Board Composition



Quality of the Board

Executive Directors

Dr. M. P. Dissanayake
Chairman

Dr. Dissanayake holds extensive experience in maritime and logistics including Chairman/ Board positions in public service. He is an Alumni of the University of Sri Jayewardenepura, NORAD, JICA, Business Alumni of the University of Oxford (UK) and a Fellow of Harvard Business School USA (EEP), University of Cambridge UK (EPP). Prior to joining the Company, he was Secretary to the Cabinet Ministry of Ports, Shipping and Southern Development.

Dr. R. M. Fernando
Managing Director

Dr. Fernando counts in-depth experience in plantation management and played a pivotal role in the Plantations Privatization Programme. He holds a PhD and an MBA from the University of Colombo and is also a Chartered Marketer and a Fellow of the Chartered Institute of Marketing, (CIM) UK.

Mr. B. Bulumulla
Director/CEO

Employed at Elpitiya Plantations PLC for a period of over 20 years, and a career spanning in the plantation sector for over 30 years. Mr. Bulumulla holds a Diploma in Plantation Management from the National Institute of Plantation Management (NIPM) along with a B.Sc (Hons) Degree in Plantation Management awarded by the Wayamba University of Sri Lanka. He also holds a M.Sc degree in Environment Science from the Open University of Sri Lanka. Mr. Bulumulla is a Fellow Member of the NIPM.

Independent Non-Executive Directors

Dr. S. A. B. Ekanayake

Dr. Ekanayake held numerous senior positions in the public sector which includes the Plantations Sector. He holds a PhD in Economics from Australia National University where he conducted research on 'Economics of Human Capital'. He has widely published on economics, human capital, agriculture and environment related areas in Sri Lanka and overseas.

Mr. S. C. Ratwatte

Mr. Ratwatte is a fellow of the Chartered Institute of Management Accountants, UK and has over 30 years of work experience in the fields of financial and treasury management, project evaluation and development.

Non-Independent Non-Executive Directors

Deshamanya Merrill J. Fernando

Deshamanya Merrill J. Fernando is the founder of the MJF Group of Companies and Sri Lanka's global tea brand, DILMAH. DILMAH pioneered value addition, packaging, branding and marketing consumer ready tea from source, enabling Sri Lanka to retain profits which traditionally enriched foreign traders at the expense of tea producers. He re-launched Ceylon Tea in the 1980s.

Mr. Malik J. Fernando

Mr. Fernando holds a B.Sc. in Business Management from Babson College US. He is a Director of MJF Holdings & Dilmah Tea established by Deshamanya Merrill J. Fernando. Mr. Fernando is also the Managing Director of Resplendent Ceylon (Private) Limited, the first Sri Lankan luxury resort brand.

Mr. D. A. de S. Wickremanayake

Mr. Wickremanayake is the founder Chairman/Managing Director of Master Divers (Pvt) Ltd., which created a landmark area of activity in the shipping industry and is a Member of the University Grant Commission Standing Committee on Agriculture, Veterinary, Medicine and Animal Science, Advisory Board Member of Sabaragamuwa University, Council Member of Ocean University, Faculty Representative for the Faculty of Technology, University of Colombo.

Mrs. D.A.S. Dahanayake

Mrs. Dahanayake possesses a career spanning over 17 years in the public sector and is an Acting Director of the Department of Trade and Investment Policy of the Ministry of Finance, Economic Stabilization and National Politics. She obtained a B.Sc. General Degree from the University of Kelaniya, Sri Lanka and a Masters Degree in Applied Science from the University of Colombo, Sri Lanka.

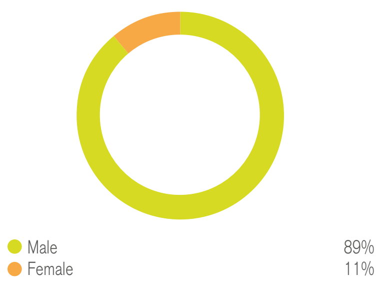
CORPORATE GOVERNANCE

Code Reference	Corporate Governance Principle	Compliance Status	Disclosure
A.1.1	Board Meetings and Provision of regular and structured information to the Board	Compliant	The Board Meetings are held quarterly to review the business performance of the Company. In addition to attending meetings, the Directors make decisions via circular resolutions. The Meetings were convened four times during the year under review and the attendance of the Directors at the meetings were as follows :

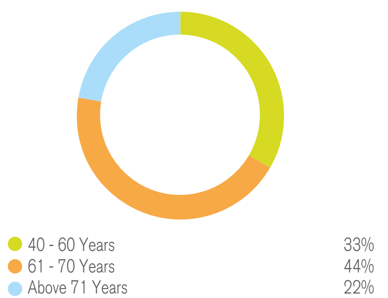
Director	03.06.2022	10.08.2022	27.10.2022	31.03.2023
Dr. M. P. Dissanayake (Chairman)	√	√	√	√
Dr. R. M. Fernando (Managing Director)	√	√	√	√
Mr. B. Bulumulla (Joint Managing Director/CEO)	√	√	√	√
Mr. Malik J. Fernando/ Ms. M. D. A. Perera (Alternate to Mr. Malik J. Fernando)	√	√	√	√
Deshamanya Merrill J. Fernando/ Mr. A. T. S. Sosa (Alternate to Deshamanya Merrill J. Fernando)	√	√	√	√
Dr. S. A. B. Ekanayake	√	√	*	*
Mr. S. C. Ratwatte	*	√	√	√
Mrs. D. A. S. Dahanayake	√	√	*	√
Mr. D. A. de S. Wickremanayake	√	√	√	√

Present √ Excused *

Board's Gender Diversity



Age Distribution



Code Reference	Corporate Governance Principle	Compliance Status	Disclosure
A.1.2	Role of the Board	Compliant	The Board provides entrepreneurial leadership to the Company, working within the Company's framework of prudent and effective controls that enables the Company to effectively mitigate risks. In performing its duties, the Board's key responsibilities are: ▪ Maximizing shareholder value, ▪ Formulating, communicating, implementing and monitoring the business goals, objectives, strategies and policies of the Company, ▪ Ensuring adherence to appropriate accounting policies and practices, ▪ Setting priorities and communicating values and ethical standards for Management, ▪ Ensuring proper risk management and audit systems covering all aspects of the business are in place and implemented, ▪ Ensuring due compliance with applicable laws of the country and institute best practices on ethical, legal, health, environmental and safety standards for the Company, ▪ Reviewing and approving the Operational and Financial Budgets and monitoring performance against the Budgets, ▪ Reviewing and approving major investments and business proposals recommended by the Management Committee, ▪ Approving the annual and interim Financial Statements and recommending dividends for approval by the shareholders, The Board is responsible ultimately, for the Company's financial performance, The Directors obtain independent professional advice, whenever required at the Company's expense in discharging their duties.

CORPORATE GOVERNANCE

Code Reference	Corporate Governance Principle	Compliance Status	Disclosure
A.1.3	Compliance with laws and access to independent professional advice and services and training of Directors	Compliant	All Directors are encouraged to attend appropriate seminars and training programmes to enhance their business insight and professionalism in efficiently and effectively discharging their duties. The Directors are further encouraged to participate in workshops and/or seminars in the capacities as speakers, moderators or panelists in their respective areas of proficiency. The Directors are briefed on changes in laws and regulations as applicable from time to time. The Board, in discharging its duties, seek independent professional advice from external parties as and when required at the Company's expense which enables the Directors to ensure that the Company complies with the laws and regulations of the country, as applicable, regulations of authorities, professional institutes and trade associations.
A.1.4	Access to advice from the Company Secretary and duties of the Company Secretary and indemnifying the Board, Directors and Key Management Personnel	Compliant	All Directors have access to obtain advice and the services of the Company Secretaries who are responsible for assuring that the Board follows the best practices in respect of Corporate Governance by strictly complying with the necessary statutory and regulatory rules and regulations. Directors of Elpitiya Plantations PLC and the Group are indemnified by the Company.
A.1.5	Independent Judgement	Compliant	All Directors exercise independent judgement in all matters relating to issues of strategy, performance, resources and standards of business conduct considered by the Board and act free from any bias and from any undue influence from other parties.
A.1.6	Dedication of sufficient time and effort	Compliant	The Board collectively and the Directors individually allocate adequate time to fulfil their duties as Directors of the Company. The Board has delegated its day to day operations of the Company to the Managing Director together with the Management Committee.
A.1.7	Call for Resolutions	Compliant	One third of the Directors could request for a resolution to be presented to the Board in the best interest of the Company.

Code Reference	Corporate Governance Principle	Compliance Status	Disclosure
A.2 Chairman and Chief Executive Officer (CEO)			
A.2.1	Decision to combine the posts of Chairman and CEO	Not Applicable	The functions of the Chairman, Managing Director and Joint Managing Director/CEO are distinct and separate which ensures the balance of power and authority within the Company so that no individual has unfettered powers of decision making.
A.2 Chairman's Role			
A.3.1	Chairman's role in preserving good corporate governance	Compliant	Our Chairman, Dr. M. P. Dissanayake is responsible for: ▪ The effective discharge of the Board's functions, ▪ Ensuring effective participation by the individual Directors to make their contribution on matters under consideration prior to taking decisions, ▪ Ensuring the balance between the Executive and Non-Executive Directors is maintained and views considered and ascertained, ▪ Ensuring that the Board is in complete control of the Company's affairs and alert to its obligations to all shareholders and stakeholders.
A.4 Financial Acumen			
A.4	Ensuring the availability of sufficient financial acumen within the Board	Compliant	Please refer the Profiles of the Directors on pages 26 to 30 in this Annual Report. Ms. M.D.A. Perera, Alternate Director to Mr. Malik J. Fernando is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, the Chartered Institute of Management Accountants of UK and the Association of Chartered Certified Accountants of UK. Mr. A.T.S. Sosa, Alternate Director to Deshamanya Merrill J. Fernando is an Associate Member of the Chartered Institute of Management Accountants of UK, Fellow member of Certified Management Accountants of Sri Lanka.
A.5 Board Balance			

Board Composition

Elpitiya Plantations PLC is governed by a well-balanced Board. It is composed of three Executive Directors (the Chairman, Managing Director and Joint Managing Director/CEO), two Independent Non-Executive Directors and four Non- Independent Non-Executive Directors. The Board is comprised of a balanced number of Executive and Non- Executive Directors that no individual or small group could dominate the decision making.

Code Reference	Corporate Governance Principle	Compliance Status	Disclosure
A.5.1	Inclusion of sufficient Non- Executive Directors	Compliant	The Board consists of six Non-Executive Directors of whom two are Independent Directors. The profiles of the Non-Executive Directors are provided on pages 27 to 30 of this Annual Report.
A.5.2	Constitution of the Board of Directors only with three Non- Executive Directors (NEDs)	Compliant	The Board consist of six Non-Executive Directors of whom two are Independent.
A.5.3/ A.5.4	Determination of independence, Annual Declaration of independence by the NEDs	Compliant	The Board is composed of two Independent Non-Executive Directors namely, Dr. S.A.B. Ekanayake and Mr. S.C. Ratwatte. Our Independent Non-Executive Directors neither participate in day-to-day operations of the Company nor take part in any business dealings with the Company. This enables them to be free from any conflict of interest with the Company. Annually, the Non-Executive Directors submit a signed declaration of their independence/non-independence in accordance with the requirements of the relevant statutory regulations.
A.5.5	Board's determination on independence of NEDs	Compliant	The Board having considered the declarations made by the Non-Executive Directors and the criteria for independence determined that Dr. S.A.B. Ekanayake and Mr. S.C. Ratwatte are Independent Directors as they conform to the relevant criterion for independence.
A.5.6	Independence of Alternate Directors	Compliant	Mr. A.T.S. Sosa, Alternate Director to Deshamanya Merrill J. Fernando and Ms. M.D.A. Perera, Alternate Director to Mr. Malik J. Fernando are not executives of the Company.
A.5.8	Senior Independent Director (SID)	Not Applicable	The Roles of the Chairman and the CEO are distinct.
A.5.9	Annual meeting of Chairman with Non-Executive Directors	Compliant	The Chairman meets with the Non-Executive Directors as and when necessary.
A.5.10	Recording of dissent in minutes	Compliant	Any concerns raised by the Directors which cannot be resolved unanimously are recorded in the Board minutes.
A.6 Supply of Information			
A.6.1/ A.6.2	Obligation of the Management to provide appropriate and timely information	Compliant	Directors are furnished with monthly reports of performance and are given appropriate information and Board papers are circulated at least seven days ahead of each Board Meeting enabling the Directors to study the matters that would be discussed. This enables Board Members to actively participate at Board Meetings. The Board is provided with appropriate information well ahead of each Board meeting providing them sufficient time to review and obtain clarification if required enabling their active and effective participation.

Code Reference	Corporate Governance Principle	Compliance Status	Disclosure
A.7 Appointments to the Board			
A.7.1	Presence of the Nomination Committee	Not Applicable	
A.7.2	Annual assessment of Directors	Compliant	Assessment of the performance of the Board, its sub-committees and individual Directors is an integral part and takes place annually on a self- appraisal basis.
A.7.3	Disclosure of Appointment of a New Director	Compliant	The Articles of Association of the Company empowers the Board of Directors to either fill a casual vacancy or appoint additional Directors to the Directorate of the Company. A formal and transparent procedure is adopted for the appointment of Directors to the Board. Upon the appointment of a Director, the Company discloses same to the Colombo Stock Exchange (CSE) together with a brief resumé of such Director containing the nature of his expertise, other directorships held, memberships in Board Committees and the nature of the appointment.
A.8 Re-Election			
A.8.1/ A.8.2	Re-election of NEDs and re-election and re-appointment of Directors	Compliant	All newly appointed Directors hold office until the next Annual General Meeting at which they are eligible for election. Further, the Articles of Association of the Company require one-third of the Directors in office to retire at each Annual General Meeting. The Directors to retire each year are those who have been longest in office since their last re-appointment. Retiring Directors are eligible for re-election by the shareholders with the exception of the Managing Director and the Director nominated by the Secretary to the Treasury who do not retire by rotation.
A.8.3	Resignation of a Director	Compliant	In the event that a Director recommended for re-election or re- appointment wishes to resign from his/her position as a Director, he/she is expected to provide a written communication to the Board formally tabling his/her resignation along with reasons for such resignation.
A.9 Appraisal of Board Performance			
A.9.1/ A.9.2	Review of Performance of the Board and its Committees and self- evaluation of Directors and of its Committees	Compliant	Assessment of the performance of the Board, its committees and individual Directors is an integral part and takes place annually on a self- appraisal basis.

CORPORATE GOVERNANCE

Code Reference	Corporate Governance Principle	Compliance Status	Disclosure
A.9.3/ A.9.4	Presence of a process to review participation, contribution and engagement of Directors and Disclosure of performance evaluation	Compliant	The self-appraisal provides an avenue to highlight area for improvement and remedial action as well as evaluation of the progress of such areas identified. It also ensures that any gaps pertaining to investor relations and Board administration and processes are rectified.
A.10 Disclosure of information in respect of Directors			
A.10.1	Profiles of the Board of Directors and other related information	Compliant	Please refer Board Profiles on pages 26 to 30 of this Annual Report.
A.11 Appraisal of the Chief Executive Officer (CEO)			
A.11.1/ A.11.2	Setting financial and non-financial targets and performance evaluation	Compliant	The performance evaluation of the Managing Director and the Joint Managing Director/CEO is carried out by the Chairman, in line with the financial and non-financial objectives set out in consultation with the Board at the commencement of every financial year.
B. DIRECTORS' REMUNERATION			
B.1 Remuneration Procedure			
B.1.1/ B.1.5	Establish process for developing policy on executive remuneration and individual Director's remuneration.	Compliant	The Remuneration Committee which is a sub-committee of the Board is entrusted with the responsibility of formulating and reviewing the remuneration packages of Executive Directors and Executive employees. The evaluation of performance is conducted annually and bi-annually. No Director is involved in deciding his/her own remuneration. Please refer Remuneration Committee Report on page 143 of this Annual Report.
B.2 The Level and Make up of Remuneration			
B.2.1/ B.2.5	Standard of making the remuneration packages of Executive Directors	Compliant	Please refer Remuneration Committee Report on page 143 of this Annual Report.
B.2.6	Executive share options	Compliant	As at date, the Company has no share options available to its Directors.
B.2.7	Performance-related remuneration	Compliant	Please refer Remuneration Committee Report on page 143 of this Annual Report.
B.2.8/ B.2.9	Early termination in Directorate	Compliant	The Remuneration Committee determines the remuneration of Directors in the event of early termination.
B.2.10	Levels of remuneration for NEDs	Compliant	Please refer Remuneration Committee Report on page 143 of this Annual Report.

Code Reference	Corporate Governance Principle	Compliance Status	Disclosure
B.3 Disclosure of Remuneration			
B.3.1	Disclosure of names of the members of the Remuneration Committee, statement of the remuneration policy and set out the aggregate remuneration paid to Directors	Compliant	Please refer Remuneration Committee Report on page 143 and note 9 to the Financial Statements on page 175 of this Annual Report.
C. RELATIONS WITH SHAREHOLDERS			
C.1 Constructive use of the Annual General Meeting (AGM) and conduct of General Meetings			
C.1.1	Dispatch of Notice of AGM and related papers to shareholders	Compliant	Notices of meetings are circulated to the shareholders within the stipulated time in accordance with the Articles of Association. Board use the AGM to communicate with shareholders and encourage their participation.
C.1.2	Separate resolution for each issue	Compliant	A separate resolution on each issue is proposed at the Annual General Meeting of the Company.
C.1.3	Accurate recording and counting valid proxy appointments received for General Meetings	Compliant	All proxy appointments received are duly recorded and counted in respect of each resolution, where a vote has been taken.
C.1.4	Availability of Chairmen of Board Committees at the AGM	Compliant	The Chairmen of the Audit, Remuneration and Related Party Transactions Review Committees are present at the AGMs.
C.1.5	Notice of General Meetings and the summary of the procedures governing voting at General Meetings	Compliant	In the event the appropriate numbers of shareholders give their intimation, in writing and request for a poll, the procedures involved in voting would be communicated to the shareholders. In the absence of such intimation, all issues at the AGM will be passed by an appropriate voting method.
C.2 Communication with Shareholders			
C.2.1 / C.2.3	Effective communication with shareholders and disclosure of the method of communication with the shareholders	Compliant	The Company encourages effective communication with the shareholders and answers queries and concerns of shareholders through the Company Secretaries and the Registrars. Any matters relating to the shareholders are effectively and efficiently dealt by the Company Secretaries and the Registrars of the Company.
C.2.4.	Contact person in relation to shareholder matters	Compliant	Company Secretaries and/or the Registrars could be contacted in relation to shareholder matters.

CORPORATE GOVERNANCE

Code Reference	Corporate Governance Principle	Compliance Status	Disclosure
C.2.5 / C.2.7	Process to make Directors aware of the issues and concerns of Shareholders and disclosing same and the process responding to shareholder matters	Compliant	The Company Secretaries maintain a record of all correspondence received and would deliver such correspondence to the Board or individual Director as applicable. The Board or individual Director, as applicable will generate an appropriate response to all validly received shareholder correspondence and will direct the Company Secretaries to send the response to the particular shareholder.
C.3 Major and Material Transactions			
C.3.1/ C.3.2	Disclosure of Major related party transactions with a related party	Compliant	The Company ensures that in the event of a major related party transaction takes place, all required approvals are obtained and that the disclosure requirements of the Listing Rules of the Colombo Stock Exchange are strictly adhered to.
D. ACCOUNTABILITY AND AUDIT			
D.1 Financial and Business Reporting (The Annual Report)			
D.1.1/ D.1.2	Board responsibility in Financial Reporting	Compliant	The Board of Directors confirm that the Financial Statements of the Company and its subsidiaries have been prepared in accordance with the provisions of the Companies Act No. 7 of 2007, the Sri Lanka Financial Reporting Standards/ Sri Lanka Accounting Standards and the Listing Rules of the Colombo Stock Exchange. The Company has duly complied with all the relevant laws and reporting requirements of the regulatory authorities. Further, the consolidated Financial Statements and the Financial Statements of the Company were audited by Messrs. Ernst & Young, Chartered Accountants.
D.1.3	Declaration made by the Chief Executive Officer (CEO) and Chief Operating Officer (COO) - Finance in maintaining accurate financial records and in compliant with the appropriate accounting standards	Compliant	Please refer the Statement of Financial Position of this Annual Report which contains a declaration by the Chairman, Managing Director and the Chief Operating Officer - Finance.
D.1.4	Directors' Report declarations	Compliant	Please refer Annual Report of the Board of Directors on the Affairs of the Company on pages 137 to 139 of this Annual Report.
D.1.5	Statements on responsibilities for preparation of Financial Statements and internal control	Compliant	Please refer Statement of Directors' Responsibilities on page 140 Independent Auditor's Report on pages 147 to 151 and Board of Directors' Statement on Internal Controls on page 145 of this Annual Report.

Code Reference	Corporate Governance Principle	Compliance Status	Disclosure
D.1.6	Contents of Management Discussion & Analysis	Compliant	Please refer About the Company on pages 8 to 11 Chairman's Message on pages 18 to 21 and Managing Director's Report on pages 22 to 24 of this Annual Report.
D.1.7	Serious loss of capital	Compliant	In the unlikely event that the net assets of the Company fall below half of shareholders' funds, the shareholders of the Company would be notified and an Extraordinary General Meeting (EGM) would be called to propose the way forward.
D.1.8	Disclosure of Related Party Transactions	Compliant	Please refer the Related Party Transactions Review Committee Report on page 144 of this Annual Report.
D.2 Risk Management and Internal Control			
D.2.1	Board's responsibility to monitor the company's risk management and internal control systems	Compliant	Please refer Board of Directors' Statement on Internal Controls on page 146 of this Annual Report.
D.2.2	Confirmation by the Directors on carrying out a robust assessment of the principal risks faced by the Company	Compliant	Please refer Board of Directors' Statement on Internal Controls on page 146 of this Annual Report.
D.2.3	Presence of an internal audit function	Compliant	Aitken Spence Group's internal audit division carries out the Company's internal audit function. The internal audit division carries out regular audits in the estates as well as the head office and submits quarterly reports to the Audit Committee on the findings.
D.2.4	Review the process and effectiveness of risk management and internal control by the Audit Committee	Compliant	The Internal Audit Division carries out regular reviews on the internal control system including internal control over financial reporting. The Audit Committee monitors, reviews and evaluates the effectiveness of the internal control system as well as the internal controls over financial reporting.
D.2.5	The Statement of Internal Control	Compliant	Please refer Board of Directors' Statement on Internal Controls on page 146 of this Annual Report.
D.3 Audit Committee			
D.3.1	Composition of the Committee	Compliant	Please refer Audit Committee Report on page 141 of this Annual Report.
D.3.2	Duties of the Committee	Compliant	Please refer Audit Committee Report on page 141 of this Annual Report.
D.3.3	Disclosures	Compliant	Please refer Audit Committee Report on page 141 of this Annual Report.

CORPORATE GOVERNANCE

Code Reference	Corporate Governance Principle	Compliance Status	Disclosure
D.4 Related Party Transactions Review Committee			
D.4.1/ D.4.2	Composition of the Committee	Compliant	Please refer Related Party Transactions Review Committee Report on page 144 of this Annual Report.
D.4.3	Authority and duties of the Committee	Compliant	Please refer Related Party Transactions Review Committee Report on page 144 of this Annual Report.
D.5 Code of Business Conduct & Ethics			
D.5.1	Disclosure of the presence of a Code of Business Conduct & Ethics for Directors, Key Management Personnel and employees and declaration of compliance	Compliant	The Company has adopted the Aitken Spence Group's Code of Ethics & Professional Conduct which provides employees with guidance in recognizing and handling areas of ethical ambiguity with guidance on how to report unethical conduct and to nurture a culture of openness and accountability.
D.5.2	Presence of a process to promptly identify and report material and price sensitive information	Compliant	The Company ensures that material and price sensitive information is promptly identified and reported in accordance with the requirements of the Listing Rules of the Colombo Stock Exchange.
D.5.3	Policy, process for monitoring and disclosure of share transactions made by related parties	Compliant	Please refer Related Party Transactions Review Committee Report on page 144 of this Annual Report.
D.5.4	Chairman's affirmation that he is not aware of any violation of the provision of the Code of Business Conduct and Ethics	Compliant	The Chairman affirms that there has not been any violation of any of the provisions of Group's Code of Ethics & Professional Conduct. Please refer Board of Directors' Statement on Internal Controls on page 145 of this Annual Report.
D.6 Corporate Governance Disclosures			
D.6.1	Disclosure of a Corporate Governance Report in the Company's Annual Report	Compliant	The Company aims to achieve greater growth and value creation, improve stakeholder satisfaction and relationships in all business activities while adhering to the highest standards of Corporate Governance as evident in this Report.
SECTION 2 : SHAREHOLDERS			
E. INSTITUTIONAL INVESTORS			
E.1 Shareholder Voting			
E.1.1	Regular and structured dialogue with shareholders	Compliant	The Company conducts regular discussions with Institutional Investors. Existing and prospective investors are given a balanced report that enable them to make well-informed decisions in their dealings with the Company.

Code Reference	Corporate Governance Principle	Compliance Status	Disclosure
E.2 Evaluation of Governance Disclosures			
E.2	Institutional investors should be encouraged to give due weight to all relevant factors when evaluating the Company's governance arrangements	Compliant	The Institutional Shareholders are provided with the opportunity of holding discussions with the Company. The existing and prospective investors are provided with a balanced, comprehensive report that enable them to make well-informed decisions in their dealings with the Company. Shareholders are encouraged and provided the opportunity to raise their concerns, seek clarifications on relevant matters with the Chairman and the Board of Directors at the Annual General Meeting.
F. OTHER INVESTORS			
F.1 Investing/Divesting Decision			
F.1	Encouraging shareholders to carry out adequate analysis and seek independent advice	Compliant	The Annual Report and the Interim Financial Statements which are readily available in the Colombo Stock Exchange website and the Company's website, provide sufficient information required for investors to make well-informed decisions.
F.2 Shareholder Voting			
F.2	Encouraging shareholders to participate in General Meetings	Compliant	Elpitiya Plantations engage with shareholders through open, meaningful dialogue that helps us to understand their expectations. All shareholders are encouraged to attend and actively participate and vote at the Annual General Meeting. As the Company doesn't have any non-voting ordinary shares, all shareholders are entitled to one vote per individual present or one vote per share in case of a poll.
G. INTERNET OF THINGS AND CYBERSECURITY			
G.1	Process to identify how the external IT devices could connect to the organisation's network	Compliant	Please refer Risk Management on pages 119 to 121 of this Annual Report.
G.2	Appointment of a Chief Information Security Officer (CISO)	Compliant	The functions of the CISO is carried out by the Aitken Spence Group IT Division who also overlooks the IT function of Elpitiya Plantations Group.
G.3	Allocation of adequate time on the board meeting agenda for discussions on cyber risk management	Compliant	Please refer Risk Management on pages 119 to 121 of this Annual Report.
G.4	Independent periodic review of the effectiveness on the cybersecurity risk management and the scope and the frequency of the review	Compliant	Please refer Risk Management on pages 119 to 121 of this Annual Report.

CORPORATE GOVERNANCE

Code Reference	Corporate Governance Principle	Compliance Status	Disclosure
G.5	Cybersecurity process	Compliant	Please refer Risk Management on pages 119 to 121 of this Annual Report.
H. ENVIRONMENT, SOCIETY AND GOVERNANCE (ESG)			
H.1 ESG Reporting			
H.1.1	Provision of information in relation to ESG factors, effects of ESG issues to the business and how risks and opportunities pertaining to ESG are recognized, managed, measured and reported		Please refer the Capital Management on pages 60 to 83 of this Annual Report.
H.1.2	Environmental Factors		Please refer Natural Capital section on pages 72 to 78 of this Annual Report.
H.1.3	Social Factors		Please refer Human Capital and Social & Relationship Capital section on page 62 to 71 of this Annual Report.
H.1.4	Governance		Please refer Risk Management on pages 119 to 121 and Corporate Governance Report on pages 96 to 118 of this Annual Report.
H.1.5	Board's role on ESG Factors		Please refer the ESG Governance on pages 50 to 53 of this Annual Report.

RISK MANAGEMENT

The risk landscape of the Group continued to shift during the year amidst rapidly evolving global and domestic market conditions. Robust risk management processes however enabled the group to proactively identify and address key risks in order to achieve an optimum balance between minimising the risks and maximising shareholder value.

RISK GOVERNANCE

Risk management is an organisation-wide discipline, with clearly defined governance structures, policy frameworks and procedures in place to identify, manage and mitigate risks in a consistent manner.

The Board of Directors holds apex responsibility for the risk management function of the Group. The Board is assisted by the Audit Committee

Business Units

↓

Audit Committee

↓

Management Team

↓

Estates	Estates	Estates

which has oversight responsibility for matters relating to risk and internal control. Non-financial risks arise primarily at business unit/functional level, and employees are responsible for the proactive identification and monitoring of risks throughout the organisation. The Group strives to nurture a risk-conscious culture across the organisation, through ongoing training and awareness sessions, mentorship and knowledge sharing and the engagement of all employees in risk management

PRINCIPLES AND APPROACH TO RISK MANAGEMENT

In line with its parent entity, the Group adopts the globally accepted three lines of defence model in managing and measuring its risks, which ensures clear segregation of duties in risk management.

1st Line of Defense	2nd Line of Defense	3rd Line of Defense
↑ Business Units	↑ Audit Committee and Board	↑ Internal Audit and External Audit
Risk identification, acceptance, and mitigation by functions	Risk monitoring and management by Audit Committee and Board	Independent assurance by Internal Audit and External Audit

Risk identification	Risk assessment	Risk mitigation	Risk reporting and monitoring
Involves the proactive identification of risks across all business units and functions, with the engagement of all employees	Assessment of risks based on the potential likelihood and magnitude of impact.	Development and implementation of action plans to effectively mitigate risks	Reporting on key risk indicators to the Audit Committee and continuous monitoring of key exposures on an ongoing basis

RISK TOLERANCE

The risk tolerance level demonstrates the threshold of risk that the Group is willing to accept when pursuing its objectives and targets. The following table describes the level of risk and respective treatment available in the risk management process

Low Risk ⟷ High Risk

Low Risk	Moderate Risk	High Risk
Risk Treatment: Acceptable Managed through routine procedures and unlikely to require specific resources **Risk Response** Monitor and review	**Risk Treatment: Accept and Monitor** Treatment plan to be developed and monitored by operational managers **Risk Response** Manage through specific monitoring/ response procedures	**Risk Treatment: Avoid** **Risk Response** Attention of senior management needed, and management responsibility specified

RISK MANAGEMENT

RISK LANDSCAPE IN 2022/23

Key risk exposures in 2022/23, along with mitigation measures and links to our strategy is summarised in the table below:

Risk Factor	Developments in 2022/23	Movement in Risk FY 2021/22	FY 2022/23	
Exchange Rate Fluctuations	The Sri Lanka rupee experienced high volatility in 2022 registering its historically largest depreciation against the US dollar during the first half of 2022, before stabilising around the guidance band introduced by CBSL in May 2022. Annual depreciation of the rupee was 44.8% against the US dollar during 2022.	Moderate Risk	High Risk	↑
Access and price of input material	Although the import ban on fertiliser was reversed, the price of chemical based fertiliser surged due to higher global prices and the depreciation of the rupee against the dollar.	High Risk	High Risk	
Inflationary pressures	Inflation reached historic highs in 2022 reflecting supply side pressures, adjustments to administered prices, a sharp depreciation of the Rupee and aggregate demand pressure. YoY Headline inflation, as measured by the Colombo Consumer Price Index (CCPI) was 57.2% in December 2022 compared to 12.1% in December 2021.	Moderate Risk	High Risk	↑
Political and social instability	Persisting economic pressures including unprecedented inflation levels and severe shortages of essential items spiralled into social and political unrest during the early part of 2022.	Moderate Risk	High Risk	↑
Increase in Interest Rates	Interest rates remained high throughout FY 2022/23 amidst a tighter monetary policy stance by CBSL	Moderate Risk	Moderate Risk	
Interruptions to energy and fuel supply	Fuels shortages continued through the early part of 2022 before starting to ease off towards the end of the year.	High Risk	Moderate Risk	↓
Employee Health and Safety	While the heightened risks of COVID-19 infections reduced with the successful rollout of vaccines, a re-emergence of the virus remained a concern throughout the year.	Moderate Risk	Low Risk	↓
Geo-political Risks	The escalation of the Russia- Ukraine conflict and spill-over effects impacted both demand conditions in some of our key export markets. Supply constraints in key tea producer countries continued in 2023/23 resulting in lower supply to the global market.	High Risk	Low Risk	↓
Implications of climate change	Weather conditions remained relatively favourable in tea producing areas although conditions were not as favourable in rubber producing areas.	High Risk	High Risk	-
Technology & Cybersecurity	The rapid shift towards technology platforms by customers and suppliers post pandemic has increased the group's dependence and vulnerability to technology and digital platforms during the last few years.	Low Risk	Low Risk	-

Impact	Mitigating Action	Link to Strategy
The depreciation of the Rupee against the dollar had a favourable impact on Rupee earnings although cost of production increased on the back of higher imported input prices.	Ongoing monitoring of exchange rate movements and assessment of the impact on our operations	-
Crop yields in FY 2022/23 were negatively impacted by the lagged effect of the fertiliser ban. Meanwhile the surge in chemical fertiliser and imported input prices significantly increased cost of production.	Use of organic fertiliser and cultural crop protection methods to reduce reliance on imported agrochemicals and fertiliser	• Agriculture and Processing Strategy • Sustainability Strategy
• The sharp increase in input prices resulted in an increase in cost of production, wage costs and other operational expenses. • Impacts on employees' quality of life due to cost of living increases	• Ongoing measures to improve cost efficiencies • Reducing reliance on higher priced imported agrochemicals and fertiliser • Crop diversification and value addition to improve margins • Measures to support employees through the crisis through market adjustment of remuneration and additional financial and non-financial support	• Agriculture and Processing Strategy • Design 2020 • Sustainability Strategy
Disruptions to operations and supply chain.	Close engagement with employees and supply chain partners to ensure business continuity.	-
• Higher borrowing costs and resultant impact on profitability • Increased cost of maintaining working capital	Close monitoring of interest rate developments and negotiating with banks	-
Higher cost of production given the need to rely on diesel powered generators	• Increasing reliance on renewable energy • Maintaining buffer stocks of fuel supply	Sustainability Strategy
Increased costs associated with ensuring the physical and mental well-being of all employees	• Continuation of stringent health and safety protocols • Increased focus on mental well-being of employees	Sustainability Strategy
Demand for Sri Lankan tea remained resilient, given supply constraints in other tea-producing regions.	• Diversification of operations beyond traditional crops • Increased value addition of products • Strengthen presence in local and regional markets for berries and value- added products • Proactively monitoring emerging developments in export markets	Design 2020
As an agriculture-sector entity, climate change implications and natural disasters have a direct impact on our crop volumes, yields, prices and worker incomes.	• Strategic focus on diversifying our businesses to reduce sensitivity to weather vagaries • Sustainable agriculture practices aim to improve the resilience of the business • Crop diversification and value addition	Sustainability strategy Design 2020
As the Group continues to move towards digitising more of its operations the threat of loss of data and hacking becomes more of a concern.	The Group has invested in increasing the rigour of safeguards against cyber attacks and hacking. Cyber risks are also discussed at board level with the Aitken Spence Group IT Division overlooking the IT function of Elpitiya Plantations Group.	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"Lovingly cultivated at our plantations, our delightful range of berries delivers fresh, tasty and wholesome produce with the assurance of being locally made and ethically grown.

We have already begun commercial operations for strawberries, raspberries, and blackberries. Markets under our brand Berry Much, the Elpitiya Plantations Berry range makes us the first company in Sri Lanka to grow and market the full range of berries."

GRI INDEX

Statement of use	Elpitiya Plantations PLC has reported in accordance with the GRI Standards for the period 01 April 2022 to 31 March 2023
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	N/A

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	219	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
	2-2 Entities included in the organization's sustainability reporting	6				
	2-3 Reporting period, frequency and contact point	6				
	2-4 Restatements of information	6				
	2-5 External assurance	7				
	2-6 Activities, value chain and other business relationships	8				
	2-7 Employees	62				
	2-8 Workers who are not employees		2-8 Workers who are not employees	Not applicable	All workers are engaged as employees	
	2-9 Governance structure and composition	97				
	2-10 Nomination and selection of the highest governance body	111				
	2-11 Chair of the highest governance body	109				
	2-12 Role of the highest governance body in overseeing the management of impacts	107				
	2-13 Delegation of responsibility for managing impacts	97				
	2-14 Role of the highest governance body in sustainability reporting	98				
	2-15 Conflicts of interest	102				
	2-16 Communication of critical concerns	113				
	2-17 Collective knowledge of the highest governance body	97				
	2-18 Evaluation of the performance of the highest governance body	111				
	2-19 Remuneration policies	112				
	2-20 Process to determine remuneration	112				
	2-21 Annual total compensation ratio		2-21 Annual total compensation ratio	Confidentiality constraints	The Group does not wish to disclose this due to confidentiality related reasons	
	2-22 Statement on sustainable development strategy	49				
	2-23 Policy commitments	98				
	2-24 Embedding policy commitments	98				

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
	2-25 Processes to remediate negative impacts	113				
	2-26 Mechanisms for seeking advice and raising concerns	113				
	2-27 Compliance with laws and regulations	74				
	2-28 Membership associations	70				
	2-29 Approach to stakeholder engagement	40				
	2-30 Collective bargaining agreements	66				
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	41	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
	3-2 List of material topics	42				
	3-3 Management of material topics	42				
Economic performance						
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	210				
	201-2 Financial implications and other risks and opportunities due to climate change	120				
	201-3 Defined benefit plan obligations and other retirement plans	199				
	201-4 Financial assistance received from government		201-4 Financial assistance received from government	Not applicable	Group has not received financial assistance from Government	
Market presence						
GRI 3: Material Topics 2021	3-3 Management of material topics	65				
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	65				
	202-2 Proportion of senior management hired from the local community	51				
Indirect economic impacts						
GRI 3: Material Topics 2021	3-3 Management of material topics	71				
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	71				
	203-2 Significant indirect economic impacts	71				
Procurement practices						
GRI 3: Material Topics 2021	3-3 Management of material topics	70				
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	45				

GRI INDEX

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
Materials						
GRI 3: Material Topics 2021	3-3 Management of material topics	73				
GRI 301: Materials 2016	301-1 Materials used by weight or volume	73				
	301-2 Recycled input materials used			Not applicable	Recycled input material not used	
	301-3 Reclaimed products and their packaging materials			Information unavailable/ incomplete	Not tracked currently	
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics	77				
GRI 302: Energy 2016	302-1 Energy consumption within the organization	73				
	302-2 Energy consumption outside of the organization		302-2 Energy consumption outside of the organization	Information unavailable/ incomplete	Energy consumption outside organization is not tracked	
	302-3 Energy intensity	77				
	302-4 Reduction of energy consumption	73				
	302-5 Reductions in energy requirements of products and services		302-5 Reductions in energy requirements of products and services	Information unavailable/ incomplete	Not tracked currently	
Water and effluents						
GRI 3: Material Topics 2021	3-3 Management of material topics	75				
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	75				
	303-2 Management of water discharge-related impacts	76				
	303-3 Water withdrawal	73				
	303-4 Water discharge	76				
	303-5 Water consumption	73				
Biodiversity						
GRI 3: Material Topics 2021	3-3 Management of material topics	75				
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	75				
	304-2 Significant impacts of activities, products and services on biodiversity	75				
	304-3 Habitats protected or restored		304-3 Habitats protected or restored	Information unavailable/ incomplete	Information not compiled as yet	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations		304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Information unavailable/ incomplete	Not tracked currently	

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
Emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics	77				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	77				
	305-2 Energy indirect (Scope 2) GHG emissions	77				
	305-3 Other indirect (Scope 3) GHG emissions		305-3 Other indirect (Scope 3) GHG emissions	Information unavailable/ incomplete		
	305-4 GHG emissions intensity	77				
	305-5 Reduction of GHG emissions	77				
	305-6 Emissions of ozone-depleting substances (ODS)		305-6 Emissions of ozone-depleting substances (ODS)	Not applicable		
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions			
Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics	75				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	75				
	306-2 Management of significant waste-related impacts	75				
	306-3 Waste generated	75				
	306-4 Waste diverted from disposal	75				
	306-5 Waste directed to disposal	75				
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics	63				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	63				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	65				
	401-3 Parental leave	66				
Labour/management relations						
GRI 3: Material Topics 2021	3-3 Management of material topics	66				
GRI 402: Labour/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	66				

GRI INDEX

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
Occupational health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	65				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	65				
	403-2 Hazard identification, risk assessment, and incident investigation	65				
	403-3 Occupational health services	65				
	403-4 Worker participation, consultation, and communication on occupational health and safety	65				
	403-5 Worker training on occupational health and safety	65				
	403-6 Promotion of worker health	65				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	65				
	403-8 Workers covered by an occupational health and safety management system	65				
	403-9 Work-related injuries	65				
	403-10 Work-related ill health		403-10 Work-related ill health	Information unavailable/ incomplete	Not tracked currently	
Training and education						
GRI 3: Material Topics 2021	3-3 Management of material topics	64				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	64				
	404-2 Programs for upgrading employee skills and transition assistance programmes	64				
	404-3 Percentage of employees receiving regular performance and career development reviews	65				
Diversity and equal opportunity						
GRI 3: Material Topics 2021	3-3 Management of material topics	66				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	66				
	405-2 Ratio of basic salary and remuneration of women to men	66				

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
Non-discrimination						
GRI 3: Material Topics 2021	3-3 Management of material topics	63				
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	63				
Local communities						
GRI 3: Material Topics 2021	3-3 Management of material topics	71				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	71				
	413-2 Operations with significant actual and potential negative impacts on local communities	71				
Marketing and labelling						
GRI 3: Material Topics 2021	3-3 Management of material topics	69				
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	69				
	417-2 Incidents of non-compliance concerning product and service information and labelling	69				
	417-3 Incidents of non-compliance concerning marketing communications	69				

Topics in the applicable GRI Sector Standards determined as not material	
Topic	Explanation
[Title of GRI Sector Standard]	
[Topic]	[Explanation]
[Topic]	[Explanation]

AGRICULTURAL PRODUCTS STANDARD- SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS

TABLE: AGRICULTURAL PRODUCTS STANDARD- SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS

Topic	Accounting Metric	Unit Of Measure	Code	Disclosure/ Pg. Reference
Greenhouse Gas Emissions	Gross global Scope 1 emissions	Metric tons (t) CO -e	FB-AG-110a.1	77
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	-	FB-AG-110a.2	77
	Fleet fuel consumed Percentage renewable (total renewable energy % from the fleet fuel consumed)	GJ %	FB-AG-110a.3	Fleet fuel consumed not tracked at the moment
Energy Management	(1) Operational energy consumed	GJ	FB-AG-130a.1	73
	(2) Percentage grid electricity	%		
	(3) Percentage renewable	%		
Food Safety	Global Food Safety Initiative (GFSI) audit	Rate	FB-AG-250a.1	N/A
	(1) non-conformance rate and			
	(2) associated corrective action rate for (a) major and (b) minor non-conformances			
	Percentage of agricultural products sourced from suppliers	%	FB-AG-250a.2	
	Certified to a Global Food Safety Initiative (GFSI) recognized food safety certification program			
	(1) Number of recalls issued	Number MT	FB-AG-250a.3	
	(2) total amount of food product recalled			
Workforce Health & Safety	(1) Total recordable incident rate (TRIR)	Rate	FB-AG-320a.1	65
	(2) Fatality rate			
	(3) Near miss frequency rate (NMFR) for (a) direct employees and (b) seasonal and migrant employees			
Environmental & Social Impacts of Ingredient Supply Chain	Percentage of agricultural products sourced that are certified to a third-party environmental and/or social standard, and percentages by standard	Percentage (%) by cost	FB-AG-430a.1	70
	Suppliers' social and environmental responsibility audit	Rate	FB-AG-430a.2	
	(1) non-conformance rate			
	(2) associated corrective action rate for (a) major and (b) minor non-conformances			
	Discussion of strategy to manage environmental and social risks arising from contract growing and commodity sourcing		FB-AG-430a.3	
GMO Management	Discussion of strategies to manage the use of genetically modified organisms (GMOs)		FB-AG-430b.1	N/A
Ingredient sourcing	Identification of principal crops and description of risks and opportunities presented by climate change		FB-AG-440a.1	120
	Percentage of agricultural products sourced from regions with High or Extremely High Baseline Water Stress		FB-AG-440a.1	N/A
	ACTIVITY METRICS			
Production by principal crop Tea Rubber		MT	FB-AG-000.A	87 - 89
Number of processing facilities		Number	FB-AG-000.B	10 -11
Total land area under active production		Hectares	FB-AG-000.C	8
Cost of agricultural products sourced externally		Rs. mn	FB-AG-000.D	68

INDEPENDENT ASSURANCE REPORT ON INTEGRATED REPORTING

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Independent Assurance Report to the Board of Directors of Elpitiya Plantations PLC on the Integrated Annual Report- 2022/23

INTRODUCTION AND SCOPE OF THE ENGAGEMENT

The management of Elpitiya Plantations PLC ("the Company") engaged us to provide an independent assurance on the following elements of its Integrated Annual Report for the year ended 31st March 2023 ("the Report").

- Reasonable assurance on the information on financial capital management as specified on pages 56-58 of the Report.
- Limited assurance on other information on management of the capitals (other than financial capital), stakeholder engagement, business model, strategy, organizational overview & external environment outlook presented in the Report on pages 56-58, prepared in accordance with the Guiding Principles and Content Elements given in the IFRS Foundation/International Integrated Reporting Council (IIRC)'s Integrated Reporting Framework (<IR> Framework).

BASIS OF OUR WORK AND LEVEL OF ASSURANCE

We perform our procedures to provide reasonable and limited assurance in accordance with Sri Lanka Standard on Assurance Engagements (SLSAE 3000) (Revised): 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information'.

The capital management criteria used for this limited assurance engagement are based on the Guiding Principles and Content Elements given in the IFRS Foundation/International Integrated Reporting Council (IIRC)'s Integrated Reporting Framework (<IR> Framework).

Our engagement provides limited assurance as well as reasonable assurance. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement conducted in accordance with SLSAE-3000 (Revised) and consequently does not enable to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement.

MANAGEMENT OF THE COMPANY'S RESPONSIBILITY FOR THE REPORT

The management of the Company is responsible for the preparation and presentation and self-declaration of the information and statement contained within the Report, and for maintaining adequate records and internal controls that are designed to support the Integrated Reporting process under the Integrated Reporting Framework (<IR> Framework).

ERNST & YOUNG'S RESPONSIBILITIES

Our responsibility is to express a conclusion as to whether we have become aware of any matter that causes us to believe that the Report is not prepared in accordance with the Guiding Principles and Content Elements given in the Integrated Reporting Framework (<IR> Framework).

This report is made solely to the Company in accordance with our engagement letter dated 02 May 2023. We disclaim any assumption of responsibility for any reliance on this report to any person other than the Company or for any purpose other than that for which it was prepared. In conducting our engagement, we have complied with the independence requirements of the Code of Ethics for Professional Accountants issued by CA Sri Lanka,

EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

KEY ASSURANCE PROCEDURES

We planned and performed our procedures to obtain the information and explanations considered necessary to provide sufficient evidence to support our assurance conclusions. We performed such other procedures as we considered necessary in the circumstances.

KEY ASSURANCE PROCEDURES INCLUDED:

- Performed a comparison of the content of the Integrated Annual Report against the Guiding Principles and Content Elements given in the Integrated Reporting Framework (<IR> Framework).
- Checked whether the information contained in the Integrated Annual Report – Financial Capital element information has been properly derived from the audited financial statements.
- Conducted interviews with the selected key management personnel and relevant staff and obtained an understanding of the internal controls, governance structure and reporting process relevant to the Integrated Report.

INDEPENDENT ASSURANCE REPORT ON INTEGRATED REPORTING

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- Obtained an understanding of the relevant internal policies and procedures developed, including those relevant to determining what matters most to the stakeholders, how the organization creates value, the external environment, strategy, approaches to putting members first, governance and reporting.
- Obtained an understanding of the description of the organization's strategy and how the organization creates value, what matters most to the stakeholders and enquiring the management as to whether the description in the Integrated Report accurately reflects their understanding.
- Checked the Board of Directors meeting minutes during the financial year to ensure consistency with the content of the Integrated Report.
- Tested the relevant supporting evidence related to qualitative & quantitative disclosures within the Integrated Report against identified material aspects.
- Read the Integrated Report in its entirety for consistency with our overall knowledge obtained during the assurance engagement

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

LIMITATIONS AND CONSIDERATIONS

Social, Natural and Intellectual capital management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Report.

CONCLUSION

Based on our procedures and the evidence obtained, we conclude that:

- The information on financial performance as specified on page 56-58 of the Report are properly derived from the audited financial statements for the year ended 31 March 2023.
- Nothing has come to our attention that causes us to believe that other information on stakeholder engagement, business model, organization overview & external environment and outlook presented in the Report are not fairly presented, in all material respects, in accordance with the Integrated Annual Reporting practices and policies which are derived from the IFRS Foundation/International Integrated Reporting Council (IIRC)'s Integrated Reporting Framework (<IR> Framework).

Ernst & Young

26 May 2023
Colombo

INDEPENDENT ASSURANCE REPORT ON SUSTAINABILITY REPORTING

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Independent Assurance Report to the Board of Directors of Elpitiya Plantations PLC

SCOPE

We have been engaged by Elpitiya Plantations PLC ("the Entity") to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on the Economic, Environment, Social and Governance (EESG) indicators of the Entity's Integrated Annual Report (the "Subject Matter") as of 31st March 2023

CRITERIA APPLIED BY ELPITIYA PLANTATIONS PLC

In preparing the Subject Matter, Elpitiya Plantations PLC applied the following criteria ("Criteria"):

- The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at GRI's global website www.globalreporting.org.

GRI 13: AGRICULTURE, AQUACULTURE AND FISHING SECTORS 2022

Such Criteria were specifically designed for purpose of assisting you in determining whether Entity's Economic, Environment, Social and Governance (EESG) indicators of the Entity's Integrated Annual Report FY 2022/23 is in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

ELPITIYA PLANTATIONS PLC'S RESPONSIBILITIES

Elpitiya Plantations PLC's management is responsible for selecting the Criteria, and for presenting the EESG indicators contained in the Integrated Annual Report in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

ERNST & YOUNG'S RESPONSIBILITIES

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for this engagement as agreed with the Elpitiya Plantations PLC on 02 May 2023. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

OUR INDEPENDENCE AND QUALITY CONTROL

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Professional Accountants issued by CA Sri Lanka and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

DESCRIPTION OF PROCEDURES PERFORMED

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

INDEPENDENT ASSURANCE REPORT ON SUSTAINABILITY REPORTING

Our procedures included:

- Validated the information presented and checked the calculations performed by the organization through recalculation
- Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/ frameworks.
- Conducted interviews with relevant organization's personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff
- Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.
- Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

We also performed such other procedures as we considered necessary in the circumstances.

EMPHASIS OF MATTER

Economic, Environment, Social management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Integrated Annual Report.

CONCLUSION

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Economic, Environment, Social and Governance (EESG) indicators of the Entity's Integrated Annual Report as of 31st March 2023 in order for it to be in accordance with the Criteria.

Ernst & Young

26 May 2023
Colombo

FINANCIAL STATEMENTS

SUCCESS

We promote a spirit of abundance and prosperity among the communities we serve.

Agricultural ecosystems are built on the premise of cultivating life and growth — signifying the combined effort of multiple stakeholders working hand in hand to achieve biodiversity, productivity and support livelihoods.

FINANCIAL CALENDAR 2022/23

Interim Financial Statements		
Interim Financial Statement for the 3 months ended 30th June 2022	-	Approved on 12th August 2022
Interim Financial Statement for the 6 months ended 30th September 2022	-	Approved on 11th November 2022
Interim Financial Statement for the 9 months ended 31st December 2022	-	Approved on 14th February 2023
Interim Financial Statement for the 12 months ended 31st March 2023	-	Approved on 25th May 2023

Audited Financial Statements		
Audited Financial Statements for the year ended 31st March 2023	-	Approved on 26th May 2023

Dividends		
Interim Dividend for the year ended 31st March 2022	-	Recommended on 13th May 2022
Interim Dividend for the year ended 31st March 2023	-	Recommended on 18th May 2023

Annual General Meeting		
30th Annual General Meeting	-	28th June 2022
31st Annual General Meeting	-	28th June 2023

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The details set out herein provide the pertinent information required by the Companies Act No. 7 of 2007, Listing Rules of the Colombo Stock Exchange and the best accounting practices. The Directors are pleased to submit their Report together with the Audited Financial Statements for the year ended 31st March 2023.

1. PRINCIPAL ACTIVITIES OF THE COMPANY

The principal activities of the Company are cultivation, manufacture and sale of black Tea, Rubber and Palm Oil and other crop. During the year, there were no significant changes in the principal activities of the Company and the Group.

2. GROUP STRUCTURE

The Group Structure is given on page 157

3. REVIEW OF PERFORMANCE

The Chairman's and the Managing Director's reviews contain detailed accounts of the year's operations and developments of the Group.

4. BUSINESS REVIEW/FUTURE DEVELOPMENT

Review of financial and operational performance and future business developments of the Group are contained in the Chairman's Message on pages 18 to 21, Managing Director's Report on pages 22 to 24 and about the Company on pages 8 to 11.

5. AUDITOR'S REPORT

The Company's Auditors Messrs. Ernst & Young, Chartered Accountants carried out an audit on the Financial Statements of the Company and the Group as at 31st March 2023, and their Report is given on pages 147 to 151.

6. ACCOUNTING POLICIES AND CHANGES DURING THE YEAR

The Company and the Group prepared the financial statements in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS). The significant accounting policies adopted in the preparation of the financial statements of the Company and the Group are given on pages 157 to 173.

7. REVENUE AND PROFITS

1. Revenue for the Year

The revenue of the Group for the year ended 31st March 2023 was Rs. 8,348,371,890/- (2021/2022 – Rs. 5,095,987,303/-) while the Company's revenue was Rs. 8,334,484,432/- (2021/2022 – Rs. 5,068,443,737/-). An analysis of the income is given in note 6 to the Financial Statements.

2. Financial Results

The profit earned by the Group for the year ended 31st March 2023 amounted to Rs. 1,830,726,060/- (2021/22 – Rs. 1,532,625,206/-), whilst the Company recorded a profit amounted to Rs. 1,771,008,990/- (2021/22– Rs. 1,390,746,108/-).

The Group's total comprehensive income for the year is Rs. 1,831,382,789 (2021/22 – Rs. 1,581,411,649/-) while the Company recorded a total comprehensive income of Rs. 1,771,665,718/- (2021/22 – Rs. 1,439,532,551/-).

The Consolidated Income Statement along with the Company's Income Statement for the year are given on page 152. Details of transfers to/from reserves in respect of the Group and the Company are shown in the Statement of Changes in Equity on page 155.

3. Donations

During the year donations amounting to Rs. 500,426/- (2021/22 - Rs. 2,098,471/-) were made by the Company, while no donations were made by the other Group entities during the year (2021/22 – Nil).

4. Taxation

A detailed statement of the income tax rates applicable is set out on pages 175 to 177.

5. Dividend

The Directors recommended an Interim dividend payment of Rs. 19/- per share for the year ended 31st March 2023.

The dividend is paid out of profits by the Company. The Directors are satisfied that the Company would meet the solvency test requirement under Section 56(2) of the Companies Act No. 7 of 2007, immediately after the payment of the Interim dividend.

8. STATEMENT OF FINANCIAL POSITION OF THE COMPANY AND THE GROUP

1. Stated Capital and Reserves

The Capital and the Reserves of the Company as at 31st March 2023 are given below:

Details are as follows:

	Rs.
Stated Capital	694,236,120/-
Timber Reserve	805,597,122/-
Retained Earnings	6,696,778,720/-
Total Equity	8,196,611,963/-

2. Property, Plant and Equipment

Details of the Property, Plant and Equipment are given in note 16 to the Financial Statements on pages 184 to 185 of the Annual Report.

3. Contingent Liabilities

Details of the contingent liabilities are disclosed in note 37 to the Financial Statements on page 205 of the Annual Report.

9. EVENTS OCCURRING AFTER THE REPORTING DATE

The events occurred after the reporting date have been disclosed in note 38 to the Financial Statements on page 205 of the Annual Report.

10. HUMAN RESOURCE

The number of persons employed by the Company at year end was 4,628 (31.03.2022 – 4,747) of which 4,569 (31.03.2022 – 4,687) are engaged in employment outside the District of Colombo.

11. SHAREHOLDER INFORMATION

There were 12,218 shareholders as at 31st March 2023. The distribution schedule of

ANNUAL REPORT OF THE BOARD OF DIRECTORS

the number of shareholders and their shareholdings are detailed on pages 213 to 215 of this Annual Report. The names of the twenty largest shareholders, together with their shareholdings as at 31st March 2023 are given on page 215 of this Annual Report. The percentage of the shares held by the public as at 31st March 2023 was 16.93% which was in the hands of 12,215 public shareholders.

Information relating to earnings, net assets, market price per share are given in the financial highlights on pages 12 to 13 and the shareholders and the investor information on pages 213 to 215 of the Annual Report.

12. CORPORATE GOVERNANCE

The Company's corporate governance practices are set out on pages 96 to 118 of the Annual Report.

13. THE BOARD

13.1 Board of Directors

The Board of Directors of the Company as at the date of the Report are as follows:

Director	Executive	Non-Executive	Independent
Dr. M. P. Dissanayake (Chairman)	√		
Dr. R. M. Fernando (Managing Director)	√		
Mr. B. Bulumulla (Joint Managing Director)	√		
Deshamanya Merrill J. Fernando *		√	
Mr. Malik J. Fernando **		√	
Dr. S. A. B. Ekanayake		√	√
Mr. S. C. Ratwatte		√	√
Mr. D. A. de S. Wickremanayake		√	
Mrs. D. A. S. Dahanayake		√	

*Mr. A. T. S. Sosa holds the office as the Alternate Director to Deshamanya Merrill J. Fernando.

**Ms. M. D. A. Perera holds the office as the Alternate Director to Mr. Malik J. Fernando.

13.2 Board Sub-Committees

Audit Committee

Dr. S. A. B. Ekanayake (Chairman)

Mr. S. C. Ratwatte

Mr. Malik J. Fernando/Ms. M. D. A. Perera (Alternate Director to Mr. Malik J. Fernando)

Remuneration Committee

Mr. Malik J. Fernando (Chairman)
Dr. S. A. B. Ekanayake
Mr. S. C. Ratwatte

Related Party Transactions Review Committee

Mr. S. C. Ratwatte (Chairman)
Dr. S. A. B. Ekanayake
Mr. Malik J. Fernando/Ms. M. D. A. Perera (Alternate Director to Mr. Malik J. Fernando)

14. RE- APPOINTMENT OF DIRECTORS WHO ARE OVER 70 YEARS OF AGE AND RE-ELECTION OF DIRECTORS

The Board recommended that Deshamanya Merrill J. Fernando, Mr. D. A. de S. Wickremanayake and Dr. R. M. Fernando who are over 70 years of age and vacate office in terms of Section 210(2)(b) of the Companies Act No. 07 of 2007 be re-appointed as Directors of the Company in terms of Section 211 of the Companies Act No. 07 of 2007 specially declaring that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the said Directors.

Mr. B Bulumulla who retires by rotation in terms of Article 92 and 93 of the Articles of Association of the Company and offers himself for re-election at the forthcoming Annual General Meeting. The Board recommended his re-election.

15. DIRECTORS' INTEREST IN TRANSACTIONS

The Directors have disclosed to the Board their interests in transactions with the Company during the year under review, the details of which are set out in the notes to the financial statements on page 202. The disclosures so made were duly recorded in the Interest Register.

16. INTEREST REGISTER

The Interest Register is maintained as per the requirements of the Companies Act No. 7 of 2007 and is available for inspection.

17. DIRECTORS' REMUNERATION

A sum of Rs. 108,656,618/- (2021/22 – Rs. 79,730,143 /-) was paid as Directors' fees during the financial year 31st March 2023.

18. DIRECTORS' SHAREHOLDINGS

None of the Directors hold shares in the Company.

19. RELATED PARTY TRANSACTIONS

Related Party Transactions (RPT) of the Group are disclosed in note 34 to the Financial Statements. These interests have been duly declared by the Directors.

There were no non-recurrent Related Party Transactions which in aggregate value exceeding lower of 10% of the equity or 5% of the total assets of the Company as per the audited Financial Statements as at 31st March 2022, which required additional disclosures in the Annual Report under Section 9.3.2(a) of the Listing Rules.

The Key Management Personnel of the Company disclose on a quarterly basis the proposed Related Party Transactions (if any) along with the post quarterly confirmations of RPTs falling under the ambit of Section 9 of the Listing Rules of the Colombo Stock Exchange. The disclosures so made are tabled at the Related Party Transactions Review Committee meetings, in compliance with the requirements of the above-mentioned rule.

The Directors declare that the Company is in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the financial year ended 31st March 2023.

20. GOING CONCERN

The Directors are satisfied that the Company, its subsidiaries and joint ventures have adequate resources to continue in operational existence for the foreseeable future, to justify adopting the going concern basis in preparing these Financial Statements.

21. RATIOS AND MARKET PRICE INFORMATION

The ratios relating to equity and debt as required by the Listing Rules of the Colombo Stock Exchange are given under Financial Highlights on pages 12 to 13 and Shareholders and Investor Information on pages 213 to 215 of this Report.

22. RISK MANAGEMENT

The Board confirms that there is an ongoing process of identifying, evaluating and managing any significant risks faced by the Group. Risks faced by the Group are identified, the significance they pose are evaluated and mitigatory strategies are adopted by the Group. The Board reviews the risk management process through the Audit Committee. The Risk Management Report of the Group is on pages 119 to 121 of this Report.

23. ANNUAL GENERAL MEETING

The Thirty First (31st) Annual General Meeting of your Company will be held virtually, on 28th June 2023 at 3.00 p.m.

24. INTERNAL CONTROLS

The Board of Directors ensures that the Group has an effective internal control system which ensures that the assets of the Company and the Group are safeguarded, and appropriate systems are in place to minimize and detect fraud, errors and other irregularities. The system ensures that the Group adopts procedures which result in financial and operational effectiveness and efficiency.

The Board of Directors' Statement on Internal Control, the Statement of Directors' Responsibilities and the Audit Committee Report set out in this Annual Report provide further information in respect of the above.

25. STATUTORY PAYMENTS

The Directors to the best of their knowledge and belief are satisfied that all statutory financial obligations to the Government and to the employees have been either duly paid or adequately provided in the financial statements. Confirmation of same is included in the Statement of Directors' Responsibilities of this Annual Report.

26. AUDITORS

The Financial Statements for the year ended 31st March 2023 have been audited by Messrs. Ernst & Young, Chartered Accountants who offer themselves for re-appointment. The Report of the Auditors on the Financial Statements is given on pages 147 to 151 of the Annual Report.

The audit fee payable by the Company to the Auditors, Messrs. Ernst & Young, Chartered Accountants was Rs.4,003,560/- (2021/22 - Rs. 3,336,300/-). In addition to the above, Rs. 255,000/- was payable by the Company for the permitted audit related and non audit related services including tax advisory services in respect of the year under review.

Messrs. Ernst & Young, Chartered Accountants, the Auditors are also the auditors of subsidiaries and joint ventures of the group. The amount payable by the Group to Messrs. Ernst & Young, Chartered Accountants as audit fees for the year ended 31st March 2023 was Rs. 4,235,748 /- (2021/22 – Rs. 3,528,536/-) while a further sum of Rs. 369,000 is payable for permitted audit and non-audit related services including tax advisory services in respect of the year under review.

As far as the Directors are aware, the auditors do not have any relationship with the Company that would have an impact on their independence.

By Order of the Board

Dr. M. P. Dissanayake
Chairman

Mr. Bhathiya Bullumulla
Joint Managing Director/Chief Executive Officer

Aitken Spence Corporate Finance (Private) Limited
Secretaries

Colombo
02nd June 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act No. 07 of 2007 requires the Directors of the Company to be responsible for the preparation and presentation of the Financial Statements and other statutory reports. The responsibilities of the Directors, in relation to the Financial Statements of Elpitiya Plantations PLC and the Consolidated Financial Statements of the Group are set out in this Report.

The Directors confirm that the Financial Statements and other statutory reports of the Company and the Group for the year ended 31st March 2023 incorporated in this Report have been prepared in accordance with the Companies Act No. 07 of 2007, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the Colombo Stock Exchange.

The Directors have taken appropriate steps to ensure that the companies within the Group maintain adequate and accurate records which reflect the true financial position of each such company and hence the Group.

The Directors have taken appropriate and reasonable steps to safeguard the assets of the Company and the Group. The Directors have instituted appropriate systems of internal control in order to minimize and detect fraud, errors and other irregularities. The Directors in maintaining a sound system of internal control and in protecting the assets of the Company, have further adopted risk management strategies to identify and evaluate the risks which the Company could be exposed to and its impact to the Company. The Directors having considered the Group's business plans, and a review of its current and future operations, are of the view that the Company and the Group have adequate resources to continue in operation. The Directors have adopted the going concern basis in preparing the Financial Statements.

The Financial Statements presented in this Annual Report for the year ended 31st March 2023, have been prepared based on the Sri Lanka Accounting Standards (SLFRS/LKASs). The Directors have selected the appropriate accounting policies and such policies adopted by the Group are disclosed and explained in the Financial Statements.

The Board of Directors confirm that the Company and the Group's Consolidated Statements of Financial Position as at 31st March 2023 and the Comprehensive Income Statements for the Company and the Group for the financial year ended 31st March 2023 reflect a true and fair view of the Company and the Group.

The Directors have provided the Auditors with every opportunity to carry out any reviews and tests that they consider appropriate and necessary for the performance of their duties. The responsibility of the Independent Auditors in relation to the Financial Statements is set out in the Independent Auditors Report.

The Directors confirm that to the best of their knowledge all payments to employees, regulatory and statutory authorities due and payable by the Company and its subsidiaries have been either duly paid or adequately provided for in the Financial Statements. The Directors further confirm that they promote the highest ethical, environmental and safety standards within the Group. The Directors also ensure that the relevant national laws, international laws and codes of regulatory authorities, professional institutes and trade associations have been complied with by the Group.

By order of the Board,

Elpitiya Plantations PLC

Aitken Spence Corporate Finance (Private) Limited
Company Secretaries

Colombo
02nd June 2023

AUDIT COMMITTEE REPORT

The purpose of this report is to describe how the Committee has carried out its responsibilities during the year. The primary role of the Audit Committee is to monitor and review:

- Compliance with the legal and regulatory requirements
- Overlooking the accuracy of reporting Financial Statements
- Compliance with the reporting requirements of Sri Lanka Accounting Standards
- Internal Audit Function
- Determining the independence of the External Auditors

In discharging its duties, the Audit Committee seeks to balance independent oversight of the matters within its remit with providing support and guidance to the management.

COMPOSITION

Chairman	Dr. S.A.B. Ekanayake Independent Non-Executive
Members	Mr. S.C. Ratwatte Independent Non-Executive
	Mr. Malik J. Fernando / Ms. M.D.A. Perera (Alternate Director to Mr. Malik J. Fernando) Non-Independent Non-Executive

The Committee's composition met the requirements of Section 7.10.6(a) of the Listing Rules of the Colombo Stock Exchange.

SECRETARY TO THE COMMITTEE :

Mr. D.D.M.A. Saparamadu – Assistant Vice President, Group Internal Audit, Aitken Spence PLC

The Audit Committee comprises of two Independent Non-Executive Directors and a Non-Independent Non-Executive Director. The Committee is chaired by Dr. S.A.B. Ekanayake, an Independent Non-Executive Director. Mr. S.C. Ratwatte, a Member of the Committee is a fellow of the Chartered Institute of Management Accountants, UK. The profiles of the Committee Members are given on pages 28 to 29 of this Report.

COMMITTEE MEETINGS

The Committee met five times during the financial year and reviewed the process to assess the effectiveness of the internal control system to provide reasonable assurance that assets are safeguarded, and financial reporting system can be relied upon.

All other matters including interim Financial Statements were approved by way of Circular Resolutions where necessary.

Name of Committee Member/Director	1st June 2022	5th August 2022	11th November 2022	10th February 2023	30th March 2023
Dr. S.A.B. Ekanayake	√	√	√	√	√
Mr. S.C. Ratwatte	√	√	√	√	√
Mr. Malik J. Fernando / Ms. M.D.A. Perera (Alternate Director to Mr. Malik J. Fernando)	√	√	Excused	√	Excused

ATTENDANCE BY INVITATION

Dr. R.M. Fernando, Managing Director, Mr. B. Bulumulla, Joint Managing Director / Chief Executive Officer and Mr. J. A. R. Nissanka, Chief Operating Officer - Finance & IT Developments together with Mr. D.D.M.A. Saparamadu, Assistant Vice President, Group Internal Audit - Aitken Spence PLC and Mr. A.M. Ranathunga, Senior Manager, Internal Audit - Plantations, attended the meetings by invitation. In addition to the above, the Chief Operating Officer - Plantations, the estate General Managers and Managers whose audit reports were viewed and discussed were also present at the respective meetings.

RESPONSIBILITIES

The Audit Committee undertakes on behalf of the Board, the responsibility for ensuring the integrity of the Company's financial reports by having oversight of the internal control, the financial reporting process and compliance with regulatory requirements.

SCOPE OF WORK

- Ensure that the financial statements are prepared, presented and the information are adequately disclosed in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS).
- Ensure that reporting requirements of the Companies Act and other relevant requirements are duly complied.
- Ensure that Company's internal control and risk management processes are adequate.
- Assessment of the independence and the performance of the External Auditors.
- Make recommendations to the Board pertaining to the appointment, reappointment and / or removal of the External Auditors as the case may be and to approve their remuneration and terms of engagements.

ACTIVITIES OF THE AUDIT COMMITTEE DURING THE YEAR

Financial Statements and Financial Control

- Reviewed the quarterly and annual financial statements of the Company, subsidiaries and joint ventures.
- Ensured that the Financial Statements are in line with the accounting policies and that methods adopted are in compliance with the Sri Lanka Financial Reporting Standards (SLFRS) and Sri Lanka Accounting Standards (LKAS).
- Ensured the adoption of effective internal controls, and compliance with the prevailing laws of the country based on guidelines provided by the respective regulatory authorities in all aspects and in the preparation of financial statements.

AUDIT COMMITTEE REPORT

Risk Management and Internal Control

- Reviewed and discussed the reports relating to office, factory and field operations of the respective estates.
- Recommended necessary controls, risk mitigation strategies and internal monitoring mechanisms to eliminate frauds, discrepancies and other financial risks and issues that could occur in the estates and in the Company.

Internal Audit

- Reviewed the audit reports submitted by Internal Audit along with the respective Estate's response.
- Reviewed and evaluated the independence, effectiveness and competency of the Internal Audit function, their resource requirements and made recommendations for improvements.
- Continued to ensure the co-ordination between Group Internal Audit and the External Auditors.

External Audit

- Assessed the performance of the External Auditors, Messrs. Ernst & Young.
- Assessed and ensured the independence of External Auditors.
- Reviewed areas of concern highlighted in the Management Letter.
- Discussed with External Auditors the significant accounting and auditing issues, impact of new or proposed changes in accounting standards and regulatory requirements applicable to the Company.

Reporting

- The Chairman of the Audit Committee reports to the Board at each meeting on the activities of the Committee by tabling the Minutes and resolutions of the Audit Committee meetings at Board Meetings.
- The Annual Report incorporates the Audit Committee Report.
- The Chairman of the Committee attends the Annual General Meetings.

CONDUCT, ETHICS AND GOOD GOVERNANCE

The Audit Committee remains steadfast in its commitment to ensuring that the Company adheres to the highest ethical standards in business dealings. In this regard, the Group has a Code of Ethics & Professional Conduct, robust policies such as the whistleblowing policy and an anti-bribery & anti-corruption policy which ensure and encourage all staff members to be ethical, transparent and accountable and resort to whistleblowing if they suspect any wrongdoings or other improprieties. The highest standards of corporate governance and adherence to the Group's code of ethics & professional conduct were ensured. All appropriate procedures are in place to conduct independent investigations into incidents reported through whistleblowing or identified through other means. The whistleblowing policy guarantees the maintenance of strict confidentiality of the identity of the whistleblowers.

CRITERIA DETERMINING THE INDEPENDENCE OF EXTERNAL AUDITORS AND RE – APPOINTMENT OF EXTERNAL AUDITORS

The Committee is of the view that Messrs. Ernst & Young, Chartered Accountants meet the criteria in determining their independence and the following factors were taken into consideration by the Committee to ascertain the independence:

- no significant material transactions between the External Auditors and the companies in the Group.
- no shares held by the External Auditors.

The Committee having considered the independence and the performance of the External Auditors, Messrs. Ernst & Young, Chartered Accountants recommended to the Board to re-appoint the External Auditors of the Company for the current financial year, subject to the approval of the Shareholders at the forthcoming Annual General Meeting.

Dr. S.A.B. Ekanayake

Chairman

Audit Committee

Colombo

02nd June 2023

REMUNERATION COMMITTEE REPORT

COMPOSITION

Chairman	**Mr. Malik J. Fernando/Ms. M.D.A. Perera** (Alternate to Mr. Malik J. Fernando) Non-Independent Non-Executive Director
Members	**Dr. S.A.B. Ekanayake** Independent Non-Executive
	Mr. S.C. Ratwatte Independent Non-Executive

The Remuneration Committee comprises of two Independent Non-Executive Directors and a Non-Executive Director. Their profiles are given on pages 28 to 29 of this Report.

COMMITTEE MEETINGS

The Committee met four times during the year under review. Dr. R.M. Fernando, Managing Director of Elpitiya Plantations PLC attended the meeting by invitation.

INDEPENDENCE OF THE COMMITTEE MEMBERS

The members are independent of management and are able to exercise independent judgment when making decisions of the Committee, as they do not have any business or other relationships with the Company or its employees.

KEY RESPONSIBILITIES OF THE COMMITTEE.

The committee is responsible for determining the remuneration policy of the Company and determines the individual remuneration packages which includes the compensation on termination of employment. The Committee also evaluates the performance of the individual executives including the senior management of the Company.

REMUNERATION POLICY

The Group remuneration policy which was reviewed by the Committee remained unchanged during the year under review.

The remuneration policy is formulated based on competitive remuneration structures of other plantation companies and also with the objective of retaining the best professional and managerial talent and encouraging and motivating good performers to perform at a higher level. The Company has a formal performance appraisal system and regular evaluations are carried out to evaluate each employee's performance.

The remuneration policy adopted also takes into consideration, the cost of living and inflation and the basic needs of the employees particularly in the lower income groups. The performance of the Company and affordability together with economic conditions which prevail were also considered in recommending increases in remuneration.

ACTIVITIES OF THE REMUNERATION COMMITTEE DURING THE YEAR

- Evaluated the performance of all employees in the Company.
- Approved revisions of individual remuneration packages based on individual performance, industry norms and the contribution of the individuals in the performance of the Company,
- Evaluated the achievements as well as unaccomplished targets and results which are used to determine the performance-based incentives,
- Reviewed and evaluated the effectiveness and applicability of the Remuneration Policy.

No Director was involved in deciding his/ her own remuneration package.

Mr. Malik J. Fernando
Chairman

Remuneration Committee

Colombo
02nd June 2023

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

COMPOSITION

Chairman	**Mr. S.C. Ratwatte** Independent Non-Executive
Members	**Mr. Malik J. Fernando / Ms. M.D.A. Perera** (Alternate Director to Mr. Malik J. Fernando) Non-Independent Non-Executive
	Dr. S.A.B. Ekanayake Independent Non-Executive

Related Party Transactions Review Committee is composed of three Non-Executive Directors, of whom, 02 are Independent Non-Executive Directors. The Committee is chaired by Mr. S.C. Ratwatte who is an Independent Non-Executive Director. Their profiles are given on pages 28 to 29 of this Report.

COMMITTEE MEETINGS

The Committee met every quarter during the year under review.

Name of Committee Member/Director	1st June 2022	5th August 2022	11th November 2022	10th February 2023	30th March 2023
Mr. S.C. Ratwatte	√	√	√	√	√
Mr. Malik J. Fernando / Ms. M.D.A. Perera (Alternate Director to Mr. Malik J. Fernando)	√	√	√	√	Excused
Dr. S.A.B. Ekanayake	Excused	√	√	√	√

KEY RESPONSIBILITIES OF THE COMMITTEE

The main objective of the Committee is to review all proposed Related Party Transactions prior to the completion of the transactions according to the procedures laid down by the Section 9 of the Listing Rules of the Colombo Stock Exchange and its responsibilities on behalf of the Board are as follows:

- Evaluate any proposed Related Party Transactions on a quarterly basis and recommend to the Management and the Board, the appropriate course of action in order to adhere to the compliance regulations of the Listing Rules and the Code of Best Practices on Related Party Transactions
- Review any post quarter confirmations on Related Party Transactions
- Obtain approval from the Board wherever necessary
- Review the threshold for Related Party Transactions which require either shareholders' approval or immediate market disclosures
- Review the criteria of Key Management Personnel (KMP)
- Regularly report to the Board on the Committee's activities

KEY MANAGEMENT PERSONNEL

The key management personnel of the Company are the Board of Directors of the Company.

Declarations were obtained from each KMP of the Company and subsidiaries for the purpose of identifying related parties and for the purpose of annual disclosure.

KEY FUNCTIONS PERFORMED DURING THE YEAR UNDER REVIEW

- All proposed Related Party Transactions as well as post quarter confirmations were reviewed at quarterly meetings of the Committee.
- Reviewed the thresholds for Related Party Transactions which require either shareholders' approval or immediate market disclosure based on the financial statements for the year ended 31st March 2022.
- Activities of the Committee are communicated to the Board quarterly by tabling the minutes of the Committee meeting at Board Meetings.
- The Committee reviewed the Group Related Party Transactions Review Committee Charter and no changes were made thereto.

DISCLOSURE IN TERMS OF SECTION 9.3.2 OF THE LISTING RULES

The Annual Report of the Board of Directors embodies a declaration confirming the compliance with the requirements stipulated in Section 9.3.2 (d) of the Listing Rules of the Colombo Stock Exchange.

Mr. S.C. Ratwatte
Chairman
Related Party Transactions Review Committee

Colombo
02nd June 2023

THE BOARD OF DIRECTORS' STATEMENT ON INTERNAL CONTROLS

The Board of Directors present this Statement on Internal Control in accordance with principle D.1.5. of the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

RESPONSIBILITY

The Board of Directors of Elpitiya Plantations PLC acknowledge its responsibility for the adequacy and effectiveness of Group's system of internal controls to safeguard shareholders' investment and the Group's assets.

The Board has established an on-going process of identifying, evaluating and managing significant risks faced by the Group and this process includes enhancing the system of internal controls as and when there are changes to the business environment or regulatory guidelines.

The Board is of the view that the system of internal control over financial reporting in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting and that the preparation of financial statements for external purposes is in accordance with relevant accounting principles and regulatory requirements.

The Board has delegated specific responsibilities to the following sub committees with the authority to examine particular issues and report back to the Board with their recommendations:

- Audit Committee
- Related Party Transactions Review Committee
- Remuneration Committee

INTERNAL AUDIT

The Internal Audit Department of Aitken Spence Group verifies compliance of operations with policies and procedures and the effectiveness of the internal control systems and highlights significant findings in respect of any non-compliance, for purposes of protecting all stakeholder interests and the group assets.

The Group's Internal Audit function is an independent function that reports directly to the Audit Committee. It undertakes regular reviews of the Group's operations and system of internal controls based on annual audit plans approved by the Audit Committee. The Internal Audit function carries out the reviews with impartiality, proficiency and due professional care. The Internal Audit findings are discussed at estate management level and actions are agreed in response to the Internal Audit function's recommendations. The progress of implementation of the agreed actions is reviewed and verified by the Internal Audit function through its follow-up reviews. The Audit Committee reviews all internal audit findings, estate management responses and the adequacy and effectiveness of the internal controls.

REVIEW ADEQUACY AND EFFECTIVENESS

The Board and the Audit committee have reviewed the effectiveness of the financial, operational and compliance controls and internal control systems, including risk management for the period and have taken appropriate remedial steps where necessary.

In this connection, the Board and the Audit committee conclude that an effective system of risk management and internal control is in place to safeguard the shareholders' investment and the Group's assets.

INSURANCE AND PHYSICAL SAFEGUARDS

Adequate insurance and physical safeguards on major assets are in place to ensure Group's assets are sufficiently covered to minimize material loss against any adverse unforeseen events.

WHISTLEBLOWING POLICY

The Company encourages a whistleblowing policy which enables employees to bring irregularities in financial reporting, internal controls or other matters within the Group to the notice of the higher management.

Proper arrangements are in place to facilitate fair and independent investigation for such matters, if any. The prevalence and effectiveness of this policy is monitored and reviewed regularly by the Audit Committee.

THE GROUP CODE OF ETHICS AND PROFESSIONAL CONDUCT

The Aitken Spence Group Code of Ethics and Professional Conduct which includes a strong set of corporate values and conduct, is circulated to Directors and all employees. The Board ensures that Directors and all employees strictly comply with the Group code of ethics in exercising their duties, communications, role modelling and in any other circumstance, so as to uphold the Group's integrity and image. Strict disciplinary actions are initiated for any violation of the Group Code of Ethics and Professional conduct.

CYBER SECURITY

The Company has become more technology driven, thus increasing the Group's reliance on cyber connectivity. In this era, securing and protecting the Group's information assets becomes a priority. The Board has taken necessary precautions to minimize the risk of a security breach. During the year under review, necessary steps were rolled out to curtail the exposure to cyber-attacks by reducing the threat surface and any potentially exploitable vulnerabilities.

GOING CONCERN

The Statement of Going Concern is set out in the 'Annual Report of the Directors' on page 137.

RISK MANAGEMENT

An overview of the Group's framework for identifying and managing risk, both at an operational and strategic level, is set out on pages 119 to 121.

ANNUAL REPORT

The Board of Directors is responsible for the preparation of the Annual Report and confirm that the quarterly reports, annual financial statements and the annual review of operations of the Company and its subsidiaries, joint ventures and associate companies that are incorporated in this Annual Report have been prepared and presented in a reliable manner, based on a balanced and comprehensive assessment of the financial performance of the entire Group.

CONFIRMATION

Based on the above processes, the Board of Elpitiya Plantations PLC confirms that the financial reporting system of the Group has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements

THE BOARD OF DIRECTORS' STATEMENT ON INTERNAL CONTROLS

are done in accordance with the requirements of the Companies Act No. 7 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, Listing Rules of the Colombo Stock Exchange and other regulatory bodies as applicable for the Group.

We have duly complied with all the requirements prescribed by the regulatory authorities including the Colombo Stock Exchange and the Registrar General of Companies.

The consolidated Financial Statements for the year ended 31st March 2023 have been audited by Messrs. Ernst & Young, Chartered Accountants.

Dr. M. P. Dissanayake
Chairman

Mr. Bhathiya Bullumulla
Joint Managing Director/Chief Executive Officer

Dr. S. A. B. Ekanayake
Chairman - Audit Committee

Colombo
02nd June 2023

INDEPENDENT AUDITOR'S REPORT

EY
Building a better working world

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BW/HV

TO THE SHAREHOLDERS OF ELPITIYA PLANTATIONS PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Elpitiya Plantations 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 31 March 2023, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2023, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

KEY AUDIT MATTERS COMMON TO BOTH GROUP AND COMPANY

Key Audit Matter	How our audit responded to the key audit matter
1. Measurement of Bearer Biological Assets	
Bearer Biological assets is a significant non-current asset of the Group representing 34% of the total assets consisting with Rs 3,120 Mn as Mature and Rs 824 Mn as Immature as at 31 March 2023 as disclosed in Notes 3.8.7.1 and 18.1 to the financial statements Measurement of Bearer Biological assets in the financial statements was a key audit matter due to following: ▪ Materiality of the balance and its significance to total assets (34%) of the group. ▪ Identification of costs to be capitalized as immature plantations, involvement of management judgement regarding the point at which transfers to be made from immature plantations to mature plantations and for the identification of triggers of impairment	Our audit procedures included the following: ▪ Assessed the processes and controls in place to ensure proper identification of the expenses incurred relating to immature plantations. ▪ Validated the significant amounts capitalized (including capitalized labour and other acceptable costs) by examining related invoices, capital expenditure authorizations and other corroborative evidence. ▪ Assessed the reasonableness of depreciation provided on the matured plantations by performing independent computation. ▪ Assessed timely transfer of matured plants to respective matured plantation categories by examining the ageing profile of immature plantations. ▪ Inspected the ageing profile of the immature biological assets as of the reporting date to ensure that triggers of impairment have been identified on a timely basis, assessed for probable impairment charges/losses and duly accounted for in the financial statements. ▪ We also assessed the adequacy of the related disclosures given in Notes 3.8.7.1 and 18.1 in the financial statements

Key Audit Matter	How our audit responded to the key audit matter
2. Retirement Benefit Obligation	
The retirement benefit obligation as at 31 March 2023 of the Group is based on the actuarial valuations carried out by an external valuer engaged by the Group. Measurement of the retirement benefit obligation was a key audit matter due to following reasons: The retirement benefit obligation of the Group is significant (Rs.666 Mn) in the context of the total liabilities of the Group (19% of total liabilities). The actuarial valuation involves making significant assumptions about discount rates. Further, the valuation and the changes in underlying assumptions are highly sensitive in assessing the value of retirement benefit obligation. The determination of the base salary/wage rate and the future salary/wage growth rates are sensitive for the purpose of measuring retirement benefit obligation as of year-end. Key areas of significant judgements, estimates and assumptions are disclosed in Note 31.2 to the financial statements	Our audit procedures were based on the latest available information up to the date of our report and included the following: ▪ We assessed the competency, capability and objectivity of the external actuary engaged by the Group. ▪ We read the external actuary's report and understood the key estimates made and the approach taken by the valuer in determining the present value of retirement benefit obligation. ▪ We assess the reasonableness of the discount rate used, to our internally developed benchmarks. ▪ We validated the key data used by the actuary to the underlying data held by the Group. ▪ We have also assessed the adequacy of the disclosures made in Notes 31.2 to the financial statements relating to the significant judgements and estimates.
3. Valuation of Consumable Biological Assets	
As at 31 March 2023, Group consumable biological assets carried at fair value in accordance with its accounting policy note 3.8.7.4 amounted to Rs.1,138 Mn, while gain on such valuation for the year amounted to Rs.(6) Mn. This was a key audit matter due to: ▪ Materiality of the balance and its significance to total assets (9%) of the Group; and ▪ Complexity of the valuation process and degree of judgments and estimates involved in the valuation, as disclosed in Note 18.2 and 18.3 to the financial statements. Key areas of significant judgments, estimates and assumptions, as disclosed in Note 18.2 and 18.3 to the financial statements, included the following: ▪ Discount Rate ▪ Expected timber volume ▪ Price per cubic foot	Our audit procedures included the following : ▪ We evaluated the competence, capability and objectivity of the external valuer engaged by the Group. ▪ We read the external valuer's report and understood the key estimates made and the approach taken by the valuer in determining the fair value of consumable biological assets. ▪ We assessed the completeness and accuracy of the key data used by the external valuer, by cross checking those to the underlying books and records maintained by the group. This also included assessing the appropriateness & consistency of the application of the method used for deriving the expected timber volume. ▪ We assessed the reasonableness of the significant judgements, estimates and assumptions used, in particular the discount rate, expected timber volume and price per cubic foot by comparing that with the industry practices that are generally used in determining fair value of consumable biological assets. We have also assessed the adequacy of the disclosures made in Notes 3.8.7.4, 18.2 and 18.3 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION INCLUDED IN THE 2023 ANNUAL REPORT

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. Other information is expected to be made available to us after the date of this auditor's report.

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.

RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE

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 scepticism 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 internal controls of the Company and the Group.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Building a better working world

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 ethical requirements in accordance with the Code of Ethics 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, related safeguards.

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 M- 2440.

Ernst & Young

26 May 2023

Colombo

STATEMENT OF PROFIT OR LOSS

For the year ended 31st March	Note	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Revenue	6	8,348,371,890	5,095,987,303	8,334,484,432	5,068,443,737
Cost of sales		(5,225,914,410)	(3,357,879,541)	(5,212,020,617)	(3,344,654,038)
Gross profit		3,122,457,481	1,738,107,762	3,122,463,816	1,723,789,700
Gains on change in fair value of biological assets	22.2	12,234,485	38,969,763	12,234,485	38,969,763
Other income and gains	7	201,408,635	198,777,566	352,394,972	299,437,454
Administrative expenses		(680,173,155)	(424,908,707)	(671,654,900)	(421,136,723)
Management overheads and employees incentive		(167,879,094)	(145,992,593)	(167,879,094)	(145,992,593)
Finance expenses	8.1	(69,826,057)	(49,921,735)	(69,826,057)	(49,921,735)
Finance income	8.2	357,855,857	45,134,115	357,677,055	45,056,349
Share of profit from joint ventures	21.2.1	229,749,535	233,584,328	-	-
Profit before taxation	9	3,005,827,687	1,633,750,500	2,935,410,276	1,490,202,215
Tax expense					
Current Tax	10.1.1	(144,811,862)	(26,806,490)	(135,858,340)	(26,049,373)
- Deferred tax expense relating to origination of temporary differences in the current year tax	10.1.2	(100,416,324)	(74,318,803)	(99,988,567)	(73,406,733)
Profit before adjustment to bought forward temporary differences due to tax rate changes		2,760,599,500	1,532,625,206	2,699,563,369	1,390,746,108
- Deferred tax impact from increase in tax rate	10.1.2	(929,873,440)	-	(928,554,379)	-
Profit for the year		1,830,726,060	1,532,625,206	1,771,008,990	1,390,746,108
Attributable to:					
Equity holders of the parent		1,830,852,844	1,532,744,006	1,771,008,990	1,390,746,108
Non-controlling interest		(126,784)	(118,800)	-	-
Profit for the year		1,830,726,060	1,532,625,206	1,771,008,990	1,390,746,108
Earnings per share	12.1	25.13	21.03	24.30	19.09

Figures in brackets indicate deductions.

Notes to the Financial Statements from pages 157 to 208 form an integral part of these Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March	Note	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Profit for the year		1,830,726,060	1,532,625,206	1,771,008,990	1,390,746,108
Other comprehensive income					
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods (net of tax)					
Actuarial gain/(loss) on retirement benefit obligations	31	938,183	54,509,992	938,183	54,509,992
Tax effect	10.4.2	(281,455)	(5,723,549)	(281,455)	(5,723,549)
Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods (net of tax)		656,728	48,786,443	656,728	48,786,443
Total other comprehensive income for the year, net of tax		656,728	48,786,443	656,728	48,786,443
Total comprehensive income for the year net of tax		1,831,382,789	1,581,411,649	1,771,665,718	1,439,532,551
Attributable to:					
Equity holders of the parent		1,831,509,573	1,581,530,449	1,771,665,718	1,439,532,551
Non-controlling interest		(126,784)	(118,800)	-	-
Total comprehensive income for the year (net of tax)		1,831,382,789	1,581,411,649	1,771,665,718	1,439,532,551

Figures in brackets indicate deductions.

Notes to the Financial Statements from pages 157 to 208 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
ASSETS					
Non-current assets					
Right-of-use asset	15	364,306,307	365,292,491	364,306,307	365,292,491
Freehold property, plant and equipment	16	1,827,517,381	1,486,086,640	1,653,815,714	1,303,131,864
Intangible assets	17	19,953,329	20,271,470	17,349,672	17,667,813
Bearer biological assets	18.1	3,944,966,527	3,776,841,221	3,944,966,527	3,776,841,221
Consumable biological assets	18.2	1,138,136,551	1,118,133,234	1,138,136,551	1,118,133,234
Other non current asset	19	46,659,796	45,225,569	46,659,796	45,225,569
Other financial Asset	20	12,046,427	-	12,046,427	-
Investments	21	423,127,970	353,245,909	239,290,290	239,290,290
Total non-current assets		7,776,714,287	7,165,096,533	7,416,571,283	6,865,582,482
Current assets					
Produce on bearer biological assets	22	40,221,763	21,429,007	40,221,763	21,429,007
Inventories	23	751,103,495	440,942,143	751,047,560	440,886,208
Trade and other receivables	24	456,089,186	390,831,998	441,627,203	376,700,998
Amounts due from related parties	34.4	135,557,315	126,686,139	191,914,906	184,545,773
Short Term Investment	25	2,471,584,736	950,000,000	2,471,584,736	950,000,000
Cash and cash equivalents	26	386,170,354	209,970,037	382,833,568	204,400,071
Total current assets		4,240,726,848	2,139,859,325	4,279,229,735	2,177,962,057
Total assets		12,017,441,135	9,304,955,858	11,695,801,018	9,043,544,539
EQUITY AND LIABILITIES					
Equity					
Stated capital	27	694,236,120	694,236,120	694,236,120	694,236,120
Timber reserve		805,597,122	818,603,796	805,597,122	818,603,796
Retained earnings		7,017,246,431	5,391,329,475	6,696,778,720	5,130,705,618
Total equity attributable to equity holders of the parent		8,517,079,674	6,904,169,391	8,196,611,963	6,643,545,535
Non-controlling interest		(5,050,772)	(4,923,988)	-	-
Total equity		8,512,028,902	6,899,245,403	8,196,611,963	6,643,545,535
Non-current liabilities and deferred income					
Interest bearing borrowings	29	72,215,944	210,194,435	72,215,944	210,194,435
Lease liabilities	30	372,081,233	348,528,633	372,081,233	348,528,633
Retirement benefit obligations	31	608,899,115	600,620,060	608,615,238	600,392,111
Deferred income	32	147,015,219	166,808,853	147,015,219	166,808,853
Deferred tax liability	11	1,443,367,798	412,796,579	1,438,970,922	410,146,521
Total non-current liabilities		2,643,579,309	1,738,948,560	2,638,898,556	1,736,070,553
Current liabilities					
Interest bearing borrowings	29	113,408,340	108,657,340	113,408,340	108,657,340
Lease liabilities	30	3,981,172	3,289,663	3,981,172	3,289,663
Trade and other payables	33	719,560,084	534,644,503	718,017,658	531,811,060
Amounts due to related parties	34.5	24,883,329	20,170,388	24,883,329	20,170,388
Total current liabilities		861,832,925	666,761,894	860,290,499	663,928,451
Total liabilities		3,505,412,234	2,405,710,454	3,499,189,055	2,399,999,004
Total equity and liabilities		12,017,441,135	9,304,955,858	11,695,801,018	9,043,544,539
Net Assets Per Share (Rs.)		116.82	94.68	112.49	91.17

These financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

Chief Operating Officer - Finance

The Board of Directors is responsible for these Financial Statements. Signed for and on behalf of the Board by.

Director | Director | Managing Agent | Managing Agent

Notes to the Financial Statements from pages 157 to 208 form an integral part of these Financial Statements.

26 May 2023
Colombo

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March GROUP	Attributable to equity holders of the parent				Non-controlling interest	Total equity
	Stated capital Rs.	Timber reserve Rs.	Retained earnings Rs.	Total Rs.	Rs.	Rs.
Balance as at 01 April 2021	694,236,120	797,640,002	3,976,495,680	5,468,371,802	(4,805,188)	5,463,566,614
Profit for the year	-	-	1,532,744,006	1,532,744,006	(118,800)	1,532,625,206
Other comprehensive income for the year	-	-	48,786,443	48,786,443	-	48,786,443
Total comprehensive income for the year	-	-	1,581,530,449	1,581,530,449	(118,800)	1,581,411,649
Gains/(loss) on change in fair value of Consumable biological assets transferred to the timber reserve	-	34,068,790	(34,068,790)	-	-	-
Realised gain on harvested timber trees	-	(13,104,996)	13,104,996	-	-	-
Interim & Final dividend	-	-	(145,732,860)	(145,732,860)	-	(145,732,860)
Balance as at 31 March 2022	694,236,120	818,603,796	5,391,329,475	6,904,169,391	(4,923,988)	6,899,245,403
Profit for the year	-	-	1,830,852,844	1,830,852,844	(126,784)	1,830,726,060
Other comprehensive income for the year	-	-	656,728	656,728	-	656,728
Total comprehensive income for the year	-	-	1,831,509,573	1,831,509,573	(126,784)	1,831,382,789
Gains/(loss) on change in fair value of Consumable biological assets transferred to the timber reserve	-	(6,558,270)	6,558,270	-	-	-
Realised gain on harvested timber trees	-	(6,448,404)	6,448,404	-	-	-
Interim & Final dividend	-	-	(218,599,290)	(218,599,290)	-	(218,599,290)
Balance as at 31 March 2023	694,236,120	805,597,122	7,017,246,431	8,517,079,674	(5,050,772)	8,512,028,902

Company	Stated capital Rs.	Timber reserve Rs.	Retained earnings Rs.	Total Equity Rs.
Balance as at 01 April 2021	694,236,120	797,640,002	3,857,869,721	5,349,745,843
Profit for the year	-	-	1,390,746,108	1,390,746,108
Other comprehensive income for the year	-	-	48,786,443	48,786,443
Total comprehensive income for the year	-	-	1,439,532,551	1,439,532,551
Gains/(loss) on change in fair value of Consumable biological assets Transferred to the timber reserve	-	34,068,790	(34,068,790)	-
Realised gain on harvested timber trees	-	(13,104,996)	13,104,996	-
Interim & Final dividend	-	-	(145,732,860)	(145,732,860)
Balance as at 31 March 2022	694,236,120	818,603,796	5,130,705,618	6,643,545,535
Profit for the year	-	-	1,771,008,990	1,771,008,990
Other comprehensive income for the year	-	-	656,728	656,728
Total comprehensive income for the year	-	-	1,771,665,718	1,771,665,718
Gains/(loss) on change in fair value of Consumable biological assets transferred to the timber reserve	-	(6,558,270)	6,558,270	-
Realised gain on harvested timber trees	-	(6,448,404)	6,448,404	-
Interim & Final dividend	-	-	(218,599,290)	(218,599,290)
Balance as at 31 March 2023	694,236,120	805,597,122	6,696,778,720	8,196,611,963

Figures in brackets indicate deductions.

Notes to the Financial Statements from pages 157 to 208 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

For the year ended 31st March	Note	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Profit before tax		3,005,827,687	1,633,750,500	2,935,410,276	1,490,202,215
Adjustments for;					
Depreciation and amortization	9	360,435,031	315,763,371	351,181,923	306,524,669
Provision for defined benefit plans	31	134,110,910	94,711,808	134,054,982	94,656,334
Items written back	7	(1,610,812)	(4,101,114)	(1,610,812)	(4,101,114)
Amortization of grants	7	(14,902,188)	(14,872,954)	(14,902,188)	(14,872,954)
Finance expenses	8.1	69,826,057	49,921,735	69,826,057	49,921,735
Finance income	8.2	(357,855,857)	(45,134,115)	(357,677,055)	(45,056,349)
Gain on biological assets	18.2	(12,234,485)	(38,969,763)	(12,234,485)	(38,969,763)
Amortisation of deferred income from sub lease	7	(8,329,176)	(4,543,967)	(8,329,176)	(4,543,967)
Profit on sale of other trees	7	(25,170,720)	(29,013,657)	(25,170,720)	(29,013,657)
Profit from sale of Timber Trees	7	(12,956,596)	(18,665,654)	(12,956,596)	(18,665,654)
Amortization of Right of use asset - Land	7	(5,479,310)	(5,479,310)	(5,479,310)	(5,479,310)
Share of profit of joint venture	21.2.1	(229,749,535)	(233,584,328)	-	-
Dividend Income	7	-	-	(150,986,337)	(100,659,888)
Provision for Doubtful Receivables	24.1	4,913,681	4,376	4,913,681	4,376
Provision for Obsolete Inventories		1,368,865	-	1,368,865	-
Gain on PPE disposal	7	-	(260,952)	-	(260,952)
Operating profit before working capital changes		2,908,193,551	1,699,525,975	2,907,409,105	1,679,685,720
(Increase)/decrease in inventories	23	(311,675,404)	(92,214,858)	(311,675,404)	(92,193,328)
(Increase)/decrease in trade and other receivables	24	(5,966,136)	(168,295,457)	(5,667,661)	(159,874,489)
(Increase)/decrease in amounts due from related parties	34.4	(8,871,175)	21,440,509	(7,369,133)	30,119,486
Increase/(decrease) in trade and other payables	33	100,009,227	141,221,394	100,418,704	140,852,081
Increase/ (decrease) in amount due to related parties	34.5	4,712,942	(121,859,139)	4,712,942	(121,859,139)
Cash generated from operating activities		2,686,403,004	1,479,818,424	2,687,828,552	1,476,730,331
Cash received from sublease of land	32.2	3,120,440	2,841,923	3,120,440	2,841,923
Cash received from sale of trees		44,575,720	60,784,307	44,575,720	60,784,307
Finance cost paid		(23,665,243)	(6,783,975)	(23,665,243)	(6,783,975)
Finance income received		288,194,991	43,743,974	288,016,188	43,666,208
Retirement benefit obligations paid	31	(109,738,075)	(61,462,092)	(109,738,075)	(61,462,092)
Tax paid		(64,456,477)	-	(63,470,045)	-
Grants received	32.1	5,855,270	3,305,319	5,855,270	3,305,319
Net cash flow from operating activities		2,830,230,959	1,522,247,880	2,832,464,137	1,519,082,020
Cash flows from investing activities					
Field development expenditure	18	(406,983,826)	(326,174,467)	(406,983,826)	(326,174,467)
Purchase of property, plant and equipment	16	(462,864,848)	(295,916,684)	(462,864,848)	(295,916,684)
Proceeds from sale of property, plant and equipments		-	317,500	-	317,500
Dividend Received		150,986,337	100,659,888	150,986,337	100,659,888
Investment in Short term deposit		(1,521,584,736)	(950,000,000)	(1,521,584,736)	(950,000,000)
Investment in Debenture		(12,046,427)	-	(12,046,427)	-
Investment in Subsidiary/Joint Venture		-	(47,232,000)	-	(47,232,000)
Net cash used in investing activities		(2,252,493,500)	(1,518,345,762)	(2,252,493,500)	(1,518,345,762)
Net cash Inflow before financing activities		577,737,459	3,902,118	579,970,636	736,258
Cash flows from financing activities					
Payment of government lease rentals	30.1	(49,710,360)	(46,070,768)	(49,710,360)	(46,070,768)
Proceeds from loans		73,279,124	250,000,000	73,279,124	250,000,000
Settlement of loans		(206,506,616)	(64,230,225)	(206,506,616)	(64,230,225)
Dividend paid		(218,599,290)	(145,732,860)	(218,599,290)	(145,732,860)
Net cash used in financing activities		(401,537,142)	(6,033,853)	(401,537,142)	(6,033,853)
Net increase in cash and cash equivalents		176,200,317	(2,131,735)	178,433,496	(5,297,594)
Cash and cash equivalents at the beginning of the year	A	209,970,037	212,101,772	204,400,071	209,697,664
Cash and cash equivalents at the end of the year	B	386,170,354	209,970,037	382,833,568	204,400,071
NOTE: A					
Cash and cash equivalents at the beginning of the year					
Cash and bank balances		209,970,037	212,101,772	204,400,071	209,697,664
	26	209,970,037	212,101,772	204,400,071	209,697,664
NOTE: B					
Cash and cash equivalents at the end of the year					
Cash and bank balances		386,170,354	209,970,037	382,833,568	204,400,071
	26	386,170,354	209,970,037	382,833,568	204,400,071

Figures in brackets indicate deductions.

Notes to the Financial Statements from pages 157 to 208 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

1.1 Domicile and legal form

Elpitiya Plantations PLC (the Company) was incorporated on 22 June 1992 under the Companies Act. No. 17 of 1982 (The Company was re-registered under the Companies Act No. 07 of 2007) in terms of the provisions of the Conversion of Public Corporation and Government Owned Business Undertakings into Public Companies Act No. 23 of 1987.

The registered office of the Company is located at No. 315, Vauxhall Street, Colombo 02, and Plantations are situated in the planting districts of Nuwara Eliya and Galle.

The Consolidated Financial Statements of Elpitiya Plantations PLC as at and for the year ended 31 March 2023 comprise the Company and its Subsidiaries namely, EPP Hydro Power Company (Pvt) Ltd., Water Villas (Pvt) Ltd, Escape Parks Ceylon (Pvt) Ltd and Joint Venture Companies namely, Elpitiya Lifestyle Solutions (Pvt) Ltd, AEN Palm Oil Processing (Pvt) Ltd and Elpitiya Dianhong Jin Ya Tea Company (Pvt) Ltd (together referred to as the 'Group').

The Financial Statements of the Company and the Group comprise the Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows together with Accounting Policies and Notes to the Financial Statements.

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

All companies in the Group are limited liability companies incorporated and domiciled in Sri Lanka.

The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka.

1.2 Principal activities and nature of operations

During the year, the principal activities of the Company were cultivation, manufacture and sale of Black Tea, Rubber, Oil Palm and other crops.

Principal activities of the other companies in the Group are as follows;

Company	Nature of the Business	Principle Place of Business
EPP Hydro Power Company (Pvt) Ltd.	Generating Hydro Power	Dunsinane Estate
Water Villas (Pvt) Ltd	Intended Hotel Operator	Talgaswella Estate
Elpitiya Lifestyle Solutions (Pvt) Ltd	Manufacture of all types of wooden materials (Under the liquidation process)	Devitura Estate
AEN Palm Oil Processing (Pvt) Ltd	Processing crude palm oil	Baduraliya
Elpitiya Dianhong Jin Ya Tea Company (Pvt) Ltd	Manufacturing & Selling of speciality Tea	Fernland Estate- Harrow Factory
Escape Parks Ceylon (Pvt) Ltd	Designing, developing & operating an adventure park & its associated activities	Devitura Estate

1.3 Parent enterprise

The Company's parent undertaking is Aitken Spence Plantation Managements PLC.

1.4 Date of authorization for issues

The Financial Statements of Elpitiya Plantations PLC for the year ended 31 March 2023 were authorized for issue in accordance with a resolution of the Board of Directors on 26 May 2023.

1.5 Responsibility for Financial Statements

The responsibility of the directors in relation to the Financial Statements is set out in the Statement of Directors' responsibility report in the Annual Report.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The Financial Statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards promulgated by The Institute of Chartered Accountants of Sri Lanka (CASL), and with the requirements of the Companies Act. No. 07 of 2007.

2.2 Basis of measurement

These Financial Statements have been prepared in accordance with the historical cost convention other than consumable biological assets and produce on bearer biological assets that have been measured at fair value and where appropriate specific policies are explained in the succeeding notes.

No adjustments have been made for inflationary factors in the Financial Statements.

2.3 Functional and presentation currency

The Financial Statements are presented in Sri Lankan Rupees (Rs.) which is the Group's functional and presentation currency. All financial information presented in Sri Lankan Rupees has been given to the nearest rupee, unless stated otherwise.

2.4 Materiality and aggregation

Each material class of similar items is presented separately in the Consolidated Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Comparative information

The presentation and classification of the financial statements of the current year are comparable with those of the previous year.

3.2 Going concern

In preparing these financial statements, the management has assessed the prevailing macroeconomic conditions and its effect on the Company and its subsidiaries and the appropriateness of the use of the going concern basis. The Group has evaluated the resilience of its businesses, considering a wide range of factors such as expected revenue streams, profitability, cost management initiatives implemented by the Group, changes in working capital, management of capital expenditure, debt repayments, cash reserves and available sources of financing including unutilized facilities and in order to be able to continue business under current global economic conditions.

Having presented the outlook to the Board, the Directors are satisfied that the Company, Subsidiaries and Joint Ventures have adequate resources to continue in operational existence for the foreseeable future, to justify adopting the going concern basis in preparing these financial statements.

Liquidity Risk Management

The Group has ensured that it maintains sufficient liquidity reserves to meet all its operational and investment requirements by closely monitoring and forecasting future funding needs and securing funding sources for both regular and emergency requirements.

3.3 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

3.3.1 Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value and the amount of any Non-Controlling Interest in the acquiree. For each business combination, the Group elects whether to measures the Non-Controlling Interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SLFRS 09 Financial Instruments, is measured at fair value with the changes in fair value recognized in the statement of profit or loss in accordance with SLFRS 09. Other contingent consideration that is not within the scope of SLFRS 09 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

3.3.2 Investment in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in its joint venture are accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognizes the loss as 'Share of profit of a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Based on the contractual terms (Joint Venture agreements), the Group assessed that Elpitiya Dianhong Jin Ya Tea Company (Pvt) Ltd and AEN Palm Oil Processing (Pvt) Ltd are joint ventures.

NOTES TO THE FINANCIAL STATEMENTS

3.4 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non -current classification. An asset as current when it is:

- Expected to be realized or intended to sell or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, results in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.5 Fair Value Measurement

The Group measures financial instruments and non-financial assets at fair value at each statement of financial position date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

- Consumable biological assets Note 18.2
- Produce on Bearer Biological Assets Note 22

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as Consumable biological assets, and significant liabilities, such as retirement benefit obligation. Involvement of external valuers is decided upon annually by the Management Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management Committee decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.6 Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income (OCI) until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognized in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

3.7 Cash dividend to equity holders of the parent

The Company recognizes a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorized, and the distribution is no longer at the discretion of the Company. A distribution is authorized when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit or loss.

3.8 Property, plant and equipment

3.8.1 Recognition and measurement

Property Plant and Equipment is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

3.8.2 Owned assets

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

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

Capital work in progress is transferred to the respective asset accounts at the time, the asset is ready for utilization or at the time the asset is commissioned.

3.8.3 De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss statement when the asset is derecognized and gains are not classified as revenue.

3.8.4 Leased assets

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

a) Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Motor vehicles 10 years

Depreciation

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

	No. of years	Rate (%)
Land	25	4.00
Mature plantations	30	3.33
Buildings	25	4.00
Machinery	20	5.00
Improvements to land/ Other vested assets/ Unimproved lands	53	1.89

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate (i.e. for an example JEDB/SLSPC Government lease rentals linked with GDP Deflator), and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Note 30 to the financial statements.

c) Short-term leases and leases of low-value assets

The Group does not contain the short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and low values assets.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

3.8.5 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost.

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in Income Statement in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense on intangible assets with finite lives is recognised in the Income Statement in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Income Statement when the asset is derecognized.

Amortization

The following intangible assets are amortized in equal amounts over their useful lives as follows:

Intangible assets name	Useful Lives	Amortization method used	Internally Generated Or acquired
Software	5 Years	amortized on straight-line Basis over the period of Expected future sales from the related project.	Acquired

3.8.6 Land improvement cost

Permanent land improvement costs are those costs incurred in making major infrastructure development and building new access roads on leasehold lands.

These costs have been capitalized and amortized over the remaining lease period. Permanent impairments to land development costs are charged to the Statement of Profit or Loss in full or reduced to the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

3.8.7 Biological Assets

Biological assets are classified in to 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 asset includes tea and rubber 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 trees those that are to be harvested as agricultural produce or sold as biological assets.

The entity recognise the biological assets when, and only when, the entity controls the assets as a result of 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.

3.8.7.1 Bearer Biological Asset

The bearer biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 – Property Plant & Equipment.

The cost of land preparation, rehabilitation, new planting, replanting, crop diversification, inter planting and fertilizing, etc., incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads. The expenditure incurred on bearer biological assets (Tea, Rubber and Oil Palm) which comes into bearing during the year, is transferred to mature plantations.

3.8.7.2 Infilling Cost on Bearer Biological Assets

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

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

3.8.7.3 Borrowing Cost

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

Borrowing costs that are not capitalized are recognized as expenses in the period in which they are incurred and charged to the Profit or Loss Statement.

The amounts of the borrowing costs which are eligible for capitalization are determined in accordance with the in LKAS 23 - Borrowing Costs'. The Borrowing Cost Capitalization rate for the year 2022/2023 is 0.7% (2021/2022 – 3.9%).

The amount so capitalized is disclosed in Note 8.1 to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

3.8.7.4 Consumable Biological Asset

Consumable biological assets include managed timber trees those that are to be harvested as agricultural produce or sold as biological assets. Expenditure incurred on consumable biological assets (managed timber trees) 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. All other assumptions and sensitivity analysis are given in Note 18.3.1

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

Impairments to Biological Asset are charged to the Profit or Loss Statement in full and reduced to the net carrying amounts of such asset in the year of occurrence after ascertaining the loss.

Consumable biological assets initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss statement when the asset is derecognised and gains are not classified as revenue.

3.8.7.5 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.

3.8.7.6 Produce on Bearer Biological Assets

In accordance with LKAS 41, Group recognize agricultural produce growing on bearer plants at fair value less cost to sell. Change in the fair value of such agricultural produce recognized 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 the 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 Group uses the following price formulas.

Tea – Bought Leaf rate (current month) less cost of harvesting & transport

Rubber – latex Price (95% of current RSS1 Price) less cost of tapping & transport

Oil Palm – Bought Mill NSA less cost of harvesting & transport

3.8.8 Depreciation and amortization

Depreciation

Depreciation is recognized in Statement of Profit or Loss on a straight-line basis over the estimated useful economic lives of each part of an item of Property, Plant & Equipment. Assets held under leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets unless it is reasonably certain that the Group will have ownership by the end of the lease term. Lease period of land acquired from JEDB/ SLSPC will be expired in year 2045. The estimated useful lives for the current and comparative periods are as follows:

	No. of years	Rate (%)
Building	40	2.50
Electronic machinery	10	10.00
Plant and other machinery	20	5.00
Motor vehicles – Supervisory and motorbikes	8	12.50
Motor vehicles – Others	10	10.00
Equipment – Tools	4	25.00
Equipment – Computer and other equipment	5	20.00
Furniture and fittings	10	10.00
Water sanitation	20	5.00
Civil construction and other	40	2.50
Solar Power Assets	20	5.00
Irrigation	6	16.67
Polytunnel	10	10.00

Mature plantations (Replanting and new planting)	No. of years	Rate (%)
Tea	33 1/3	3.00
Rubber	20	5.00
Oil Palm	20	5.00
Coconut	50	2.00
Cinnamon	20	5.00
Passion Fruit	5	20.00
Strawberry	2	50.00

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date on which the asset classified as held for sale or is derecognized. Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted prospectively, if appropriate. Mature plantations are depreciated over their useful lives or unexpired lease period, whichever is lower.

No depreciation is provided for immature plantations.

3.9 Financial Instruments

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

3.9.1 Financial Assets

3.9.1.1 Initial Recognition & Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and cash equivalents and trade and other receivables.

3.9.1.2 Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

a) Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial instruments at amortized cost comprise of trade receivables, amounts due from related parties, deposits, advances and other receivables.

b) Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling

and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss. The Group does not have any debt instruments at fair value through OCI.

c) Financial assets at fair value through OCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument- by instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

d) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the

NOTES TO THE FINANCIAL STATEMENTS

purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

3.9.1.3 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risk +s and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3.9.1.4 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

3.9.2 Financial liabilities

3.9.2.1 Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts and loans and borrowings.

3.9.2.2 Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described below:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

(b) Financial liabilities at amortized cost

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method (EIR). Gains and losses are recognized in the Profit or Loss Statement when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process.

Financial liabilities comprise interest bearing loans and borrowings, trade payables, other payables and amounts due to related parties.

3.9.2.3 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

3.9.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Consolidated Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Financial risk management objectives and policies have been disclosed under Note 39.

3.10 Inventories

Finish goods manufactured from agricultural produce of biological assets

These are valued at the lower of cost and estimated net realizable value. Net realizable value is the estimated selling price at which stocks can be sold in the ordinary course of business after allowing for cost of realization and/or cost of conversion from their existing state to saleable condition.

Input materials, Spares and consumables

At actual cost on weighted average basis.

Agricultural produce harvested from biological assets

Agricultural produce harvested from its biological assets are measured at their fair value less cost to sell at the point of harvest. The finished and semi-finished inventories from agriculture produce are valued by adding the cost of conversion to the fair value of the agricultural produce.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand form and integral part of the Group's cash management and those are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

3.12 Impairment of Non-Financial Assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired.

NOTES TO THE FINANCIAL STATEMENTS

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

3.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Profit or Loss Statement net of any reimbursement.

3.14 Employees' benefits

(a) Defined contribution plans – Employees' Provident Fund and Employees' Trust Fund

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

The Group contributes 12% on consolidated salary of the employees to Ceylon Planters' Provident Society (CPPS) / Estate Staff Provident Society (ESPS) / Employees' Provident Fund (EPF) All the employees of the Group are members of the Employees Trust Fund to which the Group contributes 3% on the consolidated salary of such employees.

(b) Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognised in the Financial Statements in respect of defined benefit plan is the present value of the defined benefit obligation at the Reporting date. The defined benefit obligation is calculated annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using the interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in Other Comprehensive Income in the period in which they arise. Actuarial gains & losses recognised in other comprehensive income are recognised immediately in retained earnings and are not reclassified to profit or loss. Past service costs are recognised immediately in the Statement of Profit or Loss.

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

The Liability is not externally funded.

The key assumptions used in determining the retirement benefit obligations are given in Note 31.2.

3.15 Capital commitments and contingencies

Capital commitments and contingent liabilities of the Group have been disclosed in the respective Notes to the Financial Statements.

3.16 Events occurring after the reporting period

All material events after the Statement of Financial Position date have been considered where appropriate; either adjustments have been made or adequately disclosed in the Financial Statements.

3.17 Earnings per share

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

3.18 Deferred income - Grants and subsidies

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized 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 recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the Statement of Profit or Loss over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual instalments.

Grants related to Property, Plant & Equipment other than grants received for forestry are initially deferred and allocated to income on a systematic basis over the useful life of the related Property, Plant & Equipment as follows: Assets are amortized over their useful lives or unexpired lease period, whichever is less.

Sanitation & water supply	20 years

Grants received for forestry are initially deferred and credited to income once when the related blocks of trees are harvested.

3.19 Statement of Profit or Loss

For the purpose of presentation of Statement of Profit or Loss, the function of expenses method is adopted as it represents fairly the elements of the Group's performance.

3.19.1 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. Under SLFRS 15, revenue is recognised upon satisfaction of performance obligation.

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

3.19.1.1 Revenue from contracts with customers

Sale of Plantation produce

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

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

Rendering of services

Service income from Group comprised with sale of hydro energy to the Ceylon Electricity Board (CEB). Revenue from sale of hydro energy recognized at the point of hydro energy releases to the national grid at a pre-determined unit price.

3.19.1.2 Other Source of Income

Revenue recognition criteria for the other source of income as follows;

Rental Income

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

Dividend Income

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

Interest Income

Interest income is recognized based on effective interest method.

Interest income on financial assets at FVTPL is recognized as part of net gains or losses on these financial instruments.

Interest income of financial assets at amortized cost is calculated by using the effective interest method and is recognized as other income.

3.19.2 Expenses

All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency is charged to revenue in arriving at the profit for the year.

3.19.3 Financing income and expenses

Finance income comprises interest income on funds invested. Interest income is recognized in the Statement of Profit or Loss as it accrues.

Finance expenses comprise interest payable on borrowing. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

The interest expense component of finance lease payment is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Foreign currency gains and losses are reported on a net basis.

3.19.4 Taxes

3.19.4.1 Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income (refer Note 4.1.1).

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of 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.

EPP Hydro Power Company (Pvt) Ltd

Company is liable for income tax on its business profit at the rate of 20% and investment income at the rate of 30%. (2021/2022 – Business income is liable at 14%; interest income is liable at 24%).

Escape Parks Ceylon (Pvt) Ltd (Pvt) Ltd

Company is liable for Investment income at the rate of 30% to 31 March 2023 (2021/2022 – 24%).

3.19.4.2 Surcharge Tax

The Group is not liable for the surcharge tax individually as well as a subsidiary of Aitken Spence Plantation Managements PLC since the taxable income does not exceeded the threshold of LKR 2000 Mn.

3.19.4.3 Deferred Tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

3.20 Statement of cash flow

The Statement of Cash Flow has been prepared using the “Indirect Method”. Interest paid is classified as operating cash flows; dividends received are classified as investing cash flows while dividends paid are classified as financing cash flows, for the purpose of presenting the Statement Cash Flows.

3.21 Segment reporting

Segmental information is provided for the different business segments of the Group. 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 and expenses that relate to transactions with any of the Group's other components.

Since the individual segments are located close to each other and operate in the same industrial environment, the need for geographical segmentation has no material impact. The activities of the segments are described on Note 14 in the Notes to the Financial Statements.

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

Assets and liabilities directly attributable to each segment are allocated to the respective segments. Assets and liabilities, which are not directly attributable to a segment, are allocated on a reasonable basis wherever possible. Unallocated items comprise mainly interest-bearing loans, borrowings, and expenses.

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

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

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of Financial Statements of the Group in conformity with Sri Lanka Accounting Standards requires the 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 estimate is revised and in any future periods affected.

The most significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have most significant effect on the amounts recognised in the Financial Statements of the Group are as follows:

4.1 Taxation

4.1.1 Current Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

According to The Inland Revenue (Amendment) Bill, to amend the Inland Revenue Act, No. 24 of 2017, Agro Farming is exempt from income tax for a period of 5 years effective from 01 April 2019. In addition to above the prevailing tax rate up to 31 December 2022 was 14%. This was increased with effect from 01 October 2022 to 30%. As per the Inland Revenue (Amendment) Act No. 45 of 2022 certified on 19 December 2022, (with retrospective effect from 01 October 2022) issued by IRD, companies have to allocate business income based on pro-rata basis for 06 months and 06 months periods. Accordingly, where applicable, the Group has separated its income and expenses as Agro faming and Agro Processing and applied the respective tax rates.

4.1.2 Deferred Tax

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. As per the Inland Revenue (Amendment) Bill issued on 18.03.2021, company is identified separately business income as agro farming & agro processing for the purpose of calculating income tax liability. Accordingly, the company has separated assets and liabilities as at 31 March 2023 as Agro farming and Agro processing for the deferred tax purpose.

4.1.3 IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. The Company applies significant judgement in identifying uncertainties over income tax treatments. It assessed whether the Interpretation had an impact on its financial statements. The Company determined that it is probable that its tax treatments will be accepted by the taxation authorities.

4.2 Retirement benefit obligations

The present value of the retirement benefit obligation determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

In determining the appropriate discount rate, management considers the interest rates of Sri Lanka government bonds with maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases are based on expected future inflation rate and expected future salary increase rates of the Group.

Further details about Retirement benefit obligations are provided in Note 31.

4.3 Fair Valuation of Consumable Biological Assets

The fair value of managed timber depends on number of factors that are determined on a discounted cash flow method using various different financial and non-financial assumptions. The growth of the trees is determined by various biological factors that are highly unpredictable. Any change to the assumptions will impact the fair value of biological assets. All assumptions are reviewed at each reporting period. Key assumptions and sensitivity analysis of the biological assets are given in Note 18.3.

4.4 Bearer Biological Assets

A mature plantation is an area of land developed with crops such as tea, rubber, oil palm and other crops which has been brought into bearing ready for commercial harvesting. Hence, transfer of immature plantations to mature plantation fields happens at the point of commencement of commercial harvesting which depends on growth of plant, weather patterns and soil condition. Therefore, immature to mature transfer require significant management judgment in determining the point at which a plant is deemed ready for commercial harvesting.

4.5 Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the company's stand-alone credit rating).

5. SRI LANKA ACCOUNTING STANDARDS (SLFRS / LKAS) ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

5.1 SLFRS 17 – Insurance contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of SLFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in SLFRS 4, which are largely based on grandfathering previous local accounting policies, SLFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2025, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

The amendments are not expected to have a material impact on the Group.

5.2 Amendments to LKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Accounting Policies, Changes in Accounting Estimates and Errors

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

The amendments are not expected to have a material impact on the Group.

5.3 Amendments to LKAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Also, under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

The amendments are not expected to have a material impact on the Group.

5.4 Amendments to LKAS 1 - Disclosure of Accounting Policies

Amendments to LKAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

The amendments are not expected to have a material impact on the Group.

5.5 Amendments to LKAS 1 - Classification of Liabilities as Current or Non current

Amendments to LKAS 1 Presentation of Financial Statements specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
- Disclosures

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

The amendments are not expected to have a material impact on the Group.

NOTES TO THE FINANCIAL STATEMENTS

6. REVENUE

	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Tea	5,592,344,156	2,919,589,208	5,592,344,156	2,919,589,208
Rubber	281,580,819	276,507,711	281,580,819	276,507,711
Oil Palm	2,334,565,347	1,793,982,964	2,334,565,347	1,793,982,964
Others	139,881,568	105,907,419	125,994,110	78,363,854
	8,348,371,890	5,095,987,303	8,334,484,432	5,068,443,737

7. OTHER INCOME

	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Amortisation of Leasehold right to use of Land (Note 32.3)	5,479,310	5,479,310	5,479,310	5,479,310
Amortisation of deferred income from sub lease	8,936,868	4,543,967	8,936,868	4,543,967
Amortisation of capital grants	14,902,188	14,872,954	14,902,188	14,872,954
Gain on PPE disposal	-	260,952	-	260,952
Income from sub lease	5,479,310	5,778,095	5,479,310	5,778,095
Item written back	1,610,812	4,101,114	1,610,812	4,101,114
Income from Solar Power Projects	33,383,064	40,142,498	33,383,064	40,142,498
Sale of other trees	25,170,720	29,013,657	25,170,720	29,013,657
Profit from sale of Timber Trees	12,956,596	18,665,654	12,956,596	18,665,654
Revenue on Sheen mini hydro power project	16,155,697	17,600,188	16,155,697	17,600,188
Revenue on dunsinane mini hydro power project	4,895,671	5,033,129	4,895,671	5,033,129
Sundry income	72,438,397	53,286,048	72,438,397	53,286,048
Dividend Income	-	-	150,986,337	100,659,888
	201,408,635	198,777,566	352,394,972	299,437,454

8. FINANCE INCOME AND FINANCE EXPENSES

	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
8.1 Finance expenses				
Overdraft interest	376,304	580,731	376,304	580,731
Term loan interest	25,313,939	12,953,244	25,313,939	12,953,244
Interest on government lease	46,160,813	43,137,759	46,160,813	43,137,759
	71,851,057	56,671,735	71,851,057	56,671,735
Amount capitalised	(2,025,000)	(6,750,000)	(2,025,000)	(6,750,000)
	69,826,057	49,921,735	69,826,057	49,921,735
8.2 Finance Income				
Interest income	353,716,069	37,601,045	353,537,266	37,523,279
Interest Income on lease	1,434,227	1,390,141	1,434,227	1,390,141
Exchange Gain	2,705,561	6,142,929	2,705,561	6,142,929
	357,855,857	45,134,115	357,677,055	45,056,349
8.3 Net Finance Expense	(288,029,801)	4,787,619	(287,850,998)	4,865,386

9. PROFIT BEFORE TAXATION IS STATED AFTER CHARGING

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Auditors fees	4,235,748	3,528,536	4,003,560	3,336,300
Depreciation and amortisation	360,435,031	315,763,371	351,181,923	306,524,669
Define benefit plan costs	134,110,910	94,711,808	134,054,982	94,656,334
Defined contributions plan cost - EPF and ETF	244,714,271	314,272,387	244,543,076	314,272,387
Staff costs	1,921,364,138	2,089,802,100	1,918,860,896	2,087,492,799
Director fees & other emoluments	108,656,618	79,730,143	108,656,618	79,730,143
Donations	500,426	2,098,471	500,426	2,098,471

10. INCOME TAX

10.1 Income tax expense

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
10.1.1 INCOME TAX				
Current Tax				
Tax on current year profits	137,036,358	26,450,404	137,000,000	25,500,000
Under / (Over)provision in respect of previous years	(1,105,634)	(3,501,770)	(1,141,660)	(3,308,483)
Withholding tax on dividends paid	8,881,138	-	-	-
Unclaimable ESC	-	3,857,856	-	3,857,856
	144,811,862	26,806,490	135,858,340	26,049,373
Deferred Tax				
Deferred tax expense/ (reversal) (10.1.3)	1,030,289,764	74,318,803	1,028,542,946	73,406,733
	1,175,101,626	101,125,294	1,164,401,286	99,456,106
10.1.2 Impact of changes in tax rates				
Current Tax	245,228,186	101,125,294	235,846,907	99,456,106
Increase in opening deferred taxes resulting from Increase in tax rate	929,873,440	-	928,554,379	-
	1,175,101,626	101,125,294	1,164,401,286	99,456,106
10.1.3 Deferred tax expense/ (reversal)				
Impact of changes in tax rates				
Related to brought forward temporary timing differences	783,006,364	-	781,870,626	-
Related to current year temporary differences	146,867,076	-	146,683,752	-
	929,873,440	-	928,554,379	-
Origination/(reversal) of temporary differences	100,416,324	74,318,803	99,988,567	73,406,733
Deferred tax expense/ (reversal)	1,030,289,764	74,318,803	1,028,542,946	73,406,733
10.1.4 Statement of Comprehensive Income				
Deferred tax expense / (Reversal)	281,455	5,723,549	281,455	5,723,549
	281,455	5,723,549	281,455	5,723,549

NOTES TO THE FINANCIAL STATEMENTS

10. INCOME TAX (CONTD.)

10.2 Reconciliation of the accounting profit and tax on current year

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Profit before tax	3,005,827,687	1,633,750,500	2,935,410,276	1,490,202,215
Profit from equity accounted investees	(229,749,535)	(233,584,336)	-	-
Adjusted accounting profit chargeable to income taxes	2,776,078,152	1,400,166,164	2,935,410,276	1,490,202,215
Aggregate disallowed items	771,674,897	646,283,334	561,046,086	536,329,270
Aggregate allowed items	(864,530,713)	(723,125,904)	(850,745,139)	(709,067,508)
Business profit	2,683,222,336	1,323,323,595	2,645,711,224	1,317,463,977
Tax exempt	(1,680,033,247)	(1,033,781,130)	(1,680,033,247)	(1,033,781,130)
Tax loss brought forward and utilized	(377,907,169)	(179,258,376)	(377,907,169)	(179,258,376)
Current year Losses not utilised - Subsidiaries	13,001,129	873,428	-	-
Taxable income	638,283,049	111,157,516	587,770,807	104,424,470
Income Tax @ 14%	47,795,039	931,740	47,795,038	-
Income Tax @ 20%	33,926	-	-	-
Income Tax @ 24%	7,698,515	25,518,664	7,697,233	25,500,000
Income Tax @ 30%	81,508,878	-	81,507,729	-
Income tax expense charged to Statement of Profit or Loss	137,036,358	26,450,404	137,000,000	25,500,000

10.3 Tax losses carried forward

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Tax losses brought forward	368,750,270	542,747,920	365,457,788	540,319,384
Adjustments on finalisation of liability	12,440,345	4,387,298	12,449,381	4,396,780
Tax losses arising during the year	13,001,129	873,428	-	-
Utilisation of tax losses	(377,907,169)	(179,258,376)	(377,907,169)	(179,258,376)
Tax losses carried forward	16,284,575	368,750,270	-	365,457,788

10.4 Deferred tax expense

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
10.4.1 Statement of Profit or Loss				
Origination and (reversal) of temporary differences	1,030,289,764	74,318,803	1,028,542,946	73,406,733
	1,030,289,764	74,318,803	1,028,542,946	73,406,733
10.4.2 Statement of Comprehensive Income				
Tax effect on actuarial gain/(loss) on retirement benefit obligations	281,455	5,723,549	281,455	5,723,549
	281,455	5,723,549	281,455	5,723,549
Total Deferred tax expense/ (reversal)	1,030,571,219	80,042,353	1,028,824,401	79,130,283

11. DEFERRED TAX LIABILITY

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
At the beginning of the year	412,796,579	332,754,226	410,146,521	331,016,238
Amount originated during the year transferred to Statement of Profit or Loss	1,030,289,764	74,318,803	1,028,542,946	73,406,733
Amount originated during the year transferred to Other Comprehensive Income	281,455	5,723,549	281,455	5,723,549
At the end of the year	1,443,367,798	412,796,579	1,438,970,922	410,146,521

Composition of deferred tax liabilities;	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Deferred tax liabilities;				
Tax effect on temporary difference of Property, plant and equipment	188,448,118	65,605,333	184,001,559	62,923,362
Tax effect on temporary difference of biological assets	1,453,581,407	462,623,962	1,453,581,407	462,623,962
Tax effect on temporary difference of Right-of-use-of-land	99,642,399	33,541,726	99,642,399	33,541,726
	1,741,671,925	561,771,021	1,737,225,366	559,089,050
Deferred tax assets;				
Tax effect on temporary difference of provisions for obsolete items	(4,222,445)	(1,334,125)	(4,222,445)	(1,334,125)
Tax effect on temporary difference of expected credit losses	(3,779,596)	(797,859)	(3,779,596)	(797,859)
Tax effect on temporary difference of lease liability	(112,818,722)	(36,940,921)	(112,818,722)	(36,940,921)
Tax effect on temporary difference of retirement benefit obligation	(177,483,365)	(58,737,447)	(177,433,682)	(58,705,534)
Tax effect on tax losses available for offsetting future taxable income	-	(51,164,090)	-	(51,164,090)
	(298,304,127)	(148,974,442)	(298,254,444)	(148,942,529)
	1,443,367,798	412,796,579	1,438,970,922	410,146,521

The effective tax rate used to calculate deferred tax liability for all the Temporary Differences as at 31 March, 2023 is 30% (2021/2022 -10.5%) for the company and 20% for EPP Hydro Power Company (Pvt) Ltd (2021/2022 -14%).

12. EARNINGS PER SHARE

12.1 Earnings Per Share

	Group		Company	
	2023	2022	2023	2022
Profit attributable to ordinary shareholders of the parent (Rs.)	1,830,852,844	1,532,744,006	1,771,008,990	1,390,746,109
Weighted average number of ordinary shares	72,866,430	72,866,430	72,866,430	72,866,430
Earnings per share (Rs.)	25.13	21.03	24.30	19.09

The computation of the basic earnings per share is based on profit attributable to ordinary shareholders for the year , divided by weighted average number of ordinary shares outstanding during the year.

13. DISTRIBUTIONS MADE AND PROPOSED

	Company	
Cash dividends on ordinary shares declared and paid	2023 Rs.	2022 Rs.
Interim dividend for 2023 : Rs. 3 per share (2022 :Rs. 2 per share)	218,599,290	145,732,860
At the end of the year	218,599,290	145,732,860

NOTES TO THE FINANCIAL STATEMENTS

14. SEGMENT INFORMATION

Group	Tea 2023 Rs.	Tea 2022 Rs.	Rubber 2023 Rs.	Rubber 2022 Rs.
14.1.a Segment results				
Revenue	5,592,344,156	2,919,589,208	281,580,819	276,507,711
Operating expenses				
Revenue expenditure	(3,624,085,983)	(2,376,700,598)	(142,767,113)	(132,201,629)
Depreciation / amortisation	(129,835,683)	(105,528,675)	(76,683,812)	(73,858,223)
Other non cash expenses - gratuity	(50,136,851)	(40,559,612)	(18,695,011)	(13,352,020)
Segmental results	1,788,285,639	396,800,323	43,434,883	57,095,839
Gain on fair value of biological assets				
Other income				
Unallocated expenses				
Management fees & workers profit share				
Profit from investments in joint ventures				
Profit from operating activities				
Finance income				
Finance cost				
Profit from ordinary activities before taxation				
Tax expenses				
Profit for the year				
14.1.b Segment Assets				
Group				
Non current assets				
Cost	3,509,735,326	3,584,400,941	2,045,835,159	2,066,912,689
Accumulated depreciation and amortisation	(1,086,092,257)	(1,209,948,409)	(761,657,439)	(723,884,931)
	2,423,643,069	2,374,452,532	1,284,177,720	1,343,027,758
Unallocated non current assets Cost				
Accumulated depreciation and amortisation				
Investments				
Other non current asset				
Total non current assets				
Current assets	780,930,663	503,638,768	107,731,133	137,131,373
	780,930,663	503,638,768	107,731,133	137,131,373
Unallocated current assets				
Total current assets				
Total assets				
14.1.c Segment Liabilities				
Group				
Non current liabilities	250,052,406	262,175,571	93,239,452	86,307,867
Current liabilities	260,861,248	246,512,809	97,269,849	81,150,777
	510,913,655	508,688,380	190,509,301	167,458,644
Unallocated non current liabilities				
Total liabilities				
Capital and resources				
Total equity and liabilities				
14.1.d Segment capital expenditure				
Group				
Cost	162,114,767	233,167,683	84,247,201	35,215,218

Oil Palm		Others		Total	
2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
2,334,565,347	1,793,982,964	139,881,568	105,907,419	8,348,371,890	5,095,987,303
(900,343,304)	(437,560,323)	(85,505,460)	(43,729,691)	(4,752,701,861)	(2,990,192,241)
(123,147,409)	(87,031,163)	(21,515,019)	(15,882,498)	(351,181,923)	(282,300,560)
(38,329,031)	(30,113,529)	(14,869,732)	(1,361,579)	(122,030,626)	(85,386,740)
1,272,745,602	1,239,277,948	17,991,356	44,933,650	3,122,457,481	1,738,107,762
				12,234,485	38,969,763
				201,408,635	198,777,566
				(680,173,155)	(424,908,707)
				(167,879,094)	(145,992,593)
				229,749,535	233,584,328
				2,717,797,886	1,638,538,119
				357,855,857	45,134,115
				(69,826,057)	(49,921,735)
				3,005,827,687	1,633,750,500
				(1,175,101,626)	(101,125,294)
				1,830,726,060	1,532,625,206
2,714,509,104	2,551,406,456	2,065,904,774	1,174,615,912	10,335,984,363	9,377,335,998
(902,523,984)	(621,202,741)	(354,416,825)	(163,442,232)	(3,104,690,505)	(2,718,478,313)
1,811,985,120	1,930,203,715	1,711,487,948	1,011,173,681	7,231,293,857	6,658,857,686
				155,447,681	234,249,341
				(82,418,672)	(129,085,630)
				7,304,322,867	6,764,021,397
				423,127,970	353,245,906
				49,263,453	47,829,226
				7,776,714,287	7,165,096,533
184,271,438	132,820,567	167,918,422	18,424,879	1,240,851,657	792,015,587
184,271,438	132,820,567	167,918,422	18,424,879	1,240,851,657	792,015,587
				2,999,875,191	1,347,843,738
				4,240,726,848	2,139,859,325
				12,017,441,135	9,304,955,858
191,162,115	194,654,772	74,445,142	9,029,235	608,899,116	552,167,445
199,425,347	183,023,710	78,580,126	10,383,127	636,136,570	521,070,423
390,587,462	377,678,482	153,025,268	19,412,362	1,245,035,686	1,073,237,867
				2,260,376,548	1,332,472,588
				3,505,412,234	2,405,710,454
				8,512,028,902	6,899,245,403
				12,017,441,135	9,304,955,858
74,387,246	108,334,848	549,099,461	248,326,923	869,848,675	625,044,669

14. SEGMENT INFORMATION

Company	Tea 2023 Rs.	Tea 2022 Rs.	Rubber 2023 Rs.	Rubber 2022 Rs.
14.2.a Segment results				
Revenue	5,592,344,156	2,919,589,208	281,580,819	276,507,711
Operating expenses				
Revenue expenditure	(3,624,085,983)	(2,376,700,598)	(142,767,113)	(132,201,629)
Depreciation / amortisation	(129,835,683)	(105,528,675)	(76,683,812)	(73,858,223)
Other non cash expenses - gratuity	(50,136,851)	(40,559,612)	(18,695,011)	(13,352,020)
Segmental results	1,788,285,639	396,800,323	43,434,883	57,095,839
Gain on fair value of biological assets				
Other income				
Unallocated expenses				
Management fees & workers profit share				
Profit from operating activities				
Finance cost				
Finance income				
Profit from ordinary activities before taxation				
Tax Expense				
Profit for the year				
14.2.b Segment Assets				
Company				
Non current assets				
Cost	3,509,735,326	3,584,400,941	2,045,835,159	2,066,912,689
Accumulated depreciation and amortisation	(1,086,092,257)	(1,209,948,409)	(761,657,439)	(723,884,931)
	2,423,643,069	2,374,452,532	1,284,177,720	1,343,027,758
Unallocated non current assets Cost				
Accumulated depreciation and amortisation				
Investments				
Other non current asset				
Total non current assets				
Current assets	780,930,663	503,638,768	107,731,133	137,131,373
	780,930,663	503,638,768	107,731,133	137,131,373
Unallocated current assets				
Total current assets				
Total assets				
14.2.c Segment Liabilities				
Company				
Non current liabilities	250,052,406	262,175,571	93,239,452	86,307,867
Current liabilities	260,861,248	246,512,809	97,269,849	81,150,777
	510,913,655	508,688,380	190,509,301	68,275,500
Unallocated non current liabilities				
Total liabilities				
Capital and resources				
Total equity and liabilities				
14.2.d Segment capital expenditure				
Company				
Cost	162,114,767	533,816,390	84,247,201	38,370,968

Oil Palm		Others		Total	
2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
2,334,565,347	1,793,982,964	125,994,110	78,363,854	8,334,484,432	5,068,443,737
(900,343,304)	(437,560,323)	(71,611,667)	(39,742,890)	(4,738,808,068)	(2,986,205,439)
(123,147,409)	(87,031,163)	(21,515,019)	(6,643,797)	(351,181,923)	(273,061,858)
(38,329,031)	(30,113,529)	(14,869,732)	(1,361,579)	(122,030,626)	(85,386,740)
1,272,745,602	1,239,277,948	17,997,692	30,615,589	3,122,463,816	1,723,789,700
				12,234,485	38,969,763
				352,394,972	299,437,454
				(671,654,900)	(421,136,723)
				(167,879,094)	(145,992,593)
				2,647,559,278	1,495,067,600
				(69,826,057)	(49,921,735)
				357,677,055	45,056,349
				2,935,410,276	1,490,202,215
				(1,164,401,286)	(99,456,106.44)
				1,771,008,990	1,390,746,109
2,714,509,104	2,551,406,456	1,803,135,609	911,846,751	10,073,215,198	9,114,566,837
(902,523,984)	(621,202,741)	(265,349,330)	(83,627,844)	(3,015,623,010)	(2,638,663,925)
1,811,985,120	1,930,203,715	1,537,786,279	828,218,907	7,057,592,188	6,475,902,912
				155,447,681	234,249,341
				(82,418,672)	(129,085,630)
				73,029,009	105,163,711
				239,290,290	239,290,290
				46,659,796	45,225,569
				7,416,571,283	6,865,582,482
184,271,438	132,820,567	153,357,377	56,527,609	1,226,290,612	830,118,317
184,271,438	132,820,567	153,357,377	56,527,609	1,226,290,612	830,118,317
				3,052,939,123	1,347,843,738
				4,279,229,734	2,177,962,057
				11,695,801,018	9,043,544,539
191,162,115	194,654,772	74,161,265	8,801,285	608,615,238	551,939,495
199,425,347	183,023,710	77,366,982	8,275,388	634,923,426	518,962,684
390,587,462	338,653,157	151,528,247	17,076,674	1,243,538,664	1,070,902,179
				2,255,650,390	1,329,096,825
				3,499,189,055	2,399,999,004
				8,196,611,963	6,643,545,535
				11,695,801,018	9,043,544,539
74,387,246	68,074,733	549,099,461	294,320,232	869,848,675	934,582,323

15. RIGHT-OF-USE-ASSETS

		Group / Company	
	Notes	2023 Rs.	2022 Rs.
Right-of-use-asset- land	15.1	332,141,329	319,445,007
Right -of - use -asset- immovable bearer biological assets	15.2.1	24,629,413	37,207,453
Right -of - use -asset - other property plant and equipments	15.2.2	3,857,857	4,042,897
Right -of - use -asset- motor vehicles	15.3	3,677,708	4,597,135
		364,306,307	365,292,491

15.1 Right-of-use asset- land

This Right-of-use asset- Land is amortized over the remaining lease term or useful life of the right whichever is shorter and is disclosed under non-current assets. An adjustment to the "Right-of-use asset- Land" could be made to the extent that the change relate to the future period on the reassessment of lease liability. The lease liability as at 01 January 2020 has been reassessed under the provisions of SLFRS 16 and both "Right-of-use asset- Land" and "Lease Liability" has been enhanced. "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 22 years.

	Group / Company	
	2023 Rs.	2022 Rs.
Cost		
At the beginning of the year	333,333,920	335,071,854
Adjustment on reassessment of lease liability	27,793,656	11,664,940
Transferred in due to reassessment of lease liability	(13,888,913)	(13,402,874)
At the end of the year	347,238,662	333,333,920
Amortisation		
At the beginning of the year	13,888,913	13,402,874
Transferred out due to reassessment of lease liability	(13,888,913)	(13,402,874)
Amortisation for the year	15,097,333	13,888,913
At the end of the year	15,097,333	13,888,913
Written down value	332,141,329	319,445,007

15.2 Right-of-use asset- Immovable estate assets on lease other than Right-of-use asset- land

At the time of privatisation of plantation estates, all immovable assets in these estates (Note 15.2.1 and Note 15.2.2) have been taken into the books of the Company retroactive to 22nd June 1992 under finance lease. These assets have accounted in accordance with SLFRS 16 - Leases.

15.2.1 Right-of-use asset- immovable bearer biological assets

	Group / Company		
	Immature Plantations Rs.	Mature Plantations Rs.	Total Rs.
At Cost			
Balance as at 22.06.1992	283,368,199	95,362,391	378,730,590
Transferred to mature plantations	(283,368,199)	283,368,199	-
Acquired by government in 2002/2003	-	(1,389,400)	(1,389,400)
Transferred to joint venture in 2015/2016	-	(19,773,222)	(19,773,222)
Balance as at 31.03.2023	-	357,567,968	357,567,968
Amortisation			
Accumulated amortization as at 01.04.2022	-	320,360,515	320,360,515
Amortization during the year	-	12,578,040	12,578,040
Accumulated amortization as at 31.03.2023	-	332,938,555	332,938,555
Written down value as at 31.03.2023	-	24,629,413	24,629,413
Written down value as at 31.03.2022	-	37,207,453	37,207,453

15.2.2 Right-of-use-of-other property plant and equipments

	Group / Company					
	Improvements to land Rs.	Other vested assets Rs.	Unimproved lands Rs.	Buildings Rs.	Plant and machinery Rs.	Total Rs.
At Cost						
Balance as at 22.06.1992	4,214,618	4,028,217	1,564,267	73,002,143	47,785,047	130,594,292
Acquired by government in 2002/2003	-	-	-	(3,390,250)	-	(3,390,250)
Transferred to joint venture in 2015/2016	-	-	-	(5,536,000)	-	(5,536,000)
Balance as at 31.03.2023	4,214,618	4,028,217	1,564,267	64,075,893	47,785,047	121,668,042
Amortisation						
As at 1 April 2022	2,753,272	2,265,693	745,241	64,075,893	47,785,047	117,625,145
Amortisation for the year	79,521	76,004	29,514	-	-	185,040
As at 31 March 2023	2,832,793	2,341,697	774,755	64,075,893	47,785,047	117,810,185
Written down value as at 31.03.2023	1,381,825	1,686,520	789,512	-	-	3,857,857
Written down value as at 31.03.2022	1,461,346	1,762,524	819,026	-	-	4,042,897

15. RIGHT-OF-USE-ASSETS (CONTD.)

15.3 Right-of-use asset - motor vehicles

	Group / Company	
	2023 Rs.	2022 Rs.
Cost		
As at 1 April	16,855,000	16,855,000
At the end of the year	16,855,000	16,855,000
Amortisation		
At the beginning of the year	12,257,865	11,338,439
Amortisation during the year	919,427	919,427
At the end of the year	13,177,292	12,257,865
Written Down Value	3,677,708	4,597,135

16. FREEHOLD PROPERTY, PLANT AND EQUIPMENT

	Group				Company			
	As at 1 April 2022 Rs.	Additions/ Transfer In Rs.	Disposals Rs.	As at 31 March 2023 Rs.	As at 1 April 2022 Rs.	Additions/ Transfer In Rs.	Disposals Rs.	As at 31 March 2023 Rs.
At Cost								
Buildings	179,695,150	42,394,399	-	222,089,549	179,695,150	42,394,399	-	222,089,549
Motor vehicles	303,435,662	19,985,791	-	323,421,453	303,435,662	19,985,791	-	323,421,453
Plant and machinery	633,533,963	9,637,647	-	643,171,610	633,533,963	9,637,647	-	643,171,610
Furniture and fittings	17,852,295	1,388,246	-	19,240,542	17,852,295	1,388,246	-	19,240,542
Equipment	185,193,581	27,470,879	-	212,664,460	185,193,581	27,470,879	-	212,664,460
Water sanitation	257,796,978	22,288,499	-	280,085,477	257,796,978	22,288,499	-	280,085,477
Solar power assets	228,397,166	4,054,415	-	232,451,581	228,397,166	4,054,415	-	232,451,581
Irrigation	7,924,083	11,167,927	-	19,092,010	7,924,083	11,167,927	-	19,092,010
Polytunnel	87,543,862	29,301,669	-	116,845,531	87,543,862	29,301,669	-	116,845,531
	1,901,372,741	167,689,472	-	2,069,062,213	1,901,372,740	167,689,472	-	2,069,062,213
Assets on Mini Hydro Power Projects								
Plant and machinery	150,811,101	-	-	150,811,101	57,744,429	-	-	57,744,429
Equipment	12,821,693	-	-	12,821,693	4,152,104	-	-	4,152,104
Motor vehicles	263,089	-	-	263,089	99,889	-	-	99,889
Furniture and fittings	24,500	-	-	24,500	24,500	-	-	24,500
Civil constructions	220,959,314	-	-	220,959,314	81,380,332	-	-	81,380,332
	384,879,697	-	-	384,879,697	143,401,254	-	-	143,401,254
Total cost	2,286,252,437	167,689,472	-	2,453,941,909	2,044,773,994	167,689,472	-	2,212,463,467

	As at 1 April 2022 Rs.	Charge for the year Rs.	Disposals Rs.	As at 31 March 2023 Rs.	As at 1 April 2022 Rs.	Charge for the year Rs.	Disposals Rs.	As at 31 March 2023 Rs.
Depreciation								
Buildings	20,827,160	4,514,182	-	25,341,342	20,827,160	4,514,182	-	25,341,342
Motor vehicles	210,895,877	20,297,717	-	231,193,594	210,895,877	20,297,717	-	231,193,594
Plant and machinery	238,268,519	26,767,242	-	265,035,760	238,268,519	26,767,242	-	265,035,760
Furniture and fittings	12,830,943	782,955	-	13,613,898	12,830,943	782,955	-	13,613,898
Equipment	145,346,791	16,651,863	-	161,998,654	145,346,791	16,651,863	-	161,998,654
Water sanitation	186,978,008	12,889,849	-	199,867,857	186,978,008	12,889,849	-	199,867,857
Solar Power Assets	21,804,417	11,419,858	-	33,224,275	21,804,417	11,419,858	-	33,224,275
Irrigation	588,918	1,320,681	-	1,909,598	588,918	1,320,681	-	1,909,598
Polytunnel	4,353,437	8,754,386	-	13,107,823	4,353,437	8,754,386	-	13,107,823
	841,894,068	103,398,733	-	945,292,802	841,894,068	103,398,733	-	945,292,802
Assets on Mini Hydro Power Projects								
Plant and machinery	77,421,392	7,540,555	-	84,961,947	38,643,609	2,887,221	-	41,530,830
Equipment	12,622,782	125,622	-	12,748,404	4,152,104	-	-	4,152,104
Motor vehicles	259,700	3,400	-	263,100	99,889	-	-	99,889
Furniture and fittings	12,250	2,450	-	14,700	12,250	2,450	-	14,700
Civil constructions	66,992,757	6,505,261	-	73,498,018	34,586,640	2,034,509	-	36,621,149
	157,308,880	14,177,288	-	171,486,168	77,494,492	4,924,180	-	82,418,672
Total depreciation	999,202,949	117,576,021	-	1,116,778,970	919,388,560	108,322,913	-	1,027,711,473
Written down value	1,287,049,488			1,337,162,939	1,125,385,434			1,184,751,993

	Group				Company			
	As at 1 April 2022 Rs.	Additions Rs.	Transfer Out Rs.	As at 31 March 2023 Rs.	As at 1 April 2022 Rs.	Additions Rs.	Transfer Out Rs.	As at 31 March 2023 Rs.
Capital work in progress								
Buildings	127,661,228	360,400,135	(75,639,373)	412,421,989	106,370,507	360,400,135	(75,639,373)	391,131,269
Solar power assets	71,375,924	4,533,930	-	75,909,853	71,375,924	4,533,930	-	75,909,853
Software	-	2,022,600	-	2,022,600	-	2,022,600	-	2,022,600
	199,037,151	366,956,665	(75,639,373)	490,354,442	177,746,431	366,956,665	(75,639,373)	469,063,722
Total carrying value	1,486,086,640			1,827,517,381	1,303,131,864			1,653,815,714

16.1 The cost of fully depreciated and still in use assets of the company amounts to Rs. 377 Mn as of 31 March 2023.

17. INTANGIBLE ASSETS

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Software	17,349,672	17,667,813	17,349,672	17,667,813
Goodwill	2,603,657	2,603,657	-	-
	19,953,329	20,271,470	17,349,672	17,667,813

17.1 Software

	Group/Company			
At Cost	Balance As at 01.04.2022 Rs.	Additions Rs.	Disposals Rs.	Balance As at 31.03.2023 Rs.
Software	38,704,998	7,912,500	-	46,617,498
	38,704,998	7,912,500	-	46,617,498

	Group/Company			
Amortisation	Balance As at 01.04.2022 Rs.	Additions Rs.	Disposals Rs.	Balance As at 31.03.2023 Rs.
Software	21,037,185	8,230,641	-	29,267,826
	21,037,185	8,230,641	-	29,267,826
Carrying Value	17,667,813			17,349,672

17.1.1 The cost of fully depreciated and still in use assets of the company amounts to Rs. 24 Mn as of 31 March 2023.

17.2 Goodwill

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
At cost				
At the beginning of the year	2,603,657	2,603,657	-	-
Acquisition of operations	-	-		
At the end of the year	2,603,657	2,603,657	-	-
Accumulated amortisation and impairment	-	-	-	-
	-	-	-	-
Carrying amount	2,603,657	2,603,657	-	-

The recoverability amount of goodwill is determined with reference to the value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering five year periods. The key assumptions used are given below,

Business growth - Based on the long term average growth rate used in consistent with the forecast included in industry reports.
Inflation rate - Based on current inflation rate.
Discount rate - Risk free rate adjusted for the specific risk relating to the industry.
Margin - Based on past performance and budgeted expectations.

18. BIOLOGICAL ASSETS

18.1 Bearer Biological Assets

	Group / Company	
	2023 Rs.	2022 Rs.
Cost		
At the beginning of the year	5,140,032,589	4,872,575,927
Additions during the year	377,485,637	301,440,306
Transfer to nursery	-	(25,197,207)
Transfer to Timber	(3,511,801)	-
Cost of Disposals	(6,999,881)	(8,786,435)
At the end of the year	5,507,006,544	5,140,032,589
Depreciation		
At the beginning of the year	1,363,191,369	1,194,496,061
Charge for the year	205,848,530	177,481,743
Cost of Disposals	(6,999,881)	(8,786,435)
At the end of the year	1,562,040,017	1,363,191,369
Carrying amount	3,944,966,527	3,776,841,221

	Immature Plantations				
	Tea Rs.	Rubber Rs.	Oil Palm Rs.	Other Rs.	Total Rs.
At Cost					
At the beginning of the year	155,488,096	129,179,514	93,997,288	338,828,821	717,493,719
Additions during the year	95,129,610	67,580,728	40,217,179	174,558,120	377,485,637
Transfers to	(53,869,618)	(30,542,223)	(110,299,162)	(75,598,719)	(270,309,723)
At the end of the year	196,748,088	166,218,019	23,915,305	437,788,222	824,669,633

	Mature Plantations				
	Tea Rs.	Rubber Rs.	Oil Palm Rs.	Other Rs.	Total Rs.
At Cost					
At the beginning of the year	1,187,424,126	1,430,215,498	1,707,186,069	97,713,177	4,422,538,870
Transfers from	53,869,618	30,542,223	110,299,162	72,086,918	266,797,922
Disposal Cost	-	(6,999,881)	-	-	(6,999,881)
At the end of the year	1,241,293,744	1,453,757,840	1,817,485,232	169,800,095	4,682,336,911
Depreciation					
At the beginning of the year	368,533,428	516,963,794	450,170,974	27,523,173	1,363,191,369
Charge for the year	35,622,700	71,940,082	83,817,504	14,468,244	205,848,530
Disposal Cost	-	(6,999,881)	-	-	(6,999,881)
At the end of the year	404,156,129	581,903,994	533,988,478	41,991,417	1,562,040,018
Carrying amount of Mature Plantations	837,137,616	871,853,846	1,283,496,754	127,808,677	3,120,296,893

18. BIOLOGICAL ASSETS (CONTD.)

These are investments in Mature/Immature Plantations since the formation of the Company. The assets (including plantation assets) taken over by way of estate leases are set out in Note 15 to the Financial Statements. Further investments in Immature Plantations taken over by way of leases are shown in this note. When such Plantations become mature, the additional investments since taken over to bring them to maturity are transferred from Immature to Mature.

During the year Company has capitalised Borrowing Cost amounting to Rs. 2,025,000/- (2022 - Rs. 6,750,000/-) as part of the immature plantations.

18.2 Consumable Biological Assets

Managed timber plantation

	Group/Company	
	2023 Rs.	2022 Rs.
At the beginning of the year	1,118,133,234	1,072,435,279
Increase due to development	29,498,189	24,734,161
Transfer from Biological Assets	3,511,801	-
Cost of harvested timber trees	(6,448,404)	(13,104,996)
Gain arising from changes in fair value less cost to sell due to physical changes	(6,558,270)	34,068,790
At the end of the year	1,138,136,551	1,118,133,234

Managed trees include commercial timber plantations cultivated on estates. The cost of immature trees is treated as approximate 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 since the LKAS 41 is only applicable for managed agricultural activities in terms of the ruling issued by The Institute of Chartered Accountants of Sri Lanka. The valuation was carried by Mr W.M.Chandrasena, Chartered Valuation Surveyor, using Discounted Cash Flow (DCF) method. In ascertaining the fair value of timber, physical verification was carried out covering all the estates.

18.3 Consumable Biological Assets

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

	Immature Plantations				
	Non Financial Asset	Unobservable Inputs	Range of Unobservable Inputs (Probability weighted average.) 2022/2023	2021/2022	Relationship of Unobservable Inputs to Fair Value
Consumable Biological Assets	Discounted Cash Flow Method (DCF)	Discount Rate	21%	14%	The higher the discount rate, the lesser the fair value
		Optimum rotation (Maturity)	15-20 Years	15-20 Years	Lower the rotation period, the higher the fair value
		Volume at rotation	17-251 cu.ft	17-251 cu.ft	The higher the volume, the higher the fair value
		Price per Cubic foot	Rs.150/= to Rs.750/=	Rs.150/= to Rs.750/=	The higher the price per cu. ft., the higher the fair value

Other key assumptions used for valuation are as follows.

1 The harvesting is approved by the PMMD and Forest Department based on the forestry development plan.

2 When considering the market price of the estimated output of standing timber, average value of the market price was taken after deducting costs of harvesting , transportation and administrative costs.

18.3.1 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:

	Impact on Consumable Biological Assets (In Rs. Mn)	
	Rs. -10%	Rs. +10%
Sensitivity variation sales price		
As at 31 March 2023	(113.81)	113.81
As at 31 March 2022	(111.81)	111.81

18.3.1 Sensitivity Analysis

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:

	Impact on Consumable Biological Assets (In Rs. Mn)	
	+ 1%	- 1%
As at 31 March 2023	(20.47)	21.91
As at 31 March 2022	(20.40)	22.05

The carrying amount of biological assets pledged as securities for liabilities are nil for year 2023 (2022 - Nil).

There are no commitments for the development or acquisition of biological assets.

19. OTHER NON CURRENT ASSETS

	Group/Company	
	2023 Rs.	2022 Rs.
Lease Receivable		
Gross lease receivable	71,400,000	71,400,000
Less: Finance income allocated to future periods	(24,740,204)	(26,174,431)
Net lease receivable	46,659,796	45,225,569

During the year 2016, Elpitiya Plantations PLC had transferred its some of the assets (i.e. JEDB/SLSPC Leasehold Land, Mature Plantation – Tea & Factory Building) to its joint Venture company namely, Elpitiya Dianhong Jin Ya Tea Company (Pvt) Ltd, by setting up a sublease arrangement. As a result of that, above balance represents, lease rental receivables from Elpitiya Dianhong Jin Ya Tea Company (pvt) Ltd over a period of 22 years from 31March 2023 to 31 March 2045.

19. OTHER NON CURRENT ASSETS (CONTD.)

19.1 Future minimum rentals receivable as at 31st March are as follows;

	Group/Company	
	2023 Rs.	2022 Rs.
Within one year	-	-
After one year but not more than five years	-	-
More than five years	71,400,000	71,400,000
	71,400,000	71,400,000

20 OTHER FINANCIAL ASSETS

	Group/Company	
	2023 Rs.	2022 Rs.
Investment in Commercial Bank Debenture	6,960,000	-
Investment In Village Food Court	5,086,427	-
	12,046,427	-

21. INVESTMENTS

		Group		Company	
	Note	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Investments in subsidiaries	21.1	-	-	151,300,010	151,300,010
Investments in joint ventures	21.2	423,127,970	353,245,909	87,990,280	87,990,280
		423,127,970	353,245,909	239,290,290	239,290,290

21.1 Investments in subsidiaries

	Percentage of holding		Group		Company	
Unquoted	2023	2022	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
EPP Hydro Power Company (Pvt) Ltd	100%	100%	-	-	150,000,000	150,000,000
Water Villas (Pvt) Ltd	50%	50%	-	-	10	10
Escape Parks Ceylon (Pvt) Ltd	100%	100%	-	-	1,300,000	1,300,000
			-	-	151,300,010	151,300,010

21.2 Investments in joint ventures

	Percentage of holding		Group		Company	
Unquoted	2023	2022	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
AEN Palm Oil Processing (Pvt) Ltd	33.33%	33.33%	415,717,235	337,717,477	6,990,270	6,990,270
Elpitiya Dianhong Jin Ya Tea Company (Pvt) Ltd	50%	50%	7,410,735	15,528,432	81,000,010	81,000,010
Elpitiya Lifestyle Solution (Pvt) Ltd	70%	70%	-	-	-	47,232,000
Impairment			-	-	-	(47,232,000)
			423,127,970	353,245,909	87,990,280	87,990,280

21.2.1 Share of profit from joint ventures

	Note	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
AEN Palm Oil Processing (Pvt) Ltd	21.2.2	237,867,233	224,589,921	-	-
Elpitiya Dianhong Jin Ya Tea Company (Pvt) Ltd	21.2.3	(8,117,698)	8,994,406	-	-
		229,749,535	233,584,328	-	-

21.2.2 AEN Palm Oil Processing (Pvt) Ltd

The Group has a 33.33% interest in AEN Palm Oil Processing (Pvt) Ltd, a joint venture involved in the business of processing crude Palm Oil. The Group's interest in AEN Palm Oil Processing (Pvt) Ltd is accounted for using the equity method in the consolidated financial statements. Summarised financial information of this joint venture are set out below.

	Company 2023 Rs.	Company 2022 Rs.
Current assets, including cash and cash equivalents Rs. 507,942,102 /- (2022 - Rs. 353,939,033/-)	724,942,922	582,189,846
Non current assets	1,018,765,045	869,426,156
Current liabilities, including tax payable. Rs. 74,351,169/- (2022 - Rs. 32,736,899/-)	(357,218,617)	(253,724,931)
Non current liabilities, including deferred tax liabilities. Rs. 59,276,076/- (2022- Rs. 47,895,233/-)	(139,337,643)	(184,738,640)
Total Equity	1,247,151,706	1,013,152,431
Group's carrying amount of the investment	415,717,235	337,717,477
Summarised statement of profit or loss of AEN Palm Oil Processing (Pvt) Ltd.		
Revenue	9,875,835,474	7,132,238,091
Cost of sales	(8,891,015,736)	(6,241,722,128)
Other income	38,155,915	6,609,631
Administration expenses including depreciation Rs. 1,408,652/- (2022- Rs. 2,573,781/-)	(214,558,252)	(136,257,193)
Finance cost	(10,388,527)	(14,261,743)
Profit Before Tax	798,028,873	746,606,658
Income tax expense	(84,427,174)	(72,836,894)
Profit for the year	713,601,699	673,769,764
Total comprehensive income for the year	713,601,699	673,769,764
Group's share of profit for the year	237,867,233	224,589,921
Group's share of profit / (loss) for the year after previous year tax adjustment	237,867,233	224,589,921
Group's share of profit before tax	266,009,624	248,868,886
Group's share of profit after tax	237,867,233	224,589,921

	Group 2023 Rs.	Group 2022 Rs.
Number of shares invested	699,027	699,027
Dividend received	150,986,337	100,659,888

21. INVESTMENTS (CONTD.)

21.2.3 Elpitiya Dianhong Jin Ya Tea Company (Pvt) Ltd.

The Group has a 50% interest in Elpitiya Dianhong Jin Ya Tea Company (Pvt) Ltd, a joint venture involved in the business of manufacturing & exporting of specialty tea. The Group's interest in Elpitiya Dianhong Jin Ya Tea Company (Pvt) Ltd is accounted for using the equity method in the consolidated financial statements. Summarised financial information of this joint venture are set out below.

	Company	
	2023 Rs.	2022 Rs.
Current assets, including cash and cash equivalents Rs. 9,623,844/- (2022 - Rs. 4,152,016/-)	113,272,278	102,808,912
Non current assets	149,653,576	151,540,340
Current liabilities, including tax payable Rs. 141,637/- (2022 - Rs. 188,486/-)	(82,120,197)	(71,168,560)
Non current liabilities	(85,160,273)	(71,299,914)
Total Equity	95,645,383	111,880,778
Group's carrying amount of the investment	47,822,692	55,940,389
Unrealized gain on assets transferred to Joint Venture	(40,411,957)	(40,411,957)
Total Group's carrying amount of the investment	7,410,735	15,528,432

Summarised statement of profit or loss of Elpitiya Dianhong Jin Ya Tea Company (Pvt) Ltd.

	2023	2022
Revenue	33,824,431	1,438,649
Cost of sales including depreciation Rs. 2,589,643/= (2022- Rs. 2,991,612/-)	(48,529,052)	(13,298,010)
Other income	16,232,248	33,734,696
Administration expenses	(3,470,010)	(2,241,710)
Finance cost	(3,220,941)	(4,169,592)
Profit/ (Loss) Before Tax	(5,163,323)	15,464,033
Income tax expense	(11,072,073)	2,524,780
Profit / (Loss) for the year	(16,235,396)	17,988,813
Total comprehensive income for the year	(16,235,396)	17,988,813
Group's share of profit / (loss) for the year	(8,117,698)	8,994,406
Previous year tax adjustment	-	-
Group's share of profit / (loss) for the year after previous year tax adjustment	(8,117,698)	8,994,406
Group's share of profit/(loss) before tax	(2,581,662)	7,732,016
Group's share of profit/(loss) after tax	(8,117,698)	8,994,406

	Group	
	2023 Rs.	2022 Rs.
Number of shares invested	8,100,001	8,100,001
Dividend received	-	-

21.2.4 Elpitiya Lifestyle Solutions (Pvt) Ltd.

The Company has another 70% joint venture interest in Elpitiya Lifestyle Solutions (Pvt) Ltd established by Elpitiya Plantations PLC and Life Style Sri Lanka (Pvt) Ltd which was fully impaired as at 31 March 2023.

22. PRODUCE ON BEARER BIOLOGICAL ASSETS

	Group/Company	
	2023 Rs.	2022 Rs.
As at 1st April	21,429,007	16,528,034
Change in fair value less cost to sell	18,792,756	4,900,973
As at 31st March	40,221,763	21,429,007

22.1 Fair Value Hierarchy for Non Financial Assets as at 31 March

Group/Company **Non Financial Asset Type**	Date of Valuation	Level 1 (Quoted prices in active markets) Rs.	Level 2 (Significant observable inputs) Rs.	Level 3 (Significant unobservable inputs) Rs.
Produce on Bearer Biological Assets*	31-Mar-23	-	40,221,763	-
Additions during the year	31-Mar-22	-	21,429,007	-

*For the Inputs and valuation technique used refer Note 3.8.7.6 of the Financial statements

22.2 Gain/(Loss) On Fair Value Of Biological Assets

		Group/Company	
	Note	2023 Rs.	2022 Rs.
Consumable Biological Assets - Gain/(loss) arising from changes in fair value less cost to sell	18.2	(6,558,270)	34,068,790
Produce on Bearer Biological Assets - Gain/(Loss) arising from changes in fair value less cost to sell	22.1	18,792,756	4,900,973
Total Change in Fair Value of Biological Assets		12,234,485	38,969,763

NOTES TO THE FINANCIAL STATEMENTS

23. INVENTORIES

	Group		Company	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Nurseries	53,890,537	56,483,878	53,890,537	56,483,878
Produced Stocks	386,128,409	237,135,790	386,128,409	237,135,790
Spares and consumables	325,159,365	160,028,426	325,103,430	159,972,491
	765,178,311	453,648,094	765,122,376	453,592,159
Less: Provisions for Inventories	(14,074,816)	(12,705,951)	(14,074,816)	(12,705,951)
	751,103,495	440,942,143	751,047,560	440,886,208

24. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2023	2022	2023	2022
	Note	Rs.	Rs.	Rs.	Rs.
Produce debtors		165,606,586	157,112,010	165,606,586	157,112,010
Advance and prepayments		22,651,978	35,024,608	22,651,978	35,024,608
Employee related debtors		38,894,119	26,778,593	38,894,119	26,778,593
Other debtors		241,448,838	179,515,441	226,986,855	165,384,441
		468,601,521	398,430,652	454,139,538	384,299,652
Impairment of doubtful debtors	24.1	(12,512,335)	(7,598,654)	(12,512,335)	(7,598,654)
		456,089,186	390,831,998	441,627,203	376,700,998

24.1 Movement for impairment of doubtful debtors

	Group/Company	
	2023	2022
	Rs.	Rs.
At the beginning of the year	7,598,654	7,594,278
Impairment Provision	4,913,681	4,376
At the end of the year	12,512,335	7,598,654

24.2 As at 31 March , the ageing analysis of trade and other receivables is, as follows:

		Neither Past	Past due but not impaired				
		due nor	< 30	30-60	61-90	91-120	>120
	Total	impaired	days	days	days	days	days
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Company							
2023	454,139,538	146,981,661	155,779,443	47,165,188	56,600,094	35,100,817	12,512,335
2022	384,299,652	155,833,039	104,043,791	37,743,080	43,015,894	36,065,194	7,598,654

25. SHORT TERM INVESTMENT

	Group/Company	
	2023 Rs.	2022 Rs.
Fixed Deposit	2,471,584,736	950,000,000
	2,471,584,736	950,000,000

26. CASH AND CASH EQUIVALENTS

26.1 Favourable cash and bank balances

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Cash at bank	383,420,370	209,726,284	380,083,584	204,156,318
Cash in Hand	2,749,984	243,753	2,749,984	243,753
	386,170,354	209,970,037	382,833,568	204,400,071

27. STATED CAPITAL

	Company			
	2023 Number	2022 Number	2023 Rs.	2022 Rs.
27.1 Stated Capital				
Issued and Fully Paid Number of Ordinary Shares	72,866,430	72,866,430	694,236,120	694,236,120
	72,866,430	72,866,430	694,236,120	694,236,120

Stated capital includes one golden share held by Secretary to the Treasury which has special rights.

28. RESERVES

Timber Reserve

Timber reserve represent the fair value change in the carrying value of manage timber plantations. Managed trees include commercial timber plantations cultivated on estates. The fair value of managed trees was ascertained since LKAS 41 is only applicable for managed agricultural activities.

NOTES TO THE FINANCIAL STATEMENTS

29. INTEREST BEARING LOANS AND BORROWINGS

	2023			2022		
	Payable within one year Rs.	Payable after 1year less than 5years Rs.	Total payable Rs.	Payable within one year Rs.	Payable after 1year less than 5years Rs.	Total payable Rs.
29.1 Group						
Term loan facilities (Note 29.2.1)	113,408,340	72,215,944	185,624,284	108,657,340	210,194,435	318,851,775
	113,408,340	72,215,944	185,624,284	108,657,340	210,194,435	318,851,775
29.2 Company						
Term loan facilities (Note 29.2.1)	113,408,340	72,215,944	185,624,284	108,657,340	210,194,435	318,851,775
	113,408,340	72,215,944	185,624,284	108,657,340	210,194,435	318,851,775

29.2.1 Term loan facilities

	Immature Plantations					
	Repayable within 1 year Rs.	Repayable after 1 year less than 5 years Rs.	Repayable after 05 years Rs.	Total As At 31.03.2023 Rs.	Total As At 31.03.2022 Rs.	Facility details
Other long term loan facilities						
National Development Bank PLC	4,875,000	3,750,000	-	8,625,000	12,750,000	I
Sampath Bank	25,200,000	19,854,848	-	45,054,848	70,000,000	II
Bank of Ceylon	83,333,340	48,611,095	-	131,944,435	215,277,775	III
Bank of Ceylon I	-	-	-	-	10,412,000	
Bank of Ceylon II	-	-	-	-	10,412,000	
	113,408,340	72,215,944	-	185,624,283	318,851,775	
Grand Total	113,408,340	72,215,944	-	185,624,283	318,851,775	

29.3 Details of the interest bearing loans and borrowing facilities

Facility details	Rate of interest	Terms of repayment
I	6.73% (Annual)	Installments shall be repayable to bank monthly on or before last banking day of each and every month over the 6 years commencing from twelve months after the date of the first disbursements of the loan is made in 72 equal monthly installments of Rs.375,000/- .
II	AWPLR- 0.5% p.a	Installments shall be repaid in 47 equal monthly installments of Rs.2,100,000/- and a final installment of Rs.1,300,000 after a grace period of 12 months.
III	5.5% p.a	Installments shall be repaid in 36 equal monthly installments of Rs.6,944,445/-.

29.4 Changes in Liabilities arising from financing activities

Company	1-Apr-22 Rs.	Non Cash Movement Rs.	Cash Flows Rs.	New leases Rs.	31-Mar-23 Rs.
Current interest- Bearing loans and Borrowings	108,657,340	-	4,751,000	-	113,408,340
Current Obligations under lease liabilities	3,289,663	-	691,508	-	3,981,172
Non- Current interest- Bearing loans and Borrowings	210,194,435	-	(137,978,491)	-	72,215,944
Non-Current Obligations under lease liabilities	348,528,633	27,793,656	(4,241,055)	-	372,081,233
	670,670,071	27,793,656	(136,777,038)	-	561,686,689

Group	1-Apr-22 Rs.	Non Cash Movement Rs.	Cash Flows Rs.	New leases Rs.	31-Mar-23 Rs.
Current interest- Bearing loans and Borrowings	108,657,340	-	4,751,000	-	113,408,340
Current Obligations under lease liabilities	3,289,663	-	691,508	-	3,981,172
Non- Current interest- Bearing loans and Borrowings	210,194,435	-	(137,978,491)	-	72,215,944
Non-Current Obligations under lease liabilities	348,528,633	27,793,656	(4,241,055)	-	372,081,233
	670,670,071	27,793,656	(136,777,038)	-	561,686,689

30 LEASE LIABILITIES

		Group/Company	
	Note	2023 Rs.	2022 Rs.
Lease liability on right-of-use asset- land	30.1	376,062,405	351,818,296
		376,062,405	351,818,296

30.1 Lease liability on right-of-use asset- land

	Group/Company	
	2023 Rs.	2022 Rs.
Balance as at the beginning of the year	351,818,296	343,086,365
Transition Adjustment due to initial application of SLFRS 16	-	-
Adjustment on reassessment of lease liability	27,793,656	11,664,940
Accretion of interest	46,160,813	43,137,759
Payments	(49,710,360)	(46,070,768)
Balance as at the end of the year	376,062,405	351,818,296
Current	3,981,172	3,289,663
Non - Current	372,081,233	348,528,633

30.1.1 Maturity analysis of lease liabilities are as follows;

	Group/Company	
	2023 Rs.	2022 Rs.
Payable within one year		
Gross liability	49,710,360	46,070,768
Finance cost allocated to future periods	(45,729,188)	(42,781,105)
	3,981,172	3,289,663
Payable within two to five years		
Gross liability	198,841,440	230,353,840
Finance cost allocated to future periods	(177,450,309)	(206,839,195)
Net liability	21,391,131	23,514,645
Payable after five years		
Gross liability	845,076,120	783,203,056
Finance cost allocated to future periods	(494,386,018)	(458,189,068)
Net liability	350,690,102	325,013,988

31. RETIREMENT BENEFIT OBLIGATIONS

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
At the beginning of the year	642,916,721	664,176,997	642,688,772	664,004,522
Current service cost	44,052,094	44,864,420	43,996,166	44,808,946
Interest cost	90,058,816	49,847,388	90,058,816	49,847,388
Liability experience loss/ (gain) arising during the year	24,679,324	95,006,211	24,679,324	95,006,211
Liability loss/ (gain) due to changes in assumptions during the year	(25,617,507)	(149,516,203)	(25,617,507)	(149,516,203)
Payments	(109,738,075)	(61,462,092)	(109,738,075)	(61,462,092)
At the end of the year	666,351,373	642,916,721	666,067,496	642,688,772
Current (Classified under Trade & Other Payables - Note 33)	57,452,258	42,296,661	57,452,258	42,296,661
Non - Current	608,899,115	600,620,060	608,615,238	600,392,111

LKAS 19 requires the use of actuarial techniques to make a reliable estimate of the amount of retirement benefit that employees have earned in return for their service in the current and prior periods using the Projected Unit Credit Method and discount that benefit in order to determine the present value of the retirement benefit obligation and the current service cost. This require an entity to determine how much benefit is attributable to the current and prior periods and to make estimates about demographic variables and financial variables that will influence the cost of the benefit.

The retirement benefit obligation as at 31 March 2023 of the Group is based on the actuarial valuation carried out by Messers Piyal S Gunatilleke and Associates. According to the actuarial valuation report issued by the actuarial valuer as at 31 March 2023, the actuarial present value of promised retirement benefits obligation amounted to Rs. 666,067,496/-. If the company had provided for gratuity on the basis of 14 days wages and half months salary for each completed year of service, the liability would have been Rs 934,417,665/-.

The expenses are recognised in the income statement in the following line items;

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Cost of sales	122,030,626	85,386,740	122,030,626	85,386,740
Administrative expenses	12,079,831	9,325,068	12,024,356	9,269,594
	134,110,457	94,711,808	134,054,982	94,656,334

Actuarial gain on defined benefit plan has been recognized in Statement of Other Comprehensive Income in terms of provisions in LKAS 19.

31.1 Maturity analysis of the payments

The following payments are expected on retirement benefit obligation in future years

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Within the next 12 months	79,808,673	59,115,639	79,808,673	59,115,639
Between 1 and 5 years	327,751,891	380,567,174	327,751,891	380,567,174
Beyond 5 years	258,790,810	203,233,908	258,506,932	203,005,959
Total expected payments	666,351,373	642,916,721	666,067,496	642,688,772
Weighted average duration (years) of defined benefit obligation	8.3 years	8.5 years	8.3 years	8.5 years

31. RETIREMENT BENEFIT OBLIGATIONS (CONTD.)

31.2 The principal assumptions used in determining the retirement benefit obligation were;

	Retirement age	Discount rate
2022/2023		
Workers	60 years	18.50%
Staff	60 years	18.50%
2021/2022		
Workers	60 years	15.00%
Staff	60 years	15.00%

31.3 Sensitivity Analysis

Values appearing in the financial statements are sensitive to the changes of financial and non-financial assumptions used. The sensitivity was carried for both the rate of wage increment and discount rate as key contributors to the entire obligation. Simulations made for retirement benefit obligation show that a rise or decrease by 1% of the rate of wage and discount rate has the following effect on the retirement benefit obligation:

	Impact on Retirement benefit obligations (In Rs. Mn)	
Percentage increase/decrease in discount rate	**+ 1%**	**- 1%**
As at 31 March 2023	(39.06)	44.09
As at 31 March 2022	(40.78)	46.41

	Impact on Retirement benefit obligations (In Rs. Mn)	
Percentage increase/decrease in salary / wage increment rate.	**+ 1%**	**- 1%**
As at 31 March 2023	42.47	(38.20)
As at 31 March 2022	44.76	(39.97)

32. DEFERRED INCOME

		Group/Company	
	Note	2023 Rs.	2022 Rs.
Deferred grants and subsidies	32.1	69,525,270	78,630,858
Sub lease income	32.2	28,345,121	33,553,857
Deferred income on right of use asset - land	32.3	49,144,827	54,624,138
		147,015,219	166,808,853

32.1 Deferred grants and subsidies

	Group/Company	
	2023 Rs.	2022 Rs.
At the beginning of the year	78,630,858	90,198,492
Add: Grants received during the year	5,796,600	3,305,319
Less: Amortisation for the year	(14,902,188)	(14,872,953)
At the end of the year	69,525,270	78,630,858

The company has received funding from the Plantation Housing and Social Welfare Trust and Asian Development Bank for the development of workers facilities such as re-roofing of lines, latrines, water supply and sanitation etc. The amount spent are included under the relevant classification of Property, Plant & Equipment and the grant component is reflected under Deferred Grants and Subsidies. Further this includes the C.T.C Machinery subsidy which represents the funds received from Sri Lanka Tea Board in relation to C.T.C project.

32.2 Sub lease income

	Group/Company	
	2023 Rs.	2022 Rs.
At the beginning of the year	33,553,857	35,255,902
Add: Cash received for the year	3,120,440	2,841,923
Less: Amortisation for the year	(8,329,176)	(4,543,967)
At the end of the year	28,345,121	33,553,857

32.3 Deferred income on Right of use asset - Land

	Group/Company	
	2023 Rs.	2022 Rs.
At the beginning of the year	54,624,138	60,103,448
Less: Amortisation for the year	(5,479,310)	(5,479,310)
At the end of the year	49,144,827	54,624,138

This represents the lease rental received in advance on leasehold right to use of land which was subleased to Elpitiya Dianhong Jin Ya Tea Company (Pvt) Ltd. This lease rental received in advance on land lease would be amortized on straight line basis commencing from 1st April 2016.

33. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Trade creditors	160,918,097	130,773,399	160,918,097	130,773,399
Employee related creditors	287,662,844	250,627,604	287,662,844	250,627,604
Other payables and accruals	270,979,143	153,243,500	269,436,717	150,410,057
	719,560,084	534,644,503	718,017,658	531,811,060

34. RELATED PARTY TRANSACTIONS

34.1 Terms and conditions of transactions with related parties

The Group and the Company carried out transactions in the ordinary course of business with the following related entities. Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash

34.2 Non-recurrent related party transactions

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Group as per 31 March 2022 audited financial statements, which required additional disclosures in the 2022/23 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

34.3 Recurrent related party transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2022 audited financial Statements, which required additional disclosures in the 2022/23 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act other than the matters disclosed in Note 34.7 to the financial statements.

34.4 Amounts due from related parties

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Subsidiaries				
EPP Hydro Power Company (Pvt) Ltd	-	-	28,153,636	30,509,851
Water Villas (Pvt) Ltd	-	-	7,087,757	6,846,286
Escape Parks Ceylon (Pvt) Ltd	-	-	21,116,198	20,503,497
	-	-	56,357,591	57,859,633
Equity Accounted Investees				
Joint Venture Companies				
AEN Palm Oil Processing (Pvt) Ltd	17,015,148	28,998,678	17,015,148	28,998,678
Elpitiya Dianghong Jin Ya Tea Company (Pvt) Ltd	79,456,759	68,856,161	79,456,759	68,856,161
Elpitiya Lifestyle Solutions (Pvt) Ltd	5,311,701	5,316,682	5,311,701	5,316,682
	101,783,608	103,171,521	101,783,608	103,171,521
Other Related Companies				
Aitken Spence C & T Investments (Pvt) Ltd	490,742	298,462	490,742	298,462
Aitken Spence Agriculture (Pvt) Ltd	33,282,964	23,216,157	33,282,964	23,216,157
	33,773,707	23,514,619	33,773,707	23,514,619
	135,557,315	126,686,139	191,914,906	184,545,773

34.5 Amounts due to related parties

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Significant Investee of the Parent Company				
Aitken Spence PLC	12,191,994	2,085,613	12,191,994	2,085,613
	12,191,994	2,085,613	12,191,994	2,085,613
Parent				
Aitken Spence Plantation Managements PLC	12,691,335	18,084,774	12,691,335	18,084,774
	12,691,335	18,084,774	12,691,335	18,084,774
	24,883,329	20,170,388	24,883,329	20,170,388

34.6 Transactions with related parties

	Company 2023 Rs.	Company 2022 Rs.
Significant Investee of the Parent Company		
Short term Investments	1,241,526,311	950,000,000
Rendering of services	(6,769,299)	(4,208,287)
Receiving of services	741,573,191	355,182,456
Parent		
Rendering of services	(145,690,102)	(237,134,874)
Receiving of services	140,296,662	118,032,856
Subsidiaries		
Rendering of services	14,497,958	8,155,431
Equity Accounted Investees		
Issue of ordinary shares	-	(47,232,000)
Sale of goods	2,267,322,223	1,649,394,125
Rendering of services	151,180,502	48,609,927
Other Related Companies		
Rendering of services	14,957,713	11,033,668

34.7 Joint Venture

Name of the Related Party	Relationship	Nature of the Transaction	Aggregate value of Related Party transactions entered into during 2022/2023 Rs.	Aggregate value of Related Party transactions entered into during 2021/2022 Rs.	Aggregate value of related party transactions as a % of Net Revenue	Terms and Conditions of the Related Party Transactions
AEN Palm Oil Processing (Pvt) Ltd	Joint Venture	Sale of goods	2,267,322,223	1,649,394,125	29%	Sale of Fresh Fruit Bunches (FFB) as day to day operations of the Company - Price will decide based on Ripe & Unripe weight of bunches.
		Rendering of services	140,034,885	42,338,920		

During the year company supplied Rs. 2.4 BN (2021/22 - Rs. 1.6 BN) worth of oil palm FFB to AEN Palm Oil processing (Pvt) Ltd in day to day operations of the company and aggregate value of these transactions are exceed 10% of the gross revenue/income of the company as per latest audited financial statements.

34. RELATED PARTY TRANSACTIONS (CONTD.)

34.8 Transactions with the key management personnel of the Company and Parent

There are no transactions with the key management personnel of the company and its parent other than those disclosed in Note 9.

34.9 Management Fee

The managing agent shall be paid at the contractual price for each financial year as 10% of EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) subject to a maximum limit of Rs. 85 Mn per annum excluding taxes.

34.10 Other related party transactions

Guarantees given by Aitken Spence Plantation Managements PLC on behalf of the company.

- Corporate guarantee of Rs.175 Mn for Bank of Ceylon Overdraft Facility
- Corporate guarantee of Rs.50 Mn for Hatton National Bank PLC permanent Overdraft Facility
- Corporate guarantee of Rs.100 Mn for Sampath Bank Berry project loan
- Corporate guarantee of Rs. 250 Mn for Bank of Ceylon Working capital loan

35. ASSETS PLEDGE

Company Facility obtained from	Security	Nature of Liability	2022/2023 Facility amount Rs.	2022/2023 Outstanding Balance Rs.
Bank of Ceylon	Primary mortgage over estate produce consisting of Tea, Rubber, Oil Palm, Coffee, Coconuts, Clove and Paddy on estate. Primary floating mortgage bond for Rs. 25 Mn. over stock of estate produce consisting of Tea, Rubber, Oil Palm and Coconut stored at Dunsinane, Sheen, Fernlands and Meddecombra estates at Pundaluoya.	Bank overdraft	250,000,000	-
Hatton National Bank PLC	Primary floating mortgage bond for Rs. 10 Mn. over leasehold property at "Talgaswella Estate" in Galle. Corporate guarantee of Aitken Spence Plantation Managements PLC.	Bank overdraft	111,000,000	-
Hatton National Bank PLC	Primary floating mortgage bond for Rs. 75 Mn. over leasehold property at "Fernlands Estate" and "Harrow Estate" Pundaluoya, Nuwara Eliya.	Money market loan	111,000,000	-

36. CAPITAL COMMITMENTS

Followings are the capital commitments as at the Statement of Financial Position date.	Rs. Mn	Rs. Mn
Approved by Board and Contracted for	34.06	12.34
Approved by Board and Not contracted for	1,767.47	811.52

37. CONTINGENCIES

No known contingent liabilities exist as at the date of financial position other than the matters disclosed in below note to the financial statements.

37.1 The company was issued a Value Added Tax (VAT) assessment under the Value Added Tax Act No. 14 of 2002 and its amendments thereto in relation to the taxable period from 1st April 2008 to 31st March 2011. The Tax Appeals Commission hearing the appeal, has determined the VAT assessment in favour of the Department of Inland Revenue. Pursuant to the determination of the Tax Appeals Commission, the company has appealed against the determination to the Court of Appeal. The contingent liability to the company is estimated to be Rs. 14.3 Mn. inclusive of any penalties for the said period. Based on expert advice, the Directors are confident that the ultimate resolution of the case will not have an adverse impact on financial statements of the company.

38. EVENTS AFTER THE REPORTING PERIOD

38.1 The interim dividend of Rs. 19 /- per share for the year 2022/23 totaling to Rs. 1,384,462,170 /- was declared on 9th May 2023. In accordance with Sri Lanka Accounting Standard No. 10 " Events after reporting period", no adjustment has been made to the financial statements.

38.2 The Company has entered into a Shareholders agreement with Ceylon Agro Food Technologies (Private) Limited on 01st April 2023 and to enhance the research and development capabilities and find solutions for agriculture and other industries.

There have been no other material events occurring after the statement of financial position date that require adjustment or disclosure in the financial statements.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has loan and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations. Accordingly the Group has exposure to namely Credit Risk, Liquidity Risk, Currency Risk and Interest Rate Risk from its use of financial instruments.

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

Credit risk

This is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arise principally from the Group's receivable from customers.

Liquidity risk

Liquidity risk arises when the Group is unable to meet its financial obligations due to insufficient cash flow situations. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currency of the Group. The currency in which these transactions primarily denominated is in USD.

Interest rate risk

Interest Rate Risk is the potential for losses that may arise due to adverse movement of interest rates, mainly on floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group has not engaged in any interest rate swap agreements.

39.1 Financial Risk Management Framework

The Board of Directors has the overall responsibility for the establishment and oversight of the group's financial risk management framework which includes developing and monitoring the Group's financial risk management policies.

The Group financial risk management policies are established to identify, quantify and analyse the financial risks faced by the Group, to set appropriate risk limits and controls and to monitor financial risks and adherence to limits. Financial risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee of the Company oversees how management monitors compliance with the Group's financial risk management policies and procedures and reviews the adequacy of the financial risk management framework in relation to the risks faced by the Group.

39.2 Credit Risk

Credit Risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arise principally from the Group's receivable from customers and from its financing activities including deposits with banks and financial institutions foreign exchange transactions and other financial instruments.

39.2.1 Trade and Other Receivables

The Group's exposure to credit risk is influenced by the individual characteristics of each customer. The Group's credit policy is monitored at the Board level. The new customers are analysed individually for credit worthiness before Group's standard payment and delivery terms and conditions are offered. Group review includes external ratings, when available and in some cases, bank references, purchases limit etc. which also subject to under review on quarterly basis. The past experience of the Management is considered when revisions are made to terms and conditions.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

The Group establishes an allowance for impairment that represents its estimate of expected credit losses in respect of trade and other receivables.

The maximum exposure to credit risk for trade receivables of the Group at the reporting date is Rs. 166 Mn (2022 – Rs. 157 Mn).

The Company has a minimal credit risk of its trade receivables as the repayment is guaranteed within seven days by the Tea and Rubber auction systems.

39.2.2 Investments

Credit risks from invested balance with the financial institutions are managed by the Board of Directors. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to them. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure.

The Group held short term investments Rs 2.5 Bn as at 31st March 2023 (2022 – Rs. 950 Mn).

39.2.3 Cash and Cash Equivalents

The Group held cash and Cash Equivalents of Rs. 386 MN as at 31st March 2023 (2022 – Rs. 209 MN) which represents its maximum credit exposure on these assets.

39.2.4 Amounts due from

The Group held amounts due from related parties of Rs. 136 MN as at 31st March 2022 (2022 – Rs. 126 MN) which represents its maximum credit exposure on these balances.

39.3 Liquidity Risk

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

The Group does not concentrate on a single financial institution, thereby minimizing the exposure to liquidity risk through diversification of funding sources. The Group aims to fund investment activities of the individual and Group level by funding the long-term investment with long term financial sources and short term investment with short term financing. Where necessary the Group consults the Treasury Department and Strategic Business Development Unit in Parent Company for scrutinizing the funding decisions.

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

As at 31st March 2023	On Demand Rs.	Less than 3 Months Rs.	3 to 12 Months Rs.	2 to 5 years Rs.	>5 years Rs.	Total
Group						
Interest bearing loans & borrowing	-	28,352,085	85,056,255	72,215,944	-	185,624,284
Lease Liabilities	-	12,427,590	37,282,770	198,841,440	845,076,120	1,093,627,920
Trade & other payables	-	662,107,826	57,452,258	-	-	719,560,084
Amounts due to related parties	24,883,329	-	-	-	-	24,883,329
	24,883,329	702,887,501	179,791,283	271,057,384	845,076,120	2,023,695,617
Company						
Interest bearing loans & borrowing	-	28,352,085	85,056,255	72,215,944	-	185,624,284
Lease Liabilities	-	12,427,590	37,282,770	198,841,440	845,076,120	1,093,627,920
Trade & other payables	-	660,565,400	57,452,258	-	-	718,017,658
Amounts due to related parties	24,883,329	-	-	-	-	24,883,329
	24,883,329	701,345,075	179,791,283	271,057,384	845,076,120	2,022,153,191

As at 31st March 2022	On Demand Rs.	Less than 3 Months Rs.	3 to 12 Months Rs.	2 to 5 years Rs.	>5 years Rs.	Total
Group						
Interest bearing loans & borrowing	-	42,782,335	65,875,005	210,194,435	-	318,851,775
Lease Liabilities	-	11,517,692	34,553,076	230,353,840	783,203,056	1,059,627,664
Trade & other payables	-	478,353,716	42,296,661	-	-	520,650,377
Amounts due to related parties	20,170,388	-	-	-	-	20,170,388
	20,170,388	532,653,743	142,724,742	440,548,275	783,203,056	1,919,300,204
Company						
Interest bearing loans & borrowing	-	42,782,335	65,875,005	210,194,435	-	318,851,775
Lease Liabilities	-	11,517,692	34,553,076	230,353,840	783,203,056	1,059,627,664
Trade & other payables	-	476,666,023	42,296,661	-	-	518,962,684
Amounts due to related parties	20,170,388	-	-	-	-	20,170,388
	20,170,388	530,966,050	142,724,742	440,548,275	783,203,056	1,917,612,511

39.4 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk & other price risk such as equity price risk. Financial instrument affected by market risk include loans & borrowings, deposits & derivative financial instruments.

39.4.1 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group has not engaged in any interest rate swap agreements.
The Group held long term and Short term borrowings with floating interest rates of Rs.186 Mn (2022 – Rs.319 Mn) which represents its maximum credit exposure on these liabilities.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the group's Profit Before Tax is affected through the impact on floating rate borrowings as follows:

	Increase/ decrease in Interest rate	Effect on profit before tax Rs.
Group		
2023	+5%	(1,284,512)
	-5%	1,284,512
2022	+5%	(647,662)
	-5%	647,662
Company		
2023	+5%	(1,284,512)
	-5%	1,284,512
2022	+5%	(647,662)
	-5%	647,662

39.4.2 Foreign Currency Risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currency of the Group. The Group is exposed to currency risk on sales, purchases and borrowings. These currency primarily is USD.

The Group hedges its exposure to fluctuation on the transaction of its foreign operations mainly by forward contracts.

Foreign currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in the USD exchange rates, with all other variables held constant. The impact on the Group's Profit Before Tax is due to changes in fair value of monetary assets and liabilities.

	Increase/ decrease in basis points	Effect on profit before tax Rs.
Group		
2023		
USD	+10%	11,800,381
USD	-10%	(11,800,381)
2022		
USD	+10%	10,801,106
USD	-10%	(10,801,106)

39.4.3 Equity Price Risk

The Group's listed & unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Management of the Group monitors the mix of debt & equity securities in its investment portfolio based on market indices. Material investment within the portfolio are Managed on an individual basis and all buy and sell decision are approved by the Board. Equity price risk is not material to the financial statements. However, company does not hold any quoted shares as at reporting date.

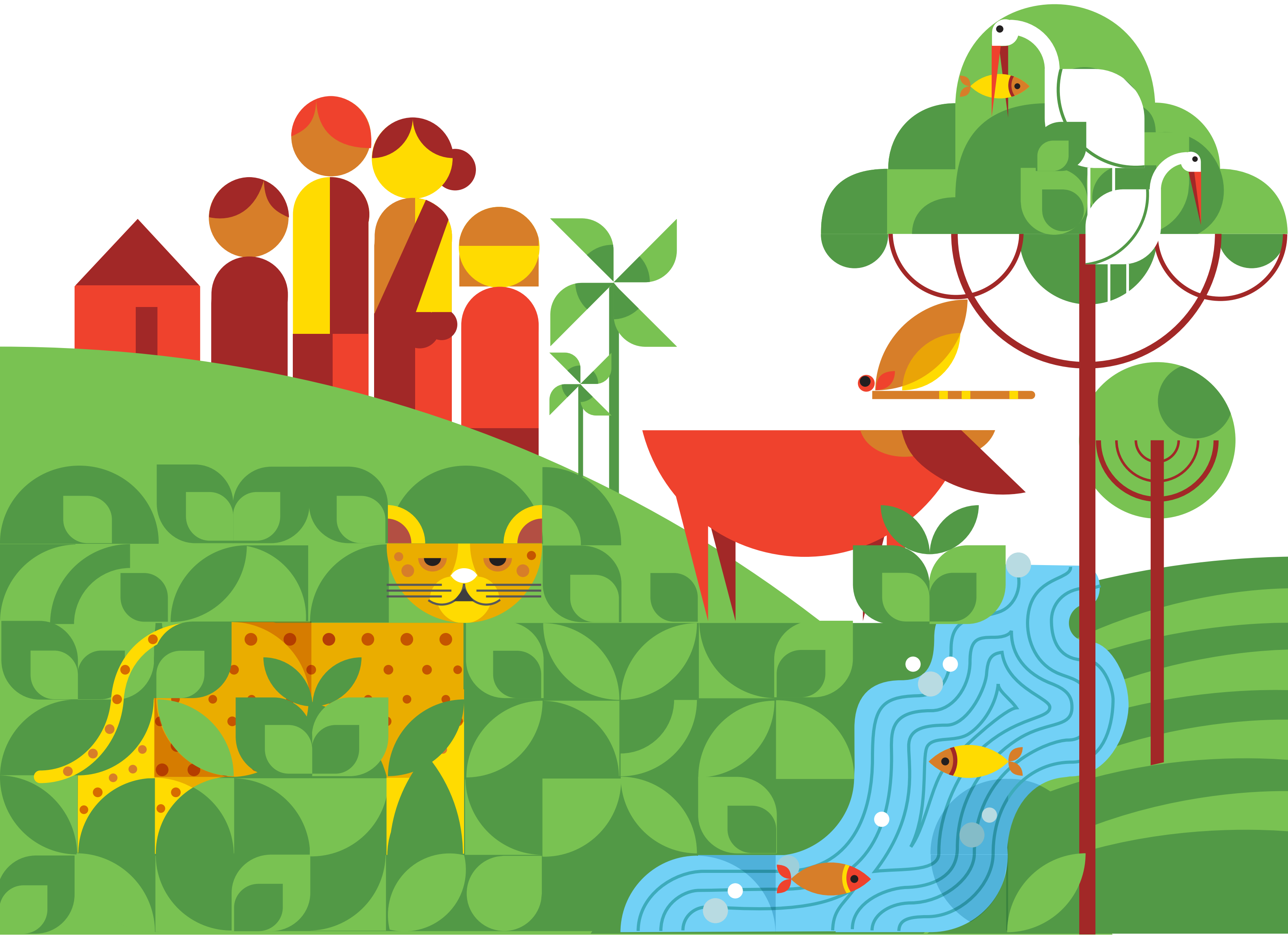
39.4.4 Capital Management

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

The gearing ratio at the reporting date is as follows.

	Group		Company	
	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
Interest bearing borrowing				
Current portion of long term interest bearing borrowings	113,408	108,657	113,408	108,657
Payable after one year	72,216	210,194	72,216	210,194
	185,624	318,852	185,624	318,852
Equity	8,512,029	6,899,245	8,196,612	6,643,546
Equity & debts	8,697,653	7,218,097	8,382,236	6,962,397
Gearing ratio	2%	4%	2%	5%

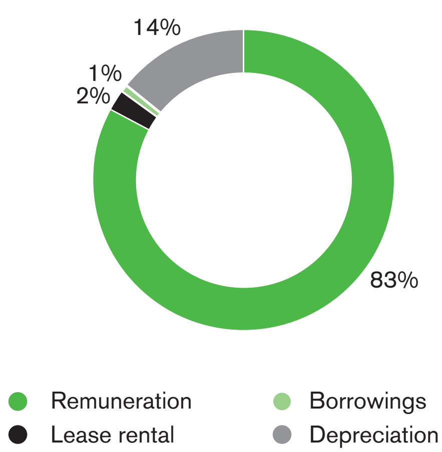
SUPPLEMENTARY INFORMATION



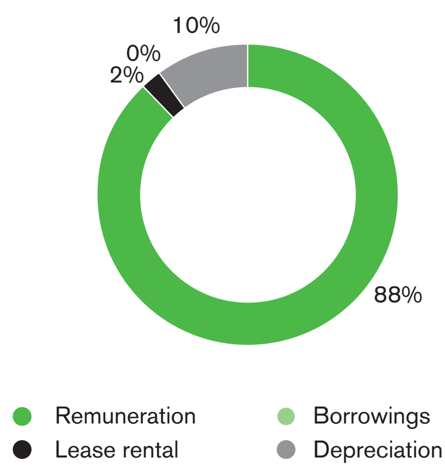
VALUE ADDED STATEMENT

Figures in Rs.000'	Year ended 31.03.23	As a %	Year ended 31.03.22	As a %
Value Added				
Turnover	8,348,372		5,095,987	
Other Income	559,263		243,912	
	8,907,634	100	5,339,899	100
Purchase of goods and Services	(4,709,933)	(53)	(2,596,926)	(48)
Total Value Added	4,197,701	47	2,742,973	52
Distributed as follows				
To Employee as remuneration	2,166,078	83.36	2,404,074	87.65
To Government as lease rental	49,710	1.91	46,071	1.68
To Lenders as Interest on short & long term borrowings	25,313	0.97	12,953	0.47
Retained for re-investment and future growth	360,435	13.85	279,874	10.20
Depreciation	360,435	13.85	279,874	10.20
Reserves	-	-	-	-
	2,977,046	100	2,742,973	100

Distribution of Value Added 2022/2023



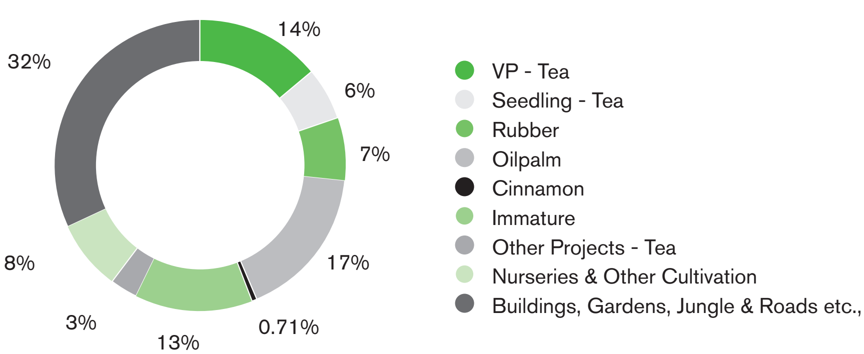
Distribution of Value Added 2021/2022



INFORMATION ON ESTATES

	Cultivated Area (ha.) Tea	Rubber	Oil Palm	Speciality (Project) Tea	Others	Total	Total Area (ha.)	Annual Production Kg'000 Tea	Rubber	Oil Palm	Factory Details Crop Manfd.	No.of Workers
NUWARA ELIYA DISTRICT												
Dunsinane	442.31	-	-	66.58	104.21	613.10	790.00	1,294	-	-	Tea	746
Sheen	195.94	-	-	65.28	145.50	406.72	503.75	513	-	-	Tea	388
Fernlands	297.64	-	-	52.23	67.31	417.18	484.25	554	-	-	Tea	465
Meddecombra	353.97	-	-	58.10	310.62	722.69	890.00	590	-	-	Tea	643
KANDY DISTRICT												
New Peacock	265.29	-	-	-	236.27	501.56	535.73	764	-	-	Tea	391
Nayapane	234.25	-	-	-	214.15	448.40	576.50	511	-	-	Tea	364
GALLE DISTRICT												
Devitura	24.27	120.68	260.70		163.16	568.81	896.22	12	72	3,450	Tea	293
Talgaswella	19.36	104.75	549.53		60.81	734.45	1,033.85	24	43	8,139	Tea	255
Gulugahakande	-	29.70	101.70		74.16	205.56	418.18	-	18	1,381	-	72
Lelwala	2.70	53.90	66.11	-	31.66	154.37	240.35	2	28	1,175	Tea	78
Ketandola	1.15	27.04	239.14		45.38	312.71	832.69	4	22	2,788	Tea	150
Bentota	-	216.09	81.24	-	51.12	348.45	726.14	-	64	973	Rubber	168
Elpitiya	-	222.68	290.24	-	68.20	581.12	910.36	-	90	3,788	Rubber	259
TOTAL	1,836.88	774.84	1,588.66	242.19	1,572.55	6,015.12	8,838.02	4,268	337	21,694		4,272

Land Utilisation (In Hectares)



INFORMATION ON ESTATES

2022/2023	Tea	Rubber	Oil Palm
Total Crop (Kg.000's)	4,268	337	21,694
Total NSA (Rs/Kg)	1,263	839	108
Y P H	1,614	566	14,486

2021/2022	Tea	Rubber	Oil Palm
Total Crop (Kg.000's)	4,504	441	21,485
Total NSA (Rs/Kg)	603	619	83
Y P H	1,786	746	16,140

NUMBER OF PERMANENT BUILDINGS AVAILABLE AS AT 31 March 2023

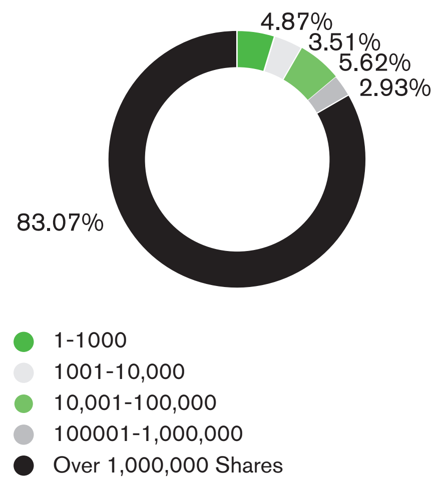
Type of Buildings	Region/No of units			
	UP	MID	LOW	TOTAL
No. of Factories	6	2	10	18
No. of Bungalows (Manager/Asst. Managers)	19	6	26	51
No. of Staff Bungalows/Quarters	117	48	69	234
No. of Double Barrack Lines	108	31	37	176
No. of Single Barrack Lines	115	73	174	362
No. of Creches	23	8	14	45
No. of Dispensary	3	3	5	11
No. of Maternity Wards	3	-	1	4
No. of Muster Sheds	19	6	38	63
No. of Office Buidings	5	2	8	15
No. of Stores Buidings	6	4	15	25
No. of Training Centers	4	4	2	10
No. of Self Help Housing	175	114	446	735
No. of Indian Housing	666	-	75	741
Any Other Buildings	338	42	131	511

(Factory/Field Rest Rooms, Community Centre, Twin Cottages,Temples, Motor garage etc.,)

SHAREHOLDERS AND INVESTOR INFORMATION

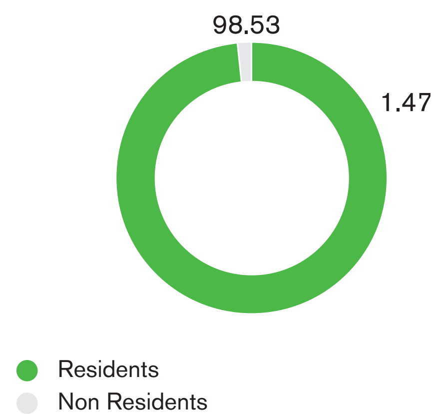
1) DISTRIBUTION OF SHAREHOLDING

Category	No. of shareholders	No. of shares	%
1-1000	11,278	3,554,700	4.87
1001-10,000	774	2,559,346	3.51
10,001-100,000	156	4,088,242	5.62
100001-1,000,000	8	2,133,696	2.93
Over 1,000,000 Shares	2	60,530,446	83.07
	12,218	72,866,430	100.00



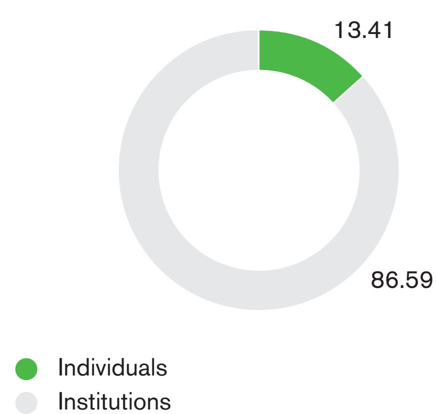
2) COMPOSITION OF SHAREHOLDERS

Category	No. of shareholders	No. of shares	%
Residents	12,194	71,790,988	98.53
Non Residents	24	1,075,442	1.47
Individuals	12,040	9,769,700	13.41
Institutions	178	63,096,730	86.59



	31.03.23	31.03.22
Highest Price Traded (Rs)	110.00	175.00
Lowest Price Traded (Rs)	50.00	38.00
Last Traded Price (Rs)	76.50	75.50
Number of share transactions	14,779	30,726
Number of shares traded	6,869,256	24,110,462
Value of shares traded	608,395,104	2,502,891,246
Market Capitalization	5,574,281,895	5,501,415,465

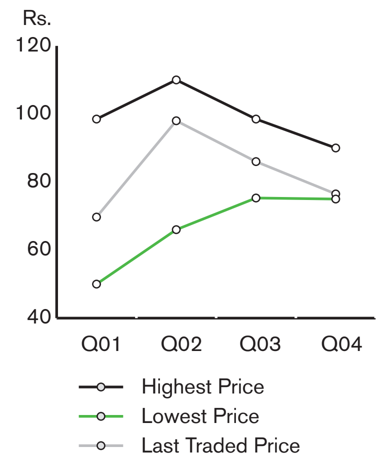
The float adjusted Market Capitalization as at 31st March 2023 was Rs 943,702,776/-. As the float adjust market capitalization less than Rs. 01 Bn with more than 10% public holding, Elpitiya Plantations PLC complies under option 2 in terms of rule 7.14.1 (b) (for Diri Savi Board companies) of the Listing Rules of the Colombo Stock Exchange.

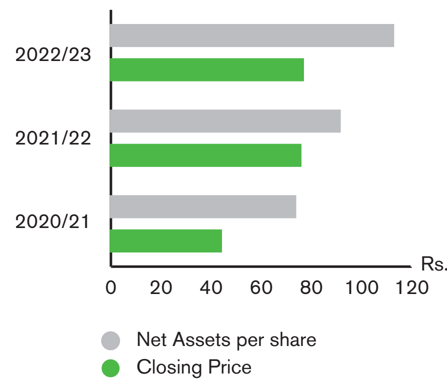


SHAREHOLDERS AND INVESTOR INFORMATION

4) NET ASSETS AND CLOSING PRICE PER SHARE

	2022/23	2021/22	2020/21
Net Assets per share (Rs.)	112.49	91.17	73.42
Closing Price (Rs.)	76.50	75.50	43.80





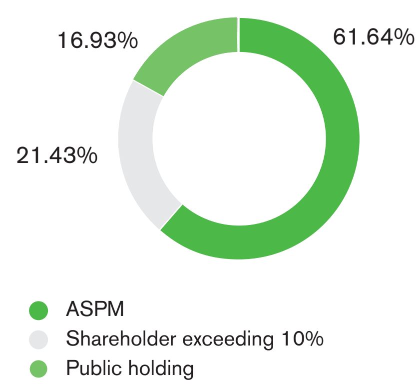
5) PUBLIC HOLDING

	No. of shares	%
Total no of shares	72,866,430	
Less: Holding by the parent company (ASPM)	44,917,354	61.64
Less: Shareholder exceeding 10%(S & T)	15,613,092	21.43
Public holding	12,335,984	16.93

PUBLIC HOLDING:

Excludes:

1) Parent, subsidiary or associate companies .
2) Subsidiaries or associates of the parent company
3) Directors, CEO, their spouses & children under 18 & their nominees.
4) Company in which a director's holding exceeds 50% of the equity or where the Director controls the composition of the Board.
5) Shareholders whose holding exceeds 10% of the issued capital.



6) 20 Major Shareholders Holding as at 31st March 2023

	Name of the Shareholder	Share Holding	%
1	Aitken Spence Plantation Managements PLC	44,917,354.00	61.64
2	Secretary to the Treasury	15,613,092.00	21.43
3	Mr T T T Al-Nakib (Deceased)	500,000.00	0.69
4	Melbourne Rolling Mill (pvt) Ltd	490,257.00	0.67
5	Tranz Dominion L.L.C.	315,000.00	0.43
6	Mr K C Vignarajah	282,428.00	0.39
7	Dr R.D. Bandaranaike/ Mrs A.D. Bandaranaike	210,696.00	0.29
8	Mr. D.A. Cabraal	115,000.00	0.16
9	Mr G.D.M. Ranasinghe / Mrs O.R.K. Ranasinghe	115,000.00	0.16
10	Mr. V.C. Mahtani / Mrs. M.V. Mahtani	105,315.00	0.14
11	Peoples's Leasing & Finance PLC / Hi Line Trading (Pvt) Ltd	85,000.00	0.12
12	People's Merchant Finance PLC/R M A P Rathnayake & PV D S S Saparamadu	80,000.00	0.11
13	Hatton National Bank PLC/ R.E. Rambukwelle	79,200.00	0.11
14	Mr S Malalasekera	77,400.00	0.11
15	Mrs J. Thiruvathavoorar	71,930.00	0.10
16	Mr N R Selvadurai	66,247.00	0.09
17	Merrill J Fernando & Sons (Pvt) Ltd	64,925.00	0.09
18	B P Singhage	62,000.00	0.09
19	Mr M.H.M. Zarook	61,000.00	0.08
20	CDB Finance PLC/ Dilum Chinthaka Maddumage	60,824.00	0.08
	Total No. of Shares	63,372,668	86.98

GOLDEN SHAREHOLDER

The Golden Share has been allotted to the Secretary to the Treasury for and on behalf of the State of Democratic Socialist Republic of Sri Lanka. The rights attached to the Golden Share are set out in the Articles of Association which are as follows:

1) The Golden Share shall only be held by the Secretary to the Treasury in his official capacity

2) The Golden Shareholder 's prior written concurrence is required

   (a) To amend the definition of the words Golden Share or Golden Shareholder and the Articles setting out specific rights attached to such share

   (b) To sub-lease, cede or assign the rights in part or all of the lands assigned to the Company

3) The Golden Shareholder is entitled to

   (a) Call upon the Directors once in every three months if desired to meet with him or his nominees to discuss matters of the Company of interest to the State

   (b) Inspect the books of accounts of the Company either by himself or by his nominees with due notice

   (c) Receive within 60 days of the end of every quarter, a quarterly report relating to the performance of the Company

   (d) Receive within 90 days from the end of each financial year, information relating to the Company in a pre-specified format.

TEN YEAR SUMMARY

As at 31st March 2023	2022/23 Rs.' 000	2021/22 Rs.' 000	2020/21 Rs.' 000	2019/20 Rs.' 000
Group				
TRADING SUMMARY				
Group Revenue	8,348,372	5,095,987	4,062,191	3,307,620
Profit/ Loss Before Taxation	3,005,828	1,633,751	725,516	335,389
Income Tax Expenses	(1,175,102)	(101,125)	149,476	(27,663)
Profit/ Loss After Taxation	1,830,726	1,532,625	874,992	307,726
Non- Controlling Interest	(127)	(119)	(275)	(128)
Profit Attributable to Owner of the Parent	1,830,726	1,532,744	875,267	307,854
Funds Employed				
Stated Capital	694,236	694,236	694,236	694,236
Timber Reserve	805,597	818,604	797,640	790,870
Accumulated Profits	7,017,246	5,391,329	3,976,496	3,145,643
Equity Attributable to Equity Holder of the Parent	8,517,080	6,904,169	5,468,372	4,630,749
Non Controlling Interest	(5,051)	(4,924)	(4,805)	(4,531)
Lease Liability	376,062	351,818	343,086	321,566
Interest Bearing Loan and Borrowings (Short and Long Term)	185,624	318,852	133,082	341,126
Assets Employed				
Non-Current Assets	7,776,714	7,165,097	6,717,706	6,309,473
Current Assets	4,240,727	2,139,859	884,938	780,405
Current Liabilities Net of Borrowing	744,443	554,815	521,332	754,424
Retirement Benefit Obligation	608,899	600,620	623,265	602,696
Differed Tax Liability	1,443,368	412,797	332,754	496,951
Differed Income	147,015	166,809	185,558	200,353
Capital Employed	9,073,434	7,569,915	5,939,735	5,304,435
Cash Flows				
Net Cash inflow/outflow from the Operating Activities	2,830,231	1,522,248	1,031,081	503,095
Net Cash inflow/outflow from the Investing Activities	(2,252,494)	(1,518,346)	(523,682)	(561,701)
Net Cash inflow/outflow from the Finance Activities	(401,537)	(6,034)	(55,795)	(230,435)
Increase/Decrease in Cash and Cash Equivalents	176,200	(2,132)	451,604	(289,041)
Key Indicators				
EPS (Basic)	25.12	21.03	12.01	4.22
Dividend Per Share (Company)	19.00	3.00	2.00	0.75
Dividend Payout Ratio (Company)	78%	16%	17%	23%
Net Assets Per Share	116.82	94.75	75.05	63.55
Market Price Per Share	76.50	75.50	43.08	13.00
Price Earnings Ratio	3	4	4	3
Current Ratio	4.92	3.21	1.60	0.94
Return on equity	22%	25%	17%	7%
Equity to Total Assets	71%	74%	72%	65%
Debt to equity	2%	5%	2%	7%

	2018/19 Rs.' 000	2017/18 Rs.' 000	2016/17 Rs.' 000	2015/16 Rs.' 000	2014/15 Rs.' 000	2013/14 Rs.' 000
	3,547,947	3,700,200	3,009,791	2,444,426	2,606,132	2,786,043
	512,405	598,481	463,289	219,812	389,549	416,019
	(73,725)	(72,493)	(43,452)	(24,270)	(29,894)	(42,367)
	438,681	335,426	419,837	195,541	359,656	373,652
	(125)	(91)	(333)	(357)	(191)	(224)
	438,806	335,518	420,170	195,899	359,847	373,877
	694,236	694,236	694,236	694,236	694,236	694,236
	765,958	780,376	778,722	756,836	725,733	685,902
	2,945,536	2,549,910	2,439,829	1,942,661	1,744,201	1,528,170
	4,405,730	4,024,522	3,912,787	3,393,732	3,164,170	2,908,308
	(4,403)	(4,278)	(4,186)	(3,854)	(3,496)	(3,305)
	165,676	169,218	172,123	175,528	178,676	181,704
	185,427	297,530	363,042	684,380	658,662	781,525
	5,762,297	5,398,245	5,162,864	5,054,251	4,752,313	4,530,267
	805,184	709,807	639,454	480,868	529,563	488,477
	518,679	448,773	474,509	311,923	405,194	352,669
	609,807	530,975	451,820	583,690	623,059	542,459
	474,351	183,631	409,987	125,918	90,816	76,866
	212,214	231,325	248,592	263,801	164,796	178,519
	4,752,430	4,486,992	4,443,766	4,249,787	3,998,012	3,868,231
	701,429	749,542	631,368	334,965	439,635	600,088
	(595,344)	(433,755)	(216,292)	(271,092)	(220,488)	(337,007)
	(148,844)	(275,839)	(204,476)	(52,750)	(336,987)	(176,525)
	(42,759)	39,947	210,600	11,122	(117,840)	86,556
	6.02	4.60	5.77	2.69	4.94	5.13
	1.25	2.25	1.00	0.50	0.75	0.75
	22%	48%	15%	17%	16%	16%
	60.46	55.23	53.70	46.57	43.42	39.91
	18.10	27.40	19.00	19.20	20.00	16.60
	3	6	3	7	4	3
	1.28	1.25	1.05	0.72	0.66	0.73
	10%	8%	12%	6%	12%	14%
	67%	66%	67%	61%	60%	58%
	4%	7%	9%	20%	21%	27%

DEFINITIONS

FINANCIAL TERMS

Accounting policies
Specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting financial statements.

Borrowings
All interest bearing liabilities.

Capital Employed
Total assets less interest free liabilities and provisions.

Cash Equivalents
Liquid investments with original maturities of three months or less.

Contingent Liabilities
Conditions or situations at the Balance sheet date, the financial effect of which are to be determined by future events which may or may not occur.

Current Ratio
Current assets divided by current liabilities.

Earnings Per Share
Profits attributable to ordinary shareholders divided by the number of ordinary shares in issue.

Effective tax Rate
Income tax expenses divided by profit from ordinary activities before tax.

Equity
Shareholders' funds, i.e. share capital and reserves.

Net Assets Per Share
Shareholders' funds divided by the number of ordinary shares.

Price Earnings Ratio
Market price of a share divided by earnings per share.

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

Return on Shareholder's Funds
Attributable profits (including other Comprehensive Income) to the shareholders divided by shareholders funds.

Return on assets
Net Income divided by Total Assets.

Return on capital
Net Income divided by Shareholders' funds and Borrowings.

Debt to equity ratio
Shareholders' funds divided by Borrowings.

Equity to assets ratio
Shareholders' funds divided by Total Assets.

EBIT
Earnings Before Interest and Tax.

EBITDA
Earnings Before Interest Tax Depreciation & Amortisation.

Segment
Constituent business units grouped in terms of nature and similarity of operations.

UITF
Urgent issues tasks Force of the institute of chartered accountants of Sri Lanka.

Working capital
Capital required to finance the day - to -day operations (current assets minus current liabilities).

LKAS/SLFRS
Sri Lanka Accounting Standards. (New)

NON - FINANCIAL TERMS

COP
The cost of production. this generally refers to the cost of producing a Kilo of produce. (Tea / Rubber / Oil Palm).

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

Extent in Bearing
The extent of land from which crop is being harvested. Also see "Immature Plantation".

Field
An unit extent of land. Estates are divided in to fields in order to facilitate management.

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

Infilling
A method of field development whereby planting of individual plants is done in order to increase the yield of a given field, whilst allowing the field to be harvested.

Mature Plantation
The extent of plantation from which crop is being harvested. Also see "Extent in Bearing".

NSA
The Net Sales Average. This is the average sale price obtained (over a period of time) after deducting Brokerage fees and cost of Gratis teas.

Replanting
A method of field development where an entire unit of land is taken out of "bearing" and developed by way of uprooting the existing trees, bushes and replanting with new trees / bushes.

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

CORPORATE INFORMATION

NAME

ELPITIYA PLANTATIONS PLC

LEGAL FORM

A Public Quoted Company with Limited Liability, incorporated in Sri Lanka on 22nd June 1992.

COMPANY REGISTRATION NUMBER

PQ 171

REGISTERED OFFICE

315, Vauxhall Street, Colombo 02, Sri Lanka.

BUSINESS ADDRESS

No. 305, Vauxhall Street, Colombo 02, Sri Lanka.

DIRECTORS

Dr. M. P. Dissanayake - Chairman

Dr. R. M. Fernando - Managing Director

Mr. B. Bulumulla – Joint Managing Director /CEO (Appointed as Joint Managing Director w.e.f. 01.04.2023)

Deshamanya Merrill J. Fernando

Mr. Malik J. Fernando

Dr. S. A. B. Ekanayake

Mr. S. C. Ratwatte

Mr. D. A. de S. Wickremanayake

Mrs. D. A. S. Dahanayake

ALTERNATE DIRECTORS

Ms. M. D. A. Perera - Alternate Director to Mr. Malik J. Fernando

Mr. A. T. S. Sosa - Alternate Director to Deshamanya Merrill J. Fernando

MANAGING AGENT

Aitken Spence Plantation Managements PLC

GROUP COMPANIES

E P P HYDRO POWER COMPANY (PRIVATE) LIMITED

Generates hydro electricity and supply to the national grid.

Directors:

Dr. R. M. Fernando (Chairman)

Deshamanya Merrill J. Fernando

Mr. Malik J. Fernando

Mr. D. A. de S. Wickremanayake

Mr. B. Bulumulla

WATER VILLAS (PRIVATE) LIMITED

Intended Hotel Operator.

Directors:

Dr. R. M. Fernando

Deshamanya Merrill J. Fernando

Mr. Malik J. Fernando

Mr. D. A. de S. Wickremanayake

Mr. B. Bulumulla

ESCAPE PARKS CEYLON (PRIVATE) LIMITED

Develop and operate an Adventure Theme Park at Deviturai Estate to promote Tourism in the region.

Directors:

Dr. M. P. Dissanayake (Chairman)

Dr. R. M. Fernando

JOINT VENTURE COMPANIES

ELPITIYA LIFESTYLE SOLUTIONS (PRIVATE) LIMITED

The company has ceased its operations and is to be liquidated.

Directors:

Mr. S. Pathiratne (Chairman)

Dr. R. M. Fernando (Managing Director)

Mr. Malik J. Fernando

Mr. D. A. de S. Wickremanayake

Ms. C. D. Piyaratne

Mr. A. Kanthasamy

Mr. B. Bulumulla (Alternate Director to Dr. R. M. Fernando)

A E N PALM OIL PROCESSING (PRIVATE) LIMITED

Joint Venture project between Agalawatte Plantations PLC, Elpitiya Plantations PLC and Namunukula Plantations PLC to process Oil Palm Fruit bunches and extract crude palm oil.

Directors:

Dr. M.P. Dissanayake (Re-appointed as Chairman w.e.f. 28.04.2023 for a period of one year),

Dr. R. M. Fernando

Mr. N.S. Yaddehige

Mr. P de S.A. Gunasekara

Mr. G.P.N.A.G. Gunathilake,

Mr. R.P.L. Ramanayake (Appointed w.e.f. 11.01.2023)

Mr. M.P.K. Udugampola (Resigned w.e.f. 11.01.2023)

ELPITIYA DIANHONG JIN YA TEA COMPANY (PRIVATE) LIMITED

A Joint Venture Project with Yunnan Dianhong Group of China to cultivate, process and market specialty teas for overseas market.

Directors:

Dr. R. M. Fernando (Chairman)

Mr. B. Bulumulla (Managing Director/CEO)

Mr. W. Hao

Mr. T. Wang (Alternate Director to Mr. W. Hao)

SECRETARIES

Aitken Spence Corporate Finance (Private) Limited

REGISTRARS

S S P Corporate Services (Private) Limited

101, Inner Flower Road, Colombo 03.

AUDITORS

Messrs. Ernst & Young, Chartered Accountants

201, De Saram Place, Colombo 10.

LAWYERS

Julius & Creasy Attorneys – at – Law

BANKERS

Bank of Ceylon – Corporate Branch

Sampath Bank PLC – Nawam Mawatha Branch

Hatton National Bank PLC – Panchikawatta Branch

NOTICE OF MEETING

Notice is hereby given that the Thirty First (31st) Annual General Meeting of Elpitiya Plantations PLC will be conducted from No. 315, Vauxhall Street, Colombo 02 on Wednesday, 28th June 2023 at 3.00 p.m., as a virtual meeting using a digital platform for the following purposes:-

1. To receive and consider the Annual Report of the Board of Directors together with the Financial Statements for the year ended 31st March 2023 and the Report of the Auditors thereon.

2. To re-appoint Deshamanya Merrill J. Fernando who is over the age of 70 years, as a Director by passing the following Resolution as an Ordinary Resolution:

   "IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Deshamanya Merrill J. Fernando who is 93 years of age and that he be re-appointed a Director of the Company."

3. To re-appoint Mr. D. A. de S. Wickremanayake who is over the age of 70 years, as a Director by passing the following Resolution as an Ordinary Resolution:

   "IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. D. A. de S. Wickremanayake who is 73 years of age and that he be re-appointed a Director of the Company."

4. To re-appoint Dr. R. M. Fernando who is age of 70 years, as a Director by passing the following Resolution as an Ordinary Resolution:

   "IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Dr. R. M. Fernando who is 70 years of age and that he be re-appointed a Director of the Company."

5. To re-elect Mr. B. Bulumulla who retires in terms of Article 92 & 93 of the Articles of Association, as a Director.

6. To authorise the Directors to determine contributions to charities.

7. To re-appoint the retiring External Auditors, Messrs. Ernst & Young, Chartered Accountants and authorise the Directors to determine their remuneration.

8. To consider any other business of which due notice has been given.

By Order of the Board

Elpitiya Plantations PLC

Aitken Spence Corporate Finance (Private) Limited
Secretaries

06th June 2023
Colombo

Note:

1. The Annual General Meeting of Elpitiya Plantations PLC will be held as a virtual meeting by participants joining in person or by proxy, through audio or audio visual means in the manner specified below:

   i. Shareholder participation

   (a) The shareholders are encouraged to appoint a Director of the Company as their proxy to represent them at the meeting.

   (b) The shareholders may also appoint any other persons other than a Director of the Company as their proxy and the proxy so appointed shall participate at the meeting through **audio or audio visual means only.**

   (c) The shareholders who wish to participate at the meeting will be able to join the meeting through **audio or audio visual means only**. To facilitate this process, the shareholders are required to furnish their details by perfecting **Annexure I** to the circular to shareholders and forward same to reach the Company Secretaries via e-mail to heshani@aitkenspence.lk or facsimile on +94 11 2445406 or by post to the registered address of the Company No. 315, Vauxhall Street, Colombo 02 **not less than five (05) days before the date of the meeting so that the meeting login information** could be forwarded to the e-mail addresses so provided. The circular to the shareholders will be posted to all the shareholders along with the Notice of Meeting and the Form of Proxy.

   (d) To facilitate the appointment of proxies, the Form of Proxy is attached hereto and the duly filled Form of Proxy should be sent to reach the Company Secretaries via e-mail to heshani@aitkenspence.lk or facsimile on +94 11 2445406 or by post to the registered address of the Company No. 315, Vauxhall Street, Colombo 02, **not less than forty eight (48) hours before the time fixed for the meeting.**

   ii. Shareholders' queries

   The shareholders are hereby advised that if they wish to raise any queries, such queries should be sent to reach the Company Secretaries, via e-mail to heshani@aitkenspence.lk or facsimile on +94 11 2445406 or by post to the registered address of the Company No. 315, Vauxhall Street, Colombo 2, **not less than five (05) days before the date of the meeting**. This is in order to enable the Company Secretaries to compile the queries and forward same to the attention of the Board of Directors so that such queries could be addressed at the meeting.

2. The Annual Report of the Company for the year 2022/2023 will be available for perusal on the Company website on www.elpitiya.com and the Colombo Stock Exchange website on www.cse.lk.

NOTES

FORM OF PROXY

I/We (in block letters) .... of

.... being

a shareholder/shareholders of ELPITIYA PLANTATIONS PLC hereby appoint .... of ....

.... (whom failing)

Mahinda Parakrama Dissanayake	(whom failing)
Rohan Marshall Fernando	(whom failing)
Bhathiya Bulumulla	(whom failing)
Merrill Joseph Fernando	(whom failing)
Malik Joseph Fernando	(whom failing)
Sumitha Anura Bandara Ekanayake	(whom failing)
Sarath Carlyle Ratwatte	(whom failing)
Don Ariyaseela de Silva Wickremanayake	(whom failing)
Dahanayakege Anusha Sajeewani Dahanayake	

as my/our Proxy to represent me/us, to speak and to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on **Wednesday, 28th June 2023** and at any adjournment thereof and at every poll which may be taken in consequence thereof.

I/We the undersigned hereby authorize my/our proxy to vote on my/our behalf in accordance with the preference indicated below:

Resolution		For	Against
1.	To re-appoint Deshamanya Merrill J. Fernando who is over the age of 70 years.		
2.	To re-appoint Mr. D. A. de S. Wickremanayake who is over the age of 70 years.		
3.	To re-appoint Dr. R. M. Fernando who is age of 70 years.		
4.	To re-elect Mr. B. Bulumulla who retires in terms of Article 92 and 93 of the Articles of Association.		
5.	To authorise the Directors to determine contributions to charities.		
6.	To re-appoint the retiring External Auditors, Messrs. Ernst & Young, Chartered Accountants and authorise the Directors to determine their remuneration.		

Signed this .... day of .... Two Thousand Twenty Three.

....	....	....
Shareholder's signature/(s)	Shareholder's NIC/Folio No.	Proxyholder's NIC No.

Note: Instructions as to completion are noted on the reverse hereof.

FORM OF PROXY

Instructions as to Completion

1. Kindly perfect the Form of Proxy by filling in the mandatory details required above, signing in the space provided and filling in the date of signature.

2. If the Form of Proxy is signed by an Attorney, the relative power of attorney should also accompany the proxy form for registration, if such power of attorney has not already been registered with the Company.

3. In the case of a Company/Corporation, the Form of Proxy shall be executed in the manner specified in its Articles of Association.

4. In the absence of any specific instructions as to voting, the proxy may use his/her discretion in exercising the vote on behalf of his/ her appointor.

5. Duly filled Form of Proxy should be sent to reach the Company Secretaries via e-mail to heshani@aitkenspence.lk or facsimile on +94 11 2445406 or by post to the registered address of the Company No. 315, Vauxhall Street, Colombo 02, **not less than forty eight (48) hours before the time fixed for the meeting**.

Please provide the following details (mandatory):
NIC/PP/Company Registration No. of the Shareholder/s :
Folio No. :
E-mail address of the Shareholder/(s) or proxy holder : (other than a Director appointed as proxy)
Mobile No. :
Fixed Line :

SHAREHOLDER FEEDBACK FORM

Name (Optional):	
Address (Optional):	
Number of shares held (Optional):	

1. Business Development

Please rate the following areas (where applicable) on a scale of 1 to 5 (where 1 is the lowest and 5 is the highest);

	Lowest				Highest
	1	2	3	4	5
a) Quality and presentation of the annual report					
b) Usefulness of the information in the interim financial statements					
c) Likelihood of the financial information in the Annual Report to influence investment decisions					
d) Likelihood of the environmental information in the Annual Report to influence investment decisions					
e) Likelihood of the social information in the Annual Report to influence investments decisions					
f) Level of awareness about the Company's work towards ecosystem conservation after reading the Annual Report					
g) Level of awareness about the Company's work towards socially inclusive development after reading the Annual Report					

Please tick more than one where applicable:

2. What channels of communication are preferred to receive information about Elpitiya Plantations PLC? :

News Articles		Social Media		Digital/Electronic Media	
Internet/Company Website		Annual Report		Others	

3. Out of the current sustainability priorities the Company is committed to work on, what areas do you feel Elpitiya Plantations PLC should focus more on?

Climate Change Risk Management		Socially Inclusive Development		Ecosystem Conservation	
Energy Management		Water Security		Management of Solid Waste, Effluents and Emissions	

4. Suggestions / Recommendations

The completed Feedback Form could be handed over to a Company representative at the end of the Annual General Meeting or mailed or hand delivered to the Company Secretary at the Registered Office of the Company at No. 315, Vauxhall Street, Colombo 02, Sri Lanka.

Designed & produced by
emagewise
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ELPITIYA PLANTATIONS PLC
No. 315, Vauxhall Street, Colombo 02, Sri Lanka.