

Kurunegala Plantations Ltd.



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2025

Kurunegala Plantations Limited
No.80, Dambulla Road
Kurunegala

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December		2025	2024
	Note	Rs.	Rs.
Revenue	4	1,702,019,083	1,284,448,519
Cost of sales	5	(895,707,601)	(794,727,717)
Gross profit		806,311,482	489,720,803
Gain/(Loss) on Fair Value of Biological Assets	16.2	59,054,852	47,159,053
Other operating income	6	83,585,737	62,720,801
Administration & general expenses	7	(288,940,499)	(211,033,967)
Profit from operating activities		660,011,573	388,566,689
Net financial income / (expenses)	8	(25,030,820)	26,266,565
Profit before taxation		634,980,753	414,833,254
Income tax expense	9	(243,108,742)	(131,359,117)
Profit for the year		391,872,010	283,474,137
Other comprehensive income			
Defined benefit plan actuarial gains/ (losses)		(5,735,972)	(28,663,618)
Revaluation Reserve		193,394,830	53,600
Reversal of Deferred Tax Liability (Note 26)		-	(583,466,249)
Total comprehensive income for the year		579,530,868	(328,602,130)
Earnings per share	10	19.59	14.17

The accounting policies & notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31st December	Note	2025 Rs.	2024 Rs.
ASSETS			
NON-CURRENT ASSETS			
Right-of-use land	11	50,917,145	53,531,403
Immovable lease assets (other than bare lands)	12	3,708,708	5,320,012
Property, plant & equipment	13	3,003,385,660	2,553,362,962
Consumable biological assets	14	437,328,906	389,764,906
Other financial assets	15	24,661,454	21,279,332
		3,520,001,872	3,023,258,615
CURRENT ASSETS			
Produce on bearer biological assets	16.1	37,570,769	26,496,207
Inventories	16.3	161,291,984	151,957,927
Deposits	17	3,611,105	4,099,605
Pre-payments	18	5,530,555	11,708,583
Pre-paid expenditure on short term projects	19	9,098,777	8,741,729
Trade & other receivables	20	142,651,678	85,230,719
Other financial assets	15	15,071,249	12,532,914
Short term investments	21	1,050,200,000	800,200,000
Cash and bank balance	22	135,335,336	113,730,863
		1,560,361,454	1,214,698,547
Total assets		5,080,363,326	4,237,957,162
EQUITY & LIABILITIES			
CAPITAL & RESERVES			
Stated capital	23	200,000,010	200,000,010
Retained earnings		2,072,516,758	2,156,499,345
Biological asset valuation reserve		623,666,646	564,611,794
Revaluation Reserve Vehicle		315,538,039	122,143,210
Other reserves		36,247,426	41,983,396
		3,247,968,879	3,085,237,754
NON-CURRENT LIABILITIES			
Retirement benefit obligations	24	209,991,072	183,009,700
Net liability to lessor	25	65,824,415	69,389,619
Deferred tax liability	26	775,857,593	661,783,863
		1,051,673,080	914,182,981
CURRENT LIABILITIES			
Net liability to lessor	25	3,565,204	3,565,204
Advance received	27	18,666,770	15,946,445
Income tax payable		88,018,490	21,341,646
Trade and other payables	28	670,470,903	197,683,131
		780,721,368	238,536,426
Total equity and liabilities		5,080,363,326	4,237,957,162

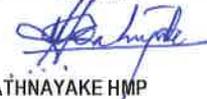
The accounting policies & notes form an integral part of these financial statements.

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


DISSANAYAKE DIK
MANAGER - FINANCE


ATTANAYAKA AMSB
CHIEF EXECUTIVE OFFICER(Actg.)

The board of directors is responsible for the preparation and presentation of these financial statements.
Approved and signed for and on behalf of the board of directors of Kurunegala Plantations Limited.


RATHNAYAKE HMP
CHAIRMAN
Kurunegala, 27th February 2026


KALANSURIYA ADLG
DIRECTOR/ TREASURY REPRESENTATIVE

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December

	Stated Capital Rs.	Biological asset Valuation Reserve Rs.	Other Reserve Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Equity Rs.
Balance as at December 31, 2023	200,000,010	517,452,741	70,647,013	122,089,610	2,212,990,227	3,123,179,600
Net profit for the year 2024					247,334,673	247,334,673
Other Comprehensive Income			(28,663,618)		(583,466,249.00)	(612,129,867)
Revaluation Reserve				53,600		53,600
Transferred to Biological Assets Reserve		47,159,053			(47,159,053)	-
Dividend					-	-
Balance as at December 31, 2024	200,000,010	564,611,793	41,983,397	122,143,210	1,829,699,600	2,758,438,011
Net profit for the year 2025					391,872,010	391,872,010
Other Comprehensive Income			(5,735,972)		-	(5,735,972)
Revaluation Reserve				193,394,830		193,394,830
Transferred to Biological Assets Reserve		59,054,852			(59,054,852)	-
Dividend					(90,000,000)	(90,000,000)
Balance as at December 31, 2025	200,000,010	623,666,646	36,247,426	315,538,039	2,072,516,758	3,247,968,879

The Accounting Policies & Notes form an integral part of these Financial Statements.

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Note - Lease Rental Liability

At the time of the incorporation of Kurunegala Plantations Ltd, the lands had not been fully surveyed and the corresponding land plans had not been handed over.

According to the records of the Janatha Estates Development Board (JEDB) at the time of formation, the total land extent was 6,555.03 hectares (Ha), which has been brought forward with subsequent adjustments. However, based on the available documentation for the purpose of assessing the value of the lands, the total extent is indicated as 6,722 hectares.

The current land extent is 4,950.64 hectares. The total extent of lands alienated amounts to 1,771.36 hectares, representing 26% of the original total extent. The cost attributable to the alienated lands was Rs. 67.22 million, (as per the valuation report dated 31 December 1994.)

The Board of Directors of Kurunegala Plantations Ltd resolved to recognise, as a liability, the lease rental payable in respect of lands released for various purposes. This decision was made in terms of Board Decision No. 424/12 dated 27 November 2025, based on the recommendation of the Audit and Management Committee (Meeting No. 04/2025 held on 17 October 2025.)

Company has recognise Lease rental Payable as follows

	Retained Earnings	
	Balance as per Auditec Adjustment Accounts 2024	Adjusted Balance as per Accounts 2025
Balance as at December 31, 2023	2,503,650,509	290,660,282
Net profit for the year 2024	283,474,137	36,139,464
		247,334,673

The Company provide Rs:39,789,194.00 for the year 2025 as lease renta payable and creates a liability Rs: 366,588,939.83 for the Lease Rental Payable.

STATEMENT OF CASH FLOW

For the year ended 31st December	2025 Rs.	2024 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax expense	634,980,753	414,833,254
Adjustments for		
Depreciation & amortization	122,870,895	108,553,051
Provision for retirement benefit obligations	37,679,053	32,910,045
Profit on disposal of property plant & equipment	57,417	-
Profit on sales bearer plants	(45,755,248)	(33,349,402)
Profit from sale of Timber Trees	(3,026,404)	(3,372,809)
Gain arising from changes in fair value less cost to sell - consumable biological assets	(59,054,852)	(47,159,053)
Net finance income	25,030,820	(26,266,565)
Profit before working capital changes	712,782,433	446,148,522
Changes in working capital		
Inventories	(9,334,057)	(34,581,765)
Deposits	488,500	592,165
Pre-payments	6,178,028	(8,955,046)
Trade and other receivables	(56,187,182)	28,663,802
Pre-paid expenditure on short term projects	(357,048)	3,440,546
Advance received	2,720,325	10,068,741
Trade and other payables	106,198,833	8,652,039
Cash generated from operations	762,489,833	454,029,003
Payment of retirement benefit costs	(16,433,652)	(24,319,609)
Income tax paid	(55,911,415)	(58,013,829)
Withholding tax paid	(6,446,553)	(5,359,136)
Economic service charge paid	-	-
Net cash generated from operating activities	683,698,212	366,336,429
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant & equipment	(375,400,618)	(421,500,035)
Additions to consumable biological assets	(252,056)	(430,622)
Proceeds from disposal of property, plant & equipment	70,000	-
Proceeds from disposal of bearer plants - coconut & rubber trees	45,755,248	33,349,402
Proceeds from sale of consumable biological assets	3,694,750	4,871,259
Net investment in term deposits	(250,000,000)	75,000,000
Interest received	77,842,093	117,344,705
Net cash flows used in investing activities	(498,290,583)	(191,365,292)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease rental paid	(67,882,700)	(61,510,790)
Interest on short term borrowings and Others	-	(13,255,754)
Loan given to staff	(24,404,000)	(18,319,300)
Staff loan recoveries	18,483,543	16,794,265
Dividend paid	(90,000,000)	-
Net cash flows used in financing activities	(163,803,157)	(76,291,580)
Increase/(decrease) in cash and cash equivalents	21,604,472	98,679,558
Cash and cash equivalents at the beginning of the year	113,730,863	15,051,304
Cash and cash equivalents at the end of the period (Note - A)	135,335,336	113,730,863

Note - A

Cash and Cash Equivalents as at	31.12.2025 Rs.	31.12.2024 Rs.
Repo	-	58,000,000
Cash at Bank	134,220,374	43,744,906
Cash in Hand	1,092,128	11,966,667
Postage/Stamps	22,834	19,290
	135,335,336	113,730,863

The Accounting Policies & Notes form an integral part of these Financial Statements.

ACCOUNTING POLICIES

01. GENERAL

1.1 Legal Status of the Reporting Entity

Kurunegala Plantations Limited (KPL) is a limited liability Company incorporated under the Companies Act No. 17 of 1982 in terms of the provisions of the Conversion of Corporations and Government owned Businesses undertakings into Public Companies Act No. 23 of 1987 and re-registered under the Companies Act No. 7 of 2007. The registered office of the Company is located at No. 80, Dambulla Road, Kurunegala.

Company is a single shareholder company with the Secretary to the Treasury of the Government of Sri Lanka being the single shareholder.

1.2 Principal Activities and Nature of Business

During the year, the principal activities of the Company were the cultivation, manufacture and sale of Coconut, Rubber & other agriculture produce. Its plantations are situated in the planting districts of Kurunegala, Gampaha and Anuradhapura which are organized under 08 planting Area Estates as described below.

Attanagalla	Dambadeniya
Dodangaslanda	Kurunegala
Katugampola	Narammala
Hiriyala	

02. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and the statement of cash flows, together with the accounting policies and notes ("financial statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirement of the Companies Act No. 07 of 2007.

2.2 Going Concern

The directors have made an assessment of the company's ability to continue as a going concern and they do not intend either to liquidate or to cease trading.

2.3 Basis of Presentation

The financial statements were prepared on accrual basis and under the historical cost basis except for the following material items in the Statement of Financial Position.

- Leasehold Right to Bare Land of JEDB/ SLSPC, which have been revalued as described in Note 11.
- Consumable Biological Assets are measured at fair value less costs to sell Note 14
- Retirement Benefit Obligations recognized based on actuarial valuation (LKAS - 19) Note 24
- Agricultural produce harvested from biological assets are valued at net realizable value. Net realizable value is the estimated selling price less the costs estimated for the realization of such sale.

No adjustments have been made for inflationary factors in the financial statements.

2.4 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees which is the Company's functional currency. All financial information presented in Sri Lankan Rupees has been rounded to the nearest rupee, unless otherwise stated.

2.5 Use of Estimates and Judgments

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

Judgments and estimates are based on historical experience, trends and other factors including expectations that are believed to be reasonable under the circumstances. Accordingly, the actual results may differ from these judgments and estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis to ensure the validity of the same. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Financial Statements are included in the following notes:

- Note 12 - Immovable lease assets other than leasehold right to bare land
- Note 14 - Consumable biological assets
- Note 24 - Measurement of defined benefit obligation.
- Note 26 - Deferred taxation

ACCOUNTING POLICIES

2.6 Comparative Information

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

03. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Assets and the Basis of their Valuation

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

3.1.1 Property, Plant & Equipment

3.1.1.1 Recognition and Measurement

Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost for this purpose includes the cost of acquisition and any directly attributable expenditure incurred to bring the asset to its working condition or intended use. The cost of self-constructed assets includes the cost of materials, direct labour, and any other costs directly attributable to bringing the asset to the working condition or its intended use. This also includes cost of dismantling and removing the existing asset.

Capital Work-in-progress is transferred to the respective asset accounts at the time of first utilization or at the time the asset is commissioned.

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

Permanent Land Development Costs are costs incurred to make major changes to land contours, to build new access roads and on other major infrastructure development.

Gains and losses on disposal of an item of property, plant and equipment are determined as different between the proceeds from disposal and the carrying amount of property, plant and equipment, and are recognized under other income in the statement of comprehensive income.

Any revaluation surplus is recognized in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the income statement, in which case the increase is recognized in the income statement. A revaluation deficit is recognized in the income statement, except to the extent that it offsets an

existing surplus on the same asset recognized in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. The Company has adopted a policy of revaluing Motor Vehicle by an external valuer and an internal valuation of Motor vehicle to be carried out at least every 5 years.

3.1.1.2 Subsequent Expenditure

Expenditure incurred on existing property, plant and equipment are capitalized when it is expected that such expenses would result in future economic benefits in excess of those originally assessed and its cost can be measured reliably. The carrying amount of the replaced asset is derecognized.

The costs of the day to day servicing/ maintenance of property, plant and equipment are recognized in Comprehensive Income Statement as incurred. When a revalued asset is disposed, the amount included in the revaluation surplus reserve is transferred to retained earnings.

3.1.1.3 De-recognition

The carrying amount of an item of property, plant and equipment is de-recognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on de-recognition are recognized under other income in statement of comprehensive income.

3.1.1.4 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. The amounts of the borrowing costs which are eligible for capitalization are determined in accordance with the in LKAS 23 - Borrowing Costs. Borrowing costs that are not capitalized are recognized as expenses in the period in which they are incurred and charged to the Statement of Comprehensive Income.

3.1.1.5 Depreciation and Amortization

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognized in Statement of Comprehensive Income on a straight line basis over the estimated useful life of each asset, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land are not depreciated.

ACCOUNTING POLICIES

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

<u>Asset Category</u>	<u>No of Years</u>
Buildings	40
Electrifications	40
Solar Power Electricity System	10
Wells	40
Fencing	03
Motor Vehicles	05
Machinery	13 1/3
Furniture & Fittings	10
Equipment	08
Irrigation	08
Computers	05
Shop Container	15
Improvements to land	05

The Company depreciated up to and including the year 2018 as follows; an asset acquired in a particular year is not depreciated for that year and the depreciation of that particular asset begins from the next financial year. When such asset is disposed, the depreciation for the full year is provided in the year in which the said asset is disposed.

However, as per the LKAS 16 depreciation of an asset shall begin when it is available for use. So, the depreciation of asset acquired during the year 2019 has been carried out accordingly.

3.1.1.6 Land Development Cost

Expenditure incurred by KPL on land development, like construction of roads & bridges, ponds were not depreciated up to 2018, but from 2018 onwards such cost is depreciated. The cost incurred prior to 2018 is depreciated over the remaining useful lifetime.

Depreciation of an asset ceases when the asset is classified as held for sale and the asset is derecognized subject to the above depreciation policy. Depreciation method, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

The leasehold assets are being amortized in equal amounts over the following periods.

<u>Asset Category</u>	<u>No of Years</u>
Bare land	53
Buildings	25
Machinery	15
Mature Plantations	30
Land Development Cost	30

3.1.1.7 Leased Assets

Assets obtained under the finance lease, which effectively transfer to the Company substantially, all risks and benefits incidental to the ownership of the leased assets, are treated as if they have been purchased outright and are capitalized at their cash price. Assets acquired by way of a finance lease are measured at an amount equal to the lower of their fair

value and the present value of minimum lease payments at the inception, less accumulated depreciation and accumulated impairment losses. The principal / capital elements payable to the lessor are shown as liability / obligation.

Assets held under the finance lease are amortized over the shorter of the lease period or the useful life of equivalent owned assets, unless ownership is not transferred at the end of the leased period.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term are classified as operating leases. Lease payments (excluding costs for services such as insurance and maintenance) paid under operating leases are recognized as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

3.1.1.8 Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's value in use and its fair value less cost to sale and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using pre tax discount rates that reflect current market assessments of the time value of money and the risk specific to the asset. In determining fair value less cost to sell, recent market transactions are taken into account, if available. If no such transaction can be identified, an appropriate valuation model is used.

Impairment loss of continuing operations are recognized in the Statement of Comprehensive Income in those expense categories consistent with the function of the impaired asset. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognized. If that is the case, carrying amount of the asset is increased to its recoverable amount. That increased amount cannot 'exceed' the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of Comprehensive Income.

3.1.2 Biological Assets

Biological assets are classified into Mature Biological assets and Immature Biological assets. Mature Biological assets are those that have attained harvestable specifications or are able to sustain regular

ACCOUNTING POLICIES

harvests. Immature Biological assets are those that have not yet attained harvestable specifications. Biological assets are further classified as Bearer Biological assets and Consumable Biological assets. Bearer Biological assets include coconut and rubber trees that are not intended to be sold or harvested, but grown for harvesting agricultural produce from such Biological assets. Consumable Biological assets includes un-planned forestry in estates having commercial exotic timber species such as Teak, Mahogany, Halmilla, Milla etc.

3.1.2.1 Bearer Plants

The bearer biological assets are measured at cost less accumulated depreciation and impairment losses, if any, in terms of LKAS 16 - Property Plant & Equipment as per the ruling issued by CASL.

The cost incurred on land preparation, rehabilitation, new planting, replanting, crop diversification, inter planting, fertilizing, etc., up to the point of commercial harvesting is classified as immature plantations/ immature biological assets on which no depreciation is provided. These immature plantations are shown at direct costs plus attributable overheads including interest attributable to long-term loans used for financing immature plantations.

The expenditure incurred on immature plantations which come into bearing during the year, is transferred to mature plantations at the end of the year and is depreciated over their useful lives as follows.

Asset Category (Crop)	Maturity Period (Years)	Economic	Lifespan (Years)
Coconut	10	NA	50
Rubber	06	NA	20
Cashew	06	08	20
Cinnamon	06	06	20
Dragon Fruit	03	04	20
Cocoa	05	06	20
Lime	05	06	20
Mango	06	08	20
Pepper	06	07	20
Rambutan	06	08	20
Coffee	07	08	20
Aricanut	08	10	20
Avocado	08	10	20
Durian	08	10	20
Guava	04	06	06

Permanent impairments to Bearer Biological Assets are charged to the Statement of Comprehensive Income in full and reduced from the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

Disposal of trees are done on FIFO basis.

3.1.2.2 Infilling cost on Bearer Plants

The land development costs incurred in the form of infilling are capitalized when infilling results in an increase in the economic life of the relevant field beyond its previously assessed standard of performance and infilling costs so capitalized are depreciated over the newly assessed remaining useful economic life of the relevant mature plantation or unexpired lease period whichever is lower. Infilling costs that are not capitalized have been charged to the Statement of Comprehensive Income in the year in which they are incurred.

3.1.2.3 Consumable Biological Assets

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

The gain or loss arising on initial recognition of Consumable Biological assets at fair value less cost to sell and from a change in fair value less cost to sell of Consumable Biological assets are included in Statement of Comprehensive Income for the period in which it arises All other assumptions are given in Note 14.

The main variables in DCF model concerns.

Variable	Comment
Currency valuation	Rs.
Timber content	Estimate based on physical verification of girth, height and considering the growth of the each species in different geographical regions.
Economic useful life	Factor all the prevailing statutory regulations enforced for harvesting of timber coupled with forestry plan of the company.
Selling price	Estimated based on the normal life span of each spices by factoring the forestry plan of the Company
Discount Rate	Estimated based on prevailing Sri Lankan market price. Factor all the conditions to be fulfilled in bringing the trees in to saleable condition
	Future cash flows are discounted at following discount rates: Timber trees 14%

3.1.2.4 Recognition and Measurement

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

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 as per the ruling issued by CASL.

Consumable timber trees are measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants (age below 5 years) as the impact on biological transformation of such plants to price during this period is immaterial.

3.1.2.5 Produce Growing on Bearer Biological Assets

In accordance with LKAS 41, Company recognise 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 Company uses the following price formulas.

Rubber - Latex Price (95% of current RSS1 Price) less Cost of tapping & transport

Coconut - Auction Price by Coconut Development Authority less cost of picking & transport

3.1.3 Financial Instruments

(a) Recognition and initial measurement

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

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a

significant financing component is initially measured at the transaction price.

(b) Classification and subsequent measurement

Financial assets - Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

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

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

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment:

The Company makes an assessment of the objective of the business model in which a financial asset is held at

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a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

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

Transfers of financial assets to third parties in transactions that do not qualify for de recognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest: Policy applicable from 1 January 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the Company considers:

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

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

Financial assets - Subsequent measurement and gains and losses: Policy applicable from 1 January 2018

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Debt investments at FVOCI

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

Equity investments at FVOCI

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

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Financial assets - Policy applicable prior to 1 January 2018
The Company classified its financial assets into one of the following categories:

- loans and receivables;
- held to maturity;
- available for sale; and
- at FVTPL, and within this category as:
 - held for trading
 - derivative hedging instruments; or
 - designated as at FVTPL

Financial assets - Subsequent measurement and gains and losses: Policy applicable prior to 1 January 2018

Financial assets at FVTPL

Measured at fair value and changes therein, including any interest or dividend income, were recognized in profit or loss.

Held-to-maturity financial assets

Measured at amortized cost using the effective interest method.

Loans and receivables

Measured at amortized cost using the effective interest method.

Available-for-sale financial assets

Measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, were recognized in OCI and accumulated in the fair value reserve. When these assets were derecognised, the gain or loss accumulated in equity was reclassified to profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(c) Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which

substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

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

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

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment policy: applicable from 1 January 2018 Non-derivative financial assets

Financial instruments and contract assets

Loss allowances for trade receivables is always measured at an amount equal to lifetime Expected Credit Loss (ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 365 days past due.

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

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or

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- the financial asset is more than 180 days past due.

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

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

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

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

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

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

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

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures to recovery of amounts due.

Impairment Policy: applicable prior to 1 January 2018

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present

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value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment Policy: Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. An impairment loss in respect of other assets, recognized in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Financial Risk Management

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and related parties.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its

financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Interest Rate Risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long term debt obligations with floating interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

3.1.4 Inventories

Agricultural Produce harvested from Biological Assets

Agricultural produce harvested are valued at the quoted prices net of point of sale costs in the sales contracts when sold after the reporting date and valued at average estimated net selling price when sales contracts are not entered into up to the time of preparing the financial statements.

In the case of coconuts the net realizable value after converting into copra is used for valuation when uncertainty exists in the market.

Agricultural Produce after further processing

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

Input Material, Consumables and Spares

Stocks of input materials, spares and consumables are valued at actual cost on FIFO basis.

Growing Crop Nurseries

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

3.1.5 Cash & Cash Equivalents

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

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3.2 Liabilities and Provisions

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

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

3.2.1 Employee Benefits

Defined Contribution Plans – EPF & ETF

A Defined Contribution Plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Defined Contribution Pension Plans are recognized as an employee benefit expense in Statement of Financial Position in the periods during which services are rendered by employees.

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

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

Defined Benefit Plan – Retirement Gratuity

Defined benefit plans define an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Company has adopted a defined benefit plan as required under the Payment of Gratuity Act No. 12 of 1983 for all eligible employees. The whole benefit plan is internally funded. Provision for gratuity is made by the Company taking account of the recommendation of an independent qualified actuaries firm.

The liability recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date together with adjustments for unrecognized past service cost. The defined benefit obligation is calculated annually by the Company using the projected unit credit method prescribed in Sri Lanka Accounting Standard 19; Employee Benefits. The present value of the defined benefit obligation is

determined by discounting the estimated future cash flows using the interest rates of Government bonds 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 pension liability.

Gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Past service costs are recognized immediately in statement of comprehensive income, unless the changes to the plan are conditional on the employees remaining in service for a specific period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

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 key assumptions used in determining the Retirement Benefit Obligations are given in Note 24.

3.3 Capital Commitments and Contingencies

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non occurrence of uncertain future events, which are beyond the Company's control. All material Capital Commitments and Contingent Liabilities are disclosed in Note 29.

3.4 Deferred Income

3.4.1 Government Grants and Subsidies

Government grants are recognized where there is a reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, the grant is deducted in arriving the carrying amount of the asset. When the grants related 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 are intended to compensate.

3.5 Statement of Comprehensive Income

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

3.5.1 Revenue Recognition

Sale of Goods

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SLFRS 15 replaces revenue recognition guidance, including LKAS 18 on “Revenue”, LKAS 11 on “Construction Contracts” and IFRIC 13 on “Customer Loyalty Programs” and is effective for annual reporting periods beginning on or after January 1, 2018.

SLFRS 15 provides a comprehensive framework for determining whether, how much, and when revenue is recognized. SLFRS 15 requires new qualitative and quantitative disclosure aimed at enabling users of Financial Statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

Entities are required to apply five-step model to determine when to recognize revenue and at what amount. The model specifies that revenue is recognized when or as an entity transfers control of goods and services to a customer at the amount at which the entity expects to be entitled.

As per SLFRS 15, which became effective from January 1, 2018, the Company adopts principles based five step model for revenue recognition. Accordingly, revenue is recognized only when all of the following criteria are met.

- The parties to the contract have approved the contract/s;
- The entity can identify each party’s rights regarding the goods or services to be transferred;
- The entity can identify the payment terms for the goods or services to be transferred;
- The contract has commercial substance;
- It is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

There is no significant impact on the Financial Statement of the Company resulting from the application of SLFRS 15

Interest Income

Interest Income is recognized as the interest accrued (taking into account the effective yield on the asset) unless collectability is in doubt.

Gains or Losses on Disposal

Gains and losses on disposal of an item of Property, Plant & Equipment are determined by comparing the net sales proceeds with the carrying amounts of Property, Plant & Equipment and are recognized within the ‘other income’ in the Statement of Comprehensive Income.

3.5.2 Expenditure Recognition

Operating Expenses

All expenses incurred in day to day operations of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the Statement of Comprehensive Income in arriving at the profit/ (loss) for the year. Provision has also been made for impairment of non-financial assets, slow

moving stocks, overgrown nurseries, all known liabilities and depreciation on property, plant and equipment.

Finance Cost

Finance costs comprise of interest expense on external borrowings and payments made under operating leases. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset recognized in Statement of Financial Position using the effective interest method. Payments made under operating leases are recognized in Statement of Financial Position on a straight-line basis over the term of the lease.

Tax Expense

Income Tax expense comprises current and deferred tax. Income tax expense is recognized in Statement of Comprehensive Income except to the extent that it relates to items recognized directly in equity, when it is recognized in equity.

Current Taxes

Current tax expense for the current and comparative periods are measured at the amount paid or expected to be payable to the Commissioner General of Inland Revenue on taxable income for the respective year of assessment computed in accordance with the provisions of the Inland Revenue Act No 24 of 2017 as amended by subsequent legislation enacted or substantively enacted by the reporting date.

Company shall be entitle to a tax exemption for agro farming subject to the new amendments to be introduced to the Inland Revenue Act No 24 of 2017 with effect from April 1,2019

Deferred Taxation

Deferred taxation is recognized using the Statement of Financial Position liability method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable Statement of Financial Position, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can

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be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

The relevant details are disclosed in the respective Notes to the Financial Statements.

3.6 Statement of Cash Flows

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

3.7 Earnings per Share

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

3.8 Events after the reporting period

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December

	2025 Rs.	2024 Rs.
4 REVENUE		
Coconut (Note 4.1)	1,169,056,883	800,258,965
Rubber (Note 4.2)	74,485,198	73,224,463
Sales Center	190,929,346	182,734,721
Coconut Husk	84,894,889	52,469,546
Rambutan	12,628,570	6,340,216
Pepper	18,787,542	17,862,784
Cashew	16,542,301	35,537,520
Mango	18,762,545	25,072,361
Cinnamon	17,585,941	20,938,848
Coconut Oil	12,172,323	12,265,533
Others	86,173,545	57,743,564
	1,702,019,083	1,284,448,519
4.1 Coconut Income		
Green nuts	1,148,407,565	779,739,315
Rejection Nuts	14,512,300	13,261,119
Copra	6,137,019	7,258,530
	1,169,056,883	800,258,965
Production (Nuts)	9,443,968	10,328,715
Sales (Nuts)	9,123,078	10,635,936
Net Sales Average (per 1000 nuts)	128,143	75,241
Cost of Sales (per 1000 nuts)	59,317	46,143
4.2 Rubber Income		
RSS	-	-
Latex	71,275,033	70,852,519
Scrap & Cuttings	3,210,165	2,371,944
	74,485,198	73,224,463
Production (Kg)	112,646	108,868
Sales (Kg)	112,328	106,475
Net Sales Average (per 1 Kg)	663	688
Cost of Sales (per 1 Kg)	537	436
5 COST OF SALES		
Coconut	541,154,861	490,774,448
Rubber	60,289,832	46,462,564
Rambutan	5,342,666	4,055,269
Pepper	11,631,245	9,021,544
Cashew	8,246,869	10,425,494
Mango	11,204,246	9,743,798
Sales Center	185,992,153	169,179,860
Coconut Oil	9,916,303	7,759,204
Others	61,929,427	47,305,535
	895,707,601	794,727,717

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December

	2025 Rs.	2024 Rs.
6 OTHER OPERATING INCOME		
Profit on sales bearer biological assets (Note - 6.1)	45,755,248	33,349,402
Profit / (Loss) on disposal & sale of Property Plant & Equipment	(57,417)	-
Profit from sale of Timber Trees	3,026,404	3,372,809
Late removal & payment charge -coconut	12,266,634	6,622,679
Lease/ facility fee income	12,680,459	10,751,130
Write back/ (Write off)	1,239,374	981,733
Other miscellaneous income	8,675,035	7,643,048
	83,585,737	62,720,801
6.1 Profit on sales bearer biological assets - Coconut Tree Sales	26,759,348	20,639,102
Less: Cost of Tress disposed during the year	(419,123)	(418,053)
Add: Accumulated depreciation as at 31st December	419,123	418,053
	26,759,348	20,639,102
Profit on sales bearer biological assets - Rubber Tree Sales	18,995,900	12,710,300
Less: Cost of Tress disposed during the year	-	(73,081)
Add: Accumilted depreciation as at 31st December	-	73,081
	18,995,900	12,710,300
Profit on sales bearer biological assets	45,755,248	33,349,402
7 ADMINISTRATION & GENERAL EXPENSES		
Payroll Related Expenses	228,513,117	146,946,367
Maintenance & Repairs	18,925,848	26,386,649
Other Administration Expenses	41,501,534	37,700,951
	288,940,499	211,033,967
PROFIT FROM OPERATING ACTIVITIES		
<i>is stated after charging the following;</i>		
Directors emoluments	3,429,978	3,198,324
Auditors fees on statutory audit	1,097,582	1,000,000
Donations	105,000	120,000
Depreciation/ Amortization-		
Leasehold rights to bare land of JEDB Estates	2,614,259	2,621,417
Immovable leased assets of JEDB Estates	1,611,304	2,617,056
Mature Plantation	34,760,115	30,943,291
Property, plant and equipment	83,885,218	72,371,287
Personal Cost includes		
Defined Benefit Plan - Retirement Gratuity	37,679,053	32,910,045
Defined Contribution Plan Cost - EPF and ETF	58,115,959	73,356,451
Performance incentive	140,000,000	69,794,450
Bonus	21,158,793	20,186,094
Holiday Pay	11,756,706	9,645,309
Medical Leave	9,380,092	7,300,900
Salaries & Wages	451,409,069	391,245,385

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December

	2025 Rs.	2024 Rs.
8 NET FINANCIAL INCOME /(EXPENSE)		
FINANCE INCOME		
Interest on Term Deposits	69,933,608	87,366,659
Interest on REPOs	7,321,448	8,454,468
Interest on Loans given to Staff	1,820,814	1,646,779
Un-winding of Pre-paid Staff Benefits	3,408,403	3,686,940
	82,484,273	101,154,846
Less: FINANCE COST		
Interest on Land Lease	104,106,690	57,945,587
Interest on short term Borrowings	-	13,147,754
Sub Lease Expenses	-	108,000
Amortization of Staff Cost	3,408,403	3,686,940
	107,515,093	74,888,281
Net financial income /(expense)	(25,030,820)	26,266,565
9 INCOME TAX EXPENSE		
Current Income Tax Expense (Note 9.1 & 9.2)	120,388,397	52,965,782
Under/(Over) Provision in respect of previous years	8,646,415	75,921
Deferred Taxation (Note 9.3 & 26)	114,073,929	675,013,422
	243,108,742	728,055,125
9.1 CURRENT INCOME TAX EXPENSE		
9.2 Reconciliation between Accounting Profit to Income Tax		
Accounting Profit Before Taxation	634,980,753	414,833,254
Income from other sources & exempt Income	(126,779,860)	(155,378,089)
	508,200,893	259,455,165
Aggregate Disallowable Items	160,597,531	142,041,553
Aggregate Allowable Items	(346,579,636)	(333,163,148)
Adjusted Business Profit for the Year	322,218,788	68,333,571
Income from Other Sources	79,075,870	108,219,036
Assessable Income/(loss)	401,294,658	176,552,607
Qualifying payments	-	-
Taxable Income	401,294,658	176,552,607
	-	-
Tax on Taxable income 30%	120,388,397	52,965,782
	120,388,397	52,965,782
	-	-
	120,388,397	57,820,389
Gross Income Tax Liability	120,388,397	57,820,389
9.3 DEFERRED TAX		
Provision has been made for deferred taxation up to December 31,2020 under the liability method in respect of temporary differences arising from carrying amounts of assets and Liabilities for financial reporting purposes and the amounts used for taxation purpose as described in Note 26 . As stated under 9.2 above as per the policy decision taken by the Government ,business profit arising from Agro farming is exempt from income tax w.e.f April 1,2019 for five years. Therefore company has decided to recognize the deferred tax liability from 31.12.2024 for future periods.		
Deferred tax Expense / (Income) arises from :		
Property Plant & Equipment	41,589,908	52,821,818
Bearer Biological Assets	66,358,924	550,541,124
Consumable Biological Assets	14,186,309	116,308,443
Provision for bad & doubtful debts	33,200	(2,984,812)
Employee Benefit Liability	(8,094,412)	(54,902,910)
	114,073,929	661,783,663

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December

2025
Rs.2024
Rs.**10 EARNINGS PER SHARE**

The calculation of the earnings per share is based on Profit attributable to ordinary shareholders for the year divided by the weighted average number of ordinary shares outstanding during the year.

10.1 Basic Earnings per Share

Profit attributable to Ordinary Shareholders (Rs.)	391,872,010	283,474,137
Weighted average number of ordinary shares	20,000,001	20,000,001
Earnings Per Shares (Rs. Cts.)	19.59	14.17

10.2 Diluted Earnings per Share

There were no potential dilutive ordinary shares outstanding at any time during the year ended 31st December 2025. Therefore, Diluted Earnings per Share is same as Basic Earnings per Share reported above.

11 LEASEHOLD RIGHT TO BARE LAND OF JANATHA ESTATE DEVELOPMENT BOARD

11.1 The leasehold rights to the lands of all the estates have been taken into the books of the company as at June 18, 1992, immediately after the formation of the company, in terms of the ruling obtained from the Urgent Issues Task Force (UITF) of the Institute of Chartered Accountants of Sri Lanka. For this purpose, the Board has decided at its meeting held on March 08, 1995 that these bare lands would be revalued, at the values established for these lands, by the valuation specialist Mr. D.R. Wickramasinghe just prior to the formation of the company. The revalued amount taken to the June 18, 1992 Statement of Financial Position was Rs. 189,234,932. The carrying values are given in Note 11.3 below. However the Institute of Chartered Accountants of Sri Lanka has withdrawn the UITF ruling with the implementation of LKAS/SLFRSs and introduced Statement of Recommended Practices (SoRP) on leasehold land on 19th December 2012. As per the SoRP, right to use land does not permit further revaluations.

11.2 Though JEDB has handed over all 13 Estates to the Company, of these estates leases for only 5 estates have been executed and the leases for the balance 8 estates (Dambadeniya, Dodangaslanda, Hiriyala, Katugampola, Kurunegala, Mahayaya, Narammala and Wariyapola) remain to be executed. These leases will be retroactive to June 18, 1992, the date of formation of the company. The Company had entered into a Memorandum of Record with JEDB with regard to all these estates for which leases have not been executed. This Memorandum of Record is considered as an agreement between JEDB and the Company.

11.3 Leasehold Right to Bare land (53 years)

	Rs.
COST	
Capitalized Value as at 18.06.1992	189,234,932
Disposals due to change in controlling interest from 18.06.1992 - 31.12.2024	(50,586,168)
Balance as at 31.12.2024	138,648,764
Disposals due to change in controlling interest from 01.01.2025- 31.12.2025	-
Balance as at 31.12.2025	138,648,764
AMORTIZATION	
Accumulated amortization as at 01.01.2024	82,495,943
Amortization for the year 2024	2,621,417
Accumulated amortization as at 31.12.2024	85,117,359
Amortization for the year 2025	2,614,259
Disposals due to change in controlling interest from 01.01.2025 - 31.12.2025	-
Balance as at 31.12.2025 (Note - A)	87,731,618
WRITTEN DOWN VALUE	
As at 31.12.2024	53,531,405
As at 31.12.2025	50,917,145
<i>Note - A</i>	
No. of Days for the lease period from 18.06.1992 - 17.06.2045	19,358
No. of Days for the period from 18.06.1992 - 31.12.2025	12,249
Amortization as at 31.12.2025 (138,648,765 / 19,358 x 12,249)	87,731,621

NOTES TO THE FINANCIAL STATEMENTS

12 IMMOVABLE LEASED ASSETS (OTHER THAN BARE LAND)

As explained in Note 11, although all JEDB estate leases have not been executed to date in terms of the ruling of the UITF, all immovable assets in these estates under finance leases have been taken into the books of the company retroactive to June 18, 1992. For this purpose, the Board has decided at its meeting on March 08, 1995 that these assets be taken into the books at their book values as they appeared in the books of the JEDB on the day immediately preceding the date of formation of the company.

Revaluation	Life of the Asset years	As at 18.06.1992 Rs.	Transfer in/ (Out) Rs.	Disposals Rs.	Balance as at 31.12.2024 Rs.
Land Development Cost	30	1,127,305		(4,000)	1,123,305
Buildings	25	22,130,873		(4,437,121)	17,693,752
Machinery	15	34,841		-	34,841
Mature plantations	30	43,001,122	90,335,750	(32,627,124)	100,709,748
Immature plantations		90,647,222	(90,335,750)	(311,472)	-
		156,941,363	-	(37,379,717)	119,561,646

The carrying values for the year are as follows.

Revaluation	Balance as at 01.01.2025 Rs.	Transfer in/ (Out) Rs.	Disposals Rs.	Balance as at 31.12.2025 Rs.
Land development cost	1,123,305	-	-	1,123,305
Buildings	17,693,752	-	-	17,693,752
Machinery	34,841	-	-	34,841
Mature plantations	100,709,748	-	(419,123)	100,290,625
	119,561,646	-	(419,123)	119,142,523

Amortization	Balance as at 01.01.2025 Rs.	Charge for the year Rs.	Disposals Rs.	Balance as at 31.12.2025 Rs.
Land development cost	1,123,305	-	-	1,123,305
Buildings	17,693,752	-	-	17,693,752
Machinery	34,841	-	-	34,841
Mature plantations (Note A)	95,389,737	1,611,304	(419,123)	96,581,918
	114,241,635	1,611,304	(419,123)	115,433,816

Carrying value	Balance as at 01.01.2025 Rs.	Balance as at 31.12.2025 Rs.
Land development cost	0	0
Buildings	-	-
Machinery	-	-
Mature plantations	5,320,011	3,708,708
	5,320,012	3,708,708

Investment in plantation assets which were categorized as immature at the time of handing over to the company way of estate leases, are shown under immature plantations (revalued as at 18.06.1992). Investment in such immature plantations to bring them to bearing are shown under Note-13. When these plantations come in to bring the additional investments incurred to bring them to such stage were transferred from the category immature plantations under Note - 13 and a corresponding transfer from immature plantations to mature plantations.

NOTES TO THE FINANCIAL STATEMENTS

12 IMMOVABLE LEASED ASSETS (OTHER THAN BARE LAND) cont...

Note - A Mature plantations

COST

Mature Plantations as at 18.06.1992

Balance as at 18.06.1992	43,001,122
Disposals of mature plantations	
due to change in controlling interest from 18.06.1992 - 31.12.2022	(6,979,587)
Value of Coconut Trees disposed (other than alienation) upto 31.12.2024	(13,590,857)
Value of Coconut Trees disposed (other than alienation) during the year 2025	(419,123)
Balance as at 31.12.2025 - [a]	<u>22,011,555</u>

Immature Plantations as at 18.06.1992 which has been transferred to mature plantations over the period at their maturity.

Balance as at 18.06.1992	90,647,222
Disposals at immature stage due to change in controlling interest	(311,472)
Disposals after being transferred to mature plantations due to change in controlling interest	(8,730,966)
Value of Rubber Trees disposed (other than alienation) upto 31.12.2024	(3,325,713)
Value of Rubber Trees disposed (other than alienation) during the year 2025	-
Balance as at 31.12.2025 - [b]	<u>78,279,070</u>

Mature Plantations as at 31.12.2025 [c] - (a + b)

100,290,625

Note - B Alienation of Leased Lands

At the time of the incorporation of Kurunegala Plantations Ltd, the lands had not been fully surveyed and the corresponding land plans had not been handed over.

According to the records of the Janatha Estates Development Board (JEDB) at the time of formation, the total land extent was 6,555.03 hectares (Ha), which has been brought forward with subsequent adjustments. However, based on the available documentation for the purpose of assessing the value of the lands, the total extent is indicated as 6,722 hectares.

The current land extent is 4,950.64 hectares. The total extent of lands alienated amounts to 1,771.36 hectares, representing 26% of the original total extent. The cost attributable to the alienated lands was Rs. 67.22 million, (as per the valuation report dated 31 December 1994.)

	Hectares	
1. Land extent Given in document used for assessing value of lands		6,722.00
2. Land extent mentioned in JEDB records by forming KPL		6,555.03
Variance between 1 & 2		166.97
3. Land acquired by villagers (Before establishment of KPL)		
Welanruppa Division	13.37	
Gomunnawa Division	40.48	53.85
4. Variations identified by land surveys		
Thippalathenna Division	99.08	
Dtathusenapura Division (Paddy Lands)	46.90	145.98
5. Land extent categorized as others (unified) without division		
Dosangaslanda	54.25	
Katugampola	2.01	56.26
Total Land Differences (1+2+3+4+5)		<u>423.06</u>
6. Land Extent released out to various parties (Government development programs, BOI Zones, Resettlement of Public, Statutory declarations etc.)		1,166.62
7. Paddy Lands alienated adae cultivators (after 1992)		181.68
Total Land released (6+7)		<u>1,348.30</u>
Total Land reduced		<u>1,771.36</u>
Present extent of Lands as per the KPL records		<u>4,950.64</u>

NOTES TO THE FINANCIAL STATEMENTS

12 IMMOVABLE LEASED ASSETS (OTHER THAN BARE LAND) cont...

AMORTIZATION

Mature Plantations as at 18.06.1992

# Days for the Period from 18.06.1992 - 17.06.2022 (30 Years)	10,957
# Days for the period from 18.06.1992 - 18.06.2022	10,957
Amortization as at 31.12.2025 (23,240,297 / 10,957 x 10,957) - [d]	22,011,555

Immature Plantations as at 18.06.1992 which has been transferred to mature plantations over the period at their maturity.

Economic Life time 30 Years			COST		AMORTIZATION	
Year of Transfer	Description	Date of Disposal	Balance as at 18.06.1992	Alienation/ Disposal	Balance as at 31.12.2025	Balance as at 31.12.2025
31/12/1994	Value of the Immature plantation		37,756,930			
	Disposal - Korakaha - Disposed at immature stage			(311,473)		
	Disposal - Mahayaya	07/08/1997		(2,957,425)		
	Disposal - Malwatta	07/08/1997		(355,313)		
	Disposal - Ambana (Rubber)	10/09/1994		(223,374)		
	Disposal - Suriyapura	06/06/2000		(92,705)		
	Disposal - Polgammana	01/01/2016		(322,347)		
	Disposal - Polgammana	01/01/2016		(410,721)		
	Disposal - Rubber Trees 2013-2015	01/01/2016		(990,854)		
	Disposal - Rubber Trees - 2016	31/12/2016		(209,249)		
	Disposal - Rubber Trees - 2017	31/12/2017		(326,797)		
	Disposal - Rubber Trees - 2018	31/12/2018		(207,232)		
	Disposal - Rubber Trees - 2019	31/12/2019		(951,289)		
	Disposal - Rubber Trees - 2020	31/12/2020		(42,588)		
	Disposal - Rubber Trees - 2021	30/12/2021		(170,821)		
	Disposal - Rubber Trees - 2023	31/12/2023		(204,806)		
	Disposal - Rubber Trees - 2024	31/12/2024		(73,081)		
			37,756,930	(7,850,074)	29,906,856	29,906,856
31/12/1995	Value of the Immature plantation		8,429,585			
	Disposal - Mawathagama	15/08/1997		(493,832)		
	Disposal - Walbotale	31/05/2011		(721,401)		
	Disposal - Rubber Trees - 2018	31/12/2018		(18,018)		
			8,429,585	(1,233,251)	7,196,334	7,196,334
31/12/1996	Value of the Immature plantation		12,394,880	-	12,394,880	11,981,981
31/12/1997	Value of the Immature plantation		8,045,288			
	Disposal - Mawathagama	15/08/1997		(412,325)		
	Disposal - Pannala	09/04/1999		(748,578)		
	Disposal - Pethiyakanda	06/06/2000		(242,922)		
	Disposal - Rubber Trees - 2017	31/12/2017		(130,979)		
			8,045,288	(1,534,803)	6,510,485	6,076,730
31/12/1998	Value of the Immature plantation		9,962,094			
	Disposal - Polgammana	01/01/2016		(684,684)		
			9,962,094	(684,684)	9,277,410	8,349,499
31/12/1999	Value of the Immature plantation		8,676,654			
	Disposal - Mawathagama	15/08/1997		(420,467)		
	Disposal - Polgammana	01/01/2016		(604,222)		
			8,676,654	(1,024,689)	7,651,965	6,631,749
31/12/2000	Value of the Immature plantation		4,666,747			
	Disposal - Polgammana	01/01/2016		(40,648)		
			4,666,747	(40,648)	4,626,099	3,855,153
31/12/2001	Value of the Immature plantation		715,044		715,044	572,061
Total [e]			90,647,222	(12,368,150)	78,279,072	74,570,364
Amortization - Mature Plantations as at 31.12.2025 [f] - (d + e)					96,581,919	

NOTES TO THE FINANCIAL STATEMENTS

13 PROPERTY, PLANT AND EQUIPMENT

BEARER PLANTS

The following are the investments in plantations since the formation of the company. The assets (including plantation assets) taken over under estate leases are set out in Notes 11 and 12. Continuing investments in immature plantations, taken over under these leases are shown in the above Note. When such plantations come into bearing, the additional investments incurred since taking over to bring them to bearing had been transferred from immature to mature plantations in this Note. A corresponding transfer had been made from immature to mature plantations being the investment undertaken by JEDB on the particular plantation prior to the formation of the company as described in Note 12.

	IMMATURE PLANTS																
	Coconut Rs.	Rubber Rs.	Tea Rs.	Cashew Rs.	Cinnamon Rs.	Rambutan Rs.	Guava Rs.	Dragon fruit Rs.	Mango Rs.	Pepper Rs.	Cocoa Rs.	Durian Rs.	Aricanut Rs.	Waraka Rs.	Lime Rs.	Coffee Rs.	Total Rs.
Cost																	
Balance as at 01.01.2025	535,702,159	(0)	2,988,575	8,522,243	39,589,598	8,383,452	986,840	4,621,951	29,987,678	22,396,850	-	6,892,370	960,810	2,247,939	987,493	1,013,792	665,281,750
Additions during the year	181,081,178	-	9,574,123	2,553,285	33,688,450	2,596,388	2,413,797	1,449,278	12,610,080	6,084,055	-	1,371,486	207,792	503,751	168,414	1,654,450	255,956,527
Transfers during the year	(151,301,701)	-	-	(3,549,573)	(12,502,082)	(5,429,018)	-	-	-	(27,542,487)	-	(8,263,856)	(663,567)	-	-	-	(209,252,285)
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31.12.2025	565,481,636	(0)	12,562,698	7,525,955	60,775,965	5,550,821	3,400,637	6,071,229	42,597,758	938,418	-	(0)	505,035	2,751,690	1,155,907	2,668,242	711,985,992
	MATURE PLANTS																
	Coconut 50 years Rs.	Rubber 20 years Rs.	Tea Rs.	Cashew 20 years Rs.	Cinnamon 20 years Rs.	Rambutan 20 years Rs.	Guava 6 years Rs.	Dragon fruit 20 years Rs.	Mango 20 years Rs.	Pepper 20 years Rs.	Cocoa 20 years Rs.	Durian 20 years Rs.	Aricanut 20 years Rs.	Waraka Rs.	Lime 20 years Rs.	Coffee 20 years Rs.	Total Rs.
Cost																	
Useful life of the asset																	
Balance as at 01.01.2025	1,159,149,850	119,910,627	-	21,591,410	41,206,800	8,982,524	191,347	3,472,230	15,183,198	37,430,356	5,936,675	6,121,765	-	-	-	153,769	1,419,330,550
Transfers during the year	151,301,701	-	-	3,549,573	12,502,082	4,633,753	-	-	-	27,542,487	-	9,059,121	663,567	-	-	-	209,252,285
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31.12.2025	1,310,451,551	119,910,627	-	25,140,983	53,708,883	13,616,277	191,347	3,472,230	15,183,198	64,972,843	5,936,675	15,180,886	663,567	-	-	153,769	1,628,582,835
Amortization																	
Balance as at 01.01.2025	160,737,361	53,116,244	-	10,519,436	6,286,303	2,269,842	191,347	1,351,677	2,346,189	7,670,154	3,236,847	1,596,051	-	-	-	153,769	249,475,219
Charge for the year	23,182,997	4,636,369	-	1,079,571	1,967,540	498,725	-	173,610	759,161	1,859,220	296,834	306,088	-	-	-	-	34,760,115
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31.12.2025	183,920,358	57,752,613	-	11,599,007	8,253,843	2,768,567	191,347	1,525,287	3,105,350	9,529,374	3,533,681	1,902,139	-	-	-	153,769	284,235,334
Written down value																	
As at 01.01.2025	998,412,489	66,794,383	-	11,071,974	34,920,497	6,712,682	-	2,120,553	12,837,009	29,760,202	2,699,828	4,525,714	-	-	-	-	1,169,855,331
As at 31.12.2025	1,126,531,193	62,158,014	-	13,541,976	45,455,040	10,847,710	-	1,946,943	12,077,848	55,443,469	2,402,994	13,278,747	663,567	-	-	-	1,344,347,501
TOTAL BEARER BIOLOGICAL ASSETS																	
Written down value																	
As at 01.01.2025	1,534,114,648	66,794,383	2,988,575	19,594,217	74,510,095	15,096,134	986,840	6,742,504	42,824,687	52,157,052	2,699,828	11,418,084	960,810	2,247,939	987,493	1,013,792	1,835,137,081
As at 31.12.2025	1,692,012,829	62,158,014	12,562,698	21,067,931	106,231,005	16,398,531	3,400,637	8,018,172	54,675,606	56,381,887	2,402,994	13,278,747	1,168,602	2,751,690	1,155,907	2,668,242	2,056,333,493

NOTES TO THE FINANCIAL STATEMENTS

13. PROPERTY, PLANT AND EQUIPMENT cont...

Following are the assets vested in the company vis a vis the Gazette notification on the date of formation of the company on June 18, 1992 and all additions thereafter. The assets taken over by way of estate leases are set out in Notes 11 and 12 to the accounts.

	Acquisition of land	Improvements to Land	Buildings	Shop Container	Wells	Fencing	Motor Vehicles	Machinery	Furniture & Fittings	Equipment	Computer Equipment	Irrigation	Electrification	Solar Power System	Total	Work-in- progress	Total
Useful life of the Asset (Years)			40	15	40	3	5	13 1/3	10	8	5	8	40	10			
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost																	
Balance as at 01.01.2025	8,123,564	15,081,435	399,634,410	20,296,978	14,353,706	143,514,799	162,179,964	6,357,709	17,345,510	67,523,533	9,107,252	40,480,002	14,028,212	3,751,046	921,778,119	136,897,835	1,058,675,953
Additions during the year	-	12,997,762	36,153,969	4,995,685	1,568,921	14,828,013	8,065,490	-	1,580,131	16,475,148	628,893	1,249,659	12,772,939	3,582,480	114,899,088	33,246,794	148,145,882
Revaluation							214,924,400								214,924,400		214,924,400
Disposals during the year	-	-	-	-	-	-	(170,245,454)	-	(139,000)	-	-	-	-	-	(170,384,454)	(28,701,791)	(199,086,245)
Transferred (from)/ to																	
Balance as at 31.12.2025	8,123,564	28,079,197	435,788,379	25,292,663	15,922,627	158,342,811	214,924,400	6,357,709	18,786,641	83,998,680	9,736,144	41,729,661	26,801,151	7,333,526	1,081,217,153	141,442,838	1,222,659,991
Depreciation																	
Balance as at 01.01.2025	-	5,424,232	67,102,763	1,795,282	3,303,344	113,877,604	115,499,047	1,721,564	1,597,240	6,519,846	1,323,020	18,747,216	923,181	2,625,735	340,450,073	-	340,450,073
Charge During the year	-	3,033,119	10,260,995	1,686,179	379,951	15,893,073	33,216,836	476,887	1,747,209	9,001,427	1,878,599	5,212,824	598,622	499,498	83,885,218		83,885,218
Disposals during the year	-	-	-	-	-	-	(148,715,884)	-	(11,583)	-	-	-	-	-	(148,727,467)		(148,727,467)
Balance as at 31.12.2025	-	8,457,350	77,363,758	3,481,461	3,683,294	129,770,677	(0)	2,198,451	3,322,866	15,521,272	3,201,618	23,960,040	1,521,803	3,125,233	275,607,824	-	275,607,824
Written down value																	
As at 01.01.2025	8,123,564	9,657,203	332,531,647	18,501,695	11,050,362	29,637,195	46,680,917	4,636,145	15,758,270	61,003,687	7,784,232	21,732,786		1,125,311	581,328,046	136,897,835	718,225,881
As at 31.12.2025	8,123,564	19,621,847	358,424,621	21,811,201	12,239,333	28,572,134	214,924,400	4,159,258	15,463,775	68,477,408	6,534,526	17,769,621	25,279,348	4,208,293	805,609,329	141,442,838	947,052,167

TOTAL OF PROPERTY, PLANT AND EQUIPMENT

Written down value																	
As at 01.01.2025																	2,553,362,962
As at 31.12.2025																	3,003,385,660

Acquisition of land

The land called Pollaththapitiya, 1.416 hectare in extent where the Head office of the company is situated is a land acquired by the Divisional Secretary - Kurunegala and handed over to Janatha Estate Development Board (JEDB) on July 15, 1987. Since the legal title of the land was not transferred to JEDB the land is now owned by the government. Compensation upon acquisition had not been paid to the original owners of the land, H.L. De Mel and Company. Based on a court of appeal order the company was requested by the Ministry of Plantation Industries to pay the legal compensation of Rs. 3.5 Mn. to H.L. De Mel and Company which it has paid through the Divisional Secretary, Kurunegala on condition suggested by the Ministry that the land will be transferred to the company by the government. The legal interest payable on Rs. 3.5 Mn. for delaying the payment for 18 years was calculated to be Rs. 4,623,563.92 and the company has agreed to pay this amount at the request of the Ministry of Plantation Industries. The total of the amount paid and payable relating to the acquisition of the land is, therefore, Rs. 8,123,563.92. The full amount is disclosed in these accounts as acquisition cost of the land. The title of land has been transferred to Kurunegala Plantations Ltd with effect from 2015.11.16 (Reg No. G146/78)

Revaluation of assets

The net book value of motor vehicles amounting to Rs. 21,529,570.44 was revalued to Rs. 214,924,400 as at 31 December 2025.

Fully depreciated assets

The cost of fully depreciated Property, Plant and Equipment which are still in use as at date of Statement of Financial Position is as follows,

	31.12.2025	31.12.2024
	Rs.	Rs.
Fencing	104,612,444	95,894,518
	104,612,444	95,894,518

NOTES TO THE FINANCIAL STATEMENTS

AS AT	31.12.2025 Rs.	31.12.2024 Rs.
14 CONSUMABLE BIOLOGICAL ASSETS		
14.1 TIMBER TREES		
Balance as at the beginning of the year	387,694,809	343,595,612
Increase due to development	252,056	430,622
Cost of harvested timber trees	(668,346)	(1,498,450)
Gain / (loss) arising from changes in fair value less cost to sell	47,703,990	45,167,025
Balance as at the end of the year	434,982,508	387,694,809

Consumable biological assets include timber trees grown in 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 valuation was carried by Mr. A. A. M. Fathihu., independent Chartered valuers, using Discounted Cash Flow (DCF) method.

Key assumption used in Valuation

1. The harvesting is approved by the Department of Forest & the Line Ministry
2. The Prices adopted are net of expenditure.
3. Discount rate is 10% , 11% & 12%.

The valuations, as presented in the external valuation models based on net present values, take into account the long term exploitation of the timber trees. Because of the inherent uncertainty associated with the valuation at fair value of the biological assets due to the volatility of the variables, their carrying value may differ from their realizable value. The Board of Directors retains their view that commodity markets are inherently volatile and that long term price projections are highly unpredictable.

The Company is exposed to the following risks relating to its timber trees.

Regulatory and environmental risks

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

Supply and demand risk

The Company is exposed to risks arising from fluctuations in the price and sales volume of timber. When possible, the Company manages this risk by

Climate and other risks

The Company's timber trees are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces.

14.2 LIVESTOCK

Cattle		
Balance as at the beginning of the year	2,070,097	2,045,506
Addition during the year	46,575	83,340
Gain / (loss) arising from changes in fair value for the Year	170,505	43,663
Death/Sale value	59,220	(102,411)
Balance as at the end of the year	2,346,397	2,070,098
Total Consumable Biological Assets	437,328,906	389,764,906

Livestock are measured at their fair value less cost to sell. The fair value of livestock is determined in accordance with the circulars issued by the National Livestock Development Board.

NOTES TO THE FINANCIAL STATEMENTS

15 OTHER FINANCIAL ASSETS

	Loan Given to Employees Rs	Pre Paid Staff Benefit Rs	Total Rs
Balance at 01.01.2024	26,101,271	6,185,945	32,287,205
Loan granted during the year -2024	16,654,806	1,664,494	18,319,300
Loan recovered during the year -2024	(13,107,321)	(3,686,940)	(16,794,261)
Balance at 31.12.2024	29,648,756	4,163,499	33,812,244
Loan granted during the year -2025	20,822,902	3,581,098	24,404,000
Loan recovered during the year -2025	(15,075,138)	(3,408,403)	(18,483,541)
Balance at 31.12.2025	35,396,519	4,336,195	39,732,703
Non Current Balance as at 31.12.2024	19,562,896	1,716,436	21,279,332
Current Balance as at 31.12.2024	10,085,850	2,447,064	12,532,914
Balance at 31.12.2024	29,648,746	4,163,500	33,812,246
Non Current Balance as at 31.12.2025	22,681,022	1,980,432	24,661,454
Current Balance as at 31.12.2025	12,715,485	2,355,764	15,071,249
Balance at 31.12.2025	35,396,507	4,336,196	39,732,703

The company provides loans to employees at concessionary rate at 5% per annum. These loans are recognized on fair value at their initial recognition. The fair value of the loans given to employees are determined by discounting expected future cash flows using market rates related to the similar loans. The difference between cost and fair value of loans given to employees is recognized as prepaid staff benefits. The loans given to employees are classified as loans and receivables and subsequently measured at amortized cost.

Distress Loans	2025	2024
Kurunegala Plantations Limited	5.00%	5.00%
Market interest rate of similar loans		
01.12.2014 - 31.12.2014	11.50%	
01.01.2015 - 31.12.2015	11.50%	
01.01.2016 - 20.11.2016	13.00%	
21.11.2016 - 31.12.2016	14.00%	
01.01.2017 - 31.12.2017	14.00%	
01.01.2018 - 31.12.2018	13.00%	
01.01.2019 - 31.12.2019	12.50%	
01.01.2020 - 31.12.2020	12.50%	
01.01.2021 - 31.12.2021	13.50%	
01.01.2022 - 31.12.2022	28.13%	
01.01.2023 - 31.12.2023	19.00%	
01.01.2024 - 31.12.2024	10.00%	
01.01.2025 - 31.12.2025	13.50%	

AS AT	31.12.2025 Rs.	31.12.2024 Rs.
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16 PRODUCE ON BEARER BIOLOGICAL ASSETS AND INVENTORIES

16.1 Produce on Bearer Biological Assets

As at 1st January	26,496,207	24,528,771
Change in fair value less cost to sell	11,074,563	1,967,436
As at 31st December	37,570,769	26,496,207

Level 2 inputs were used when arriving above figures.

16.2 Gain/(Loss) on fair value of Biological assets

Consumable Biological Assets Gain/(loss) (Note 14.1)	47,703,990	45,167,025
Produce on Bearer Biological Assets Gain/(loss) (Note 16.1)	11,074,563	1,967,436
Livestock Gain/(loss) (Note 14.2)	276,300	24,592
Produce on Bearer Biological Assets Gain/(loss)	59,054,852	47,159,053

16.3 INVENTORIES

Produce Stocks	74,206,893	50,255,966
Input Materials, Spares & Consumables	75,376,255	98,160,019
Sales Outlet stock	6,314,606	-
Growing Nurseries	5,394,231	3,541,943
	161,291,984	151,957,927

NOTES TO THE FINANCIAL STATEMENTS

AS AT	31.12.2025	31.12.2024				
	Rs.	Rs.				
17 DEPOSITS						
Deposits on purchase of Fuel	1,230,000	1,230,000				
Deposits on purchase of other products & Services	264,000	264,000				
Deposits for rented Buildings	-	647,335				
Deposit kept at Labour Tribunal for Gratuity	1,994,770	1,942,770				
Others	122,335	15,500				
	3,611,105	4,099,605				
18 PRE-PAYMENTS						
Insurance	1,530,099	1,356,186				
Pre-paid subscriptions	140,314	1,089,612				
Pre-paid amount on service agreements	14,590	524,950				
Others	3,845,553	8,737,835				
	5,530,555	11,708,583				
19 PRE PAID EXPENDITURE ON SHORT TERM PROJECTS						
Passion Fruit	-	3,150				
Pineapple	-	210,743				
Oil Manufacturing	8,428,443	7,198,677				
Paddy Cultivation	594,484	-				
Others	75,850	1,329,159				
	9,098,777	8,741,729				
20 TRADE AND OTHER RECEIVABLES						
Trade Debtors						
Produce Debtors - Coconut	66,437,406	25,918,966				
Recoverable loss on sale of Coconut	8,712,598	8,823,264				
Produce Debtors - Rubber	17,123,728	10,014,966				
Produce Debtors - Others	30,771,260	11,088,834				
Rent Receivables	2,841,646	1,058,930				
Other Receivables						
Interest Receivable	24,722,972	23,489,195				
Staff debtors	3,380,974	2,664,750				
Sundry Debtors	790,987	13,147,894				
	154,781,572	96,206,799				
Less: Rejection provision (Produce Debtors - Coconut)	(2,291,187)	(1,026,707)				
	152,490,385	95,180,092				
Less: Impairment of Bad & Doubtful Debts	20.1	(9,949,373)				
	142,651,678	85,230,719				
20.1 Movement for Impairment of Bad & Doubtful Debts						
At the beginning of the the year	9,949,373	10,008,373				
Imparement provition	(110,666)	(59,000)				
At the end of the the year	9,838,707	9,949,373				
20.2 As at 31 December, the ageing of trade and other receivables is, as follows:						
	Current	Past due				
	Total	0 - 30	31 - 60	61 - 90	91 - 180	> 180
	Rs.	Days Rs.	Days Rs.	Days Rs.	Days Rs.	Days Rs.
2025	154,781,572	84,013,886	13,189,875	21,258,135	5,111,519	31,208,157
2024	96,206,799	61,410,633	4,056,098	(284,209)	2,517,369	28,506,908

NOTES TO THE FINANCIAL STATEMENTS

AS AT	31.12.2025 Rs.	31.12.2024 Rs.
21 SHORT TERM INVESTMENTS		
Matured after 03 months		
Term Deposits - Bank of Ceylon	900,200,000	180,200,000
Term Deposits - Peoples' Bank	-	375,000,000
Term Deposits - National Savings Bank	150,000,000	245,000,000
	1,050,200,000	800,200,000
	1,050,200,000	800,200,000
22 CASH & BANK BALANCES		
Stamps	22,834	19,290
Repo	-	58,000,000
Cash at Bank	134,220,374	43,744,906
Cash in Hand	1,092,128	11,966,667
	135,335,336	113,730,863
23 STATED CAPITAL		
Issued and Fully Paid		
20,000,000 Ordinary shares Rs. 10/- each	200,000,000	200,000,000
Golden share held by Secretary to the Treasury (Note 23.1)	10	10
	200,000,010	200,000,010

23.1 The Golden Shareholder

The Golden Share is currently held by Secretary to the General Treasury and should be owned either directly by the Government of Sri Lanka or by a 100% Government owned public Company. In addition to the rights of the normal ordinary shareholder, special rights are vested with the Golden Shareholder.

24 RETIREMENT BENEFIT OBLIGATIONS		
Balance as at the beginning of the year	183,009,699	145,755,645
Charged during the year	43,415,025	61,573,663
Gratuity paid /payable during the year	(16,433,652)	(24,319,609)
Balance as at the end of the year	209,991,072	183,009,699

The Company will continue as a going concern. The gratuity liability is fully internally funded.

The Valuation method used by the actuaries to value the benefit is the 'Projected Unit Credit Method', the method recommended by the Sri Lanka Accounting Standard No.19,'Employee Benefits'. The actuarial valuation of the retirement benefit obligation was carried out as at 31st December 2025 by Actuarial & Management Consultants (Pvt) Limited.

The movement in the retirement benefit obligations over the year is as follows.

Interest Cost	20,131,066	18,219,456
Current Service Costs	17,547,987	14,690,589
Total included in the staff cost (Note 07)	37,679,053	32,910,045
Past Service Cost		-
Actuarial (Gain)/Loss recognized immediately	5,735,972	28,663,618
Amount Recognized in the statement of other comprehensive income	5,735,972	28,663,618
Total recognized in the comprehensive income	43,415,025	61,573,663

NOTES TO THE FINANCIAL STATEMENTS

24 RETIREMENT BENEFIT OBLIGATIONS cont...

The Key Assumptions used by the M/s. Actuarial & Management Consultants (Pvt) Ltd include the following,

	Financial Assumptions (2025)	Financial Assumptions (2024)
Rate of Interest	10% p.a	11% p.a
Rate of Increase of Salaries		
Executive Staff	10% p.a next increment due on 01/04/2026	10% p.a next increment due on 01/04/2025
Non Executive Staff - Head office	10% p.a next increment due on 01/04/2026	10% p.a next increment due on 01/04/2025
Estate Staff	10% p.a next increment due on 01/04/2026	15% or 20% p.a once in 3 years next increment due on
Watchers	10% p.a next increment due on 01/04/2026	10% p.a next increment due on 01/04/2025
Daily Paid Staff	10% p.a. Next increment due on 01/04/2026	10% p.a. Next increment due on 01/04/2025
Daily Paid Staff's wage rates	Rs. 1000 or 1080 or 1350 as specified by the company	Rs.740 or Rs. 1000 or 1266 or 1350 as specified by the company

Demographic Assumptions

In addition to the above financial assumptions, demographic assumptions such as mortality, withdrawal, disability and retirement age were considered for the actual valuation. A 1967/70 Mortality Table issued by Institute of Actuaries, London for Monthly Paid Staff and A 1949/52 Mortality Table for Daily Paid Staff/ Workers were used to estimate the gratuity liability of the company.

Retirements-Age : Male/Female 60 Years (2020 - 60 Years)

Gratuity Formula**For monthly paid Staff:****Employees joined on or before 25th April 2016:**

Half month salary for each completed year of service for those with at least 5 years service and less than 10 years of service.
One monthly salary for each completed year of service for those with 10 years or more than 10 years service.

Employees joined after 25th April 2016:

Half month salary for each completed year of service for those with at least 5 years service

For Executive and, Non Executive Staff - Head office:

Monthly Salary = Basic Salary + COLA (Rs. 17,800/-)

Matching Allowance of Rs. 10,000/- is added for the Executives, who entitles for the said allowance.

For Estate Staff & Watchers:

Monthly Salary = Basic Salary

For Daily Paid Staff/ Workers:**Employees joined on or before 25th April 2016:**

Half month salary (Daily Wage x 14 Days) for each completed year of service for those with at least 5 years service and less than 10 years of service.
One monthly salary (Daily Wage x 28 Days) for each completed year of service for those with 10 years or more than 10 years service.

Employees joined after 25th April 2016:

Half month salary (Daily Wage x 14 Days) for each completed year of service for those with at least 5 years service.

Sensitivity Analysis

Values appearing in the financial statements are very sensitive to the changes in financial and non-financial assumptions used. A sensitivity was carried out as follows:

Percentage increase/decrease in discount rate	Impact on Retirement benefit obligations	
	+ 1%	- 1%
As at 31 December 2025 - Monthly Paid	111,255,251	129,026,508
As at 31 December 2025 - Daily Paid	88,523,619	92,474,227
As at 31 December 2024 - Monthly Paid	92,232,329	110,248,375
As at 31 December 2024 - Daily Paid	79,712,598	85,426,788

Percentage increase/decrease in salary / wage increment rate.	Impact on Retirement benefit obligations	
	+ 1%	- 1%
As at 31 December 2025 - Monthly Paid	128,759,050	111,360,205
As at 31 December 2025 - Daily Paid	92,596,358	88,371,618
As at 31 December 2024 - Monthly Paid	110,100,351	92,240,859
As at 31 December 2024 - Daily Paid	85,555,706	79,544,591

NOTES TO THE FINANCIAL STATEMENTS

AS AT	18.06.1996 Rs.	31.12.2025 Rs.	31.12.2024 Rs.
25 NET LIABILITY TO LESSOR			
Gross lease liability	401,114,000	159,324,230	167,510,230
Less: Finance charges applicable to future periods	(226,419,004)	(89,934,612)	(94,555,408)
Net lease liability	174,694,996	69,389,618	72,954,822
a) Payable after 5 years;			
Gross Liability		118,394,230	126,580,230
Less: Finance charges applicable to future periods		(66,830,632)	(71,451,428)
Net Liability		51,563,598	55,128,802
b) Payable within 2 to 5 years;			
Gross Liability		32,744,000	32,744,000
Less: Finance charges applicable to future periods		(18,483,184)	(18,483,184)
Net Liability		14,260,816	14,260,816
c) Payable within 1 year;			
Gross Liability		8,186,000	8,186,000
Less: Finance charges applicable to future periods		(4,620,796)	(4,620,796)
Net Liability to the Lessor		3,565,204	3,565,204
		69,389,618	72,954,822
Net liability to lessor			
Non - current liability		65,824,415	69,389,618
Current Liability		3,565,204	3,565,204
		69,389,619	72,954,822

Consequent to the ruling on estate leases by the Urgent Issue Task Force (UITF) of The Institute of Chartered Accountants of Sri Lanka, the liability to lessor comprises of two components, the Net Present Value discount rate of 4% has been used. The lease rental paid for the period (excluding the contingent rental) is applied in settlement of the gross liability to lessor and the interest is charged to Income Statement.

The lease of the estates have been amended with effect from June 18, 1996 to an amount substantially higher than the previous nominal lease rental of Rs. 500/- per estate per annum. The first lease rental payable under the revised basis is Rs. 8,186,000/- x (1+GDP Deflator for year 1995/100) = 8,873,624 (from June 18, 1996 to June 17, 1997). The amount is to be inflated annually by the Gross Domestic Product (GDP) Deflator and is in the form of a contingent rental.

The payment due in each subsequent 12 month period till the end of lease on June 18, 2045 is the current year's last two quarters' total lease payment increased by the previous year's GDP Deflator and the next year's first two quarters' total lease payment increased by the current year's GDP Deflator. The charge to the Income Statement during the current period is Rs. 104,106,690 which comprises the fixed interest portion and a contingent interest portion of the lease rental.

NOTES TO THE FINANCIAL STATEMENTS

AS AT	31.12.2025 Rs.	31.12.2024 Rs.
26 DEFERRED TAX LIABILITIES		
Balance as at the beginning of the year	661,783,663	583,466,249
Charged during the year	114,073,930	78,317,414
Balance as at the end of the year	775,857,593	661,783,663
Deferred Tax is calculated on temporary differences between carrying value of taxed assets and written down value of such assets, as analyzed by each taxable activity. The reconciliation of tax effect arising from the timing differences related to carrying amounts of assets and liabilities of the statement of financial position is as follows.		
Bearer Biological Assets	(2,056,333,493)	(1,835,137,081.31)
Consumable Biological Assets	(434,982,508)	(387,694,809)
Property, Plant & Equipment	(314,705,753)	(176,072,726)
Provision for doubtful debts	9,838,707	9,949,373
Retirement Benefit Obligation	209,991,072	183,009,700
	(2,586,191,975)	(2,205,945,543)
Applicable Tax Rate	30%	30%
Net Deferred Tax Liabilities	(775,857,593)	(661,783,663)
27 ADVANCE RECEIVED		
For Sub Lease/ Land given on facility basis	1,122,018	982,248
Others	17,544,752	14,964,197
	18,666,770	15,946,445
28 TRADE AND OTHER PAYABLES		
Trade & Other Creditors & Accrued Expenses	71,236,637	40,575,474
Lease Rental payable-JEDB	366,588,940	-
Checkroll Wages	24,406,632	24,656,047
Refundable Bid Securities, Security Deposits & Retentions	19,743,879	18,090,261
Gratuity Payable	636,842	680,411
EPF Payable	6,668,381	5,822,171
ETF Payable	1,035,437	943,021
Medical Leave Payable	8,232,782	6,962,492
Provision for Brokerage-Coconut	1,141,673	324,095
Provision for Bonus Payment	16,000,000	16,000,000
Provision for Performance Incentives	140,235,784	70,000,000
Provision for Holiday Pay Payment	8,516,295	7,385,450
Chairman's Donation Fund	103,830	103,830
Gratuity Surcharge Payable	4,850,233	5,066,321
Gratuity Arrear Payable	1,073,558	1,073,558
	670,470,903	197,683,131
29 CAPITAL COMMITMENTS & CONTINGENCIES		
29.1 Capital Commitment		
The Company had no material capital commitments outstanding as at the Reporting date.		
29.2 Contingent Liabilities		
There were no contingent liability other than disclose as at the reporting date.		
Lease rental Payable		
At the time of the incorporation of Kurunegala Plantations Ltd, the lands had not been fully surveyed and the corresponding land plans had not been handed over.		
According to the records of the Janatha Estates Development Board (JEDB) at the time of formation, the total land extent was 6,555.03 hectares (Ha), which has been brought forward with subsequent adjustments. However, based on the available documentation for the purpose of assessing the value of the lands, the total extent is indicated as 6,722 hectares.		
The current land extent is 4,950.64 hectares. The total extent of lands alienated amounts to 1,771.36 hectares, representing 26% of the original total extent. The cost attributable to the alienated lands was Rs. 67.22 million, (as per the valuation report dated 31 December 1994.)		
The Board of Directors of Kurunegala Plantations Ltd resolved to recognise, as a liability, the lease rental payable in respect of lands released for various purposes. This decision was made in terms of Board Decision No. 424/12 dated 27 November 2025, based on the recommendation of the Audit and Management Committee (Meeting No. 04/2025 held on 17 October 2025.)		
Lease rental for released Lands (1,750.88 Ha)	326,799,746	290,660,282
Lease rental for released Lands (1,750.88 Ha) for the year	39,789,194	36,139,464
Cumulative Lease rental for released Lands (1,750.88 Ha)	366,588,940	326,799,746

29.2 Contingent Liability - Details of Legal Cases Filed

	Court Case	Discription	Present Situation
01	DMR/1366/18 - Commercial Court, Colombo.	Non Payment of Rs 1,414,441.40 by New Produce & General Brokers Company regarding the purchase of coconut parcels through CDA coconut Auction.	Relevant Case is Going on at Attorney General's Department.
02	M/13834 - District Court - Kurunegala.	Non Payment of Rs. 429,988.35 by W.A.K.N.Rodrigo regarding the purchase of coconut parcels of KPL.	Relevant Case is Going on.
03	1970 M - Attanagalla Magistrate Court.	Non Payment of Rs. 375,000.00 by G.Kumuduni regarding the purchase of Rambutan harvest at attanagalla Area Estates.	Order has given to recover the cost Rs.375,000/-, but the police could not locate G.Kumuduni.
04	1236/L - Attanagalla District Court	Deed has been given to G.S.M.Hilmi & his family by the LRC from Halgahapitiya Division (20.47 acre) of Attanagalla Area Estates without the concent of KPL. This party has filed the case agained KPL at Attanagalla District Court for non providing of possession of the land to them by KPL.	Relevant Case is Going on. Next Date - 10.02.2026.
5	B/1918/17 - 2029 PC - Magistrate Court - Kurunegala	Lost of 4914 Coconut worth Rs. 175,358.50 at Kurunegala Area Estates.	Suspect has escaped from the area & Police Investigations are going on.
6	B/57624 Magistrate Court - Kuliypitiya	Lost of 5542 Coconut worth Rs.224,494.00 at Dambadeniya Area Estates.	Relevant Case is Going on.
7	L/91/2020 - Gampaha District court	Lease out of 5 acres of land for Metal quarry by the LRC to outside party at Danawkanda Division of Attanagalla Area Estates	Relevant Case is Going on.
8	WRT/172/2023	The case filed for a statutory declaration.	Relevant Case is Going on.
9	L/9359 - Kurunegala District court	The Land Reform Commission has given a deed to Mrs.Yamuna Hemamali Weeraman for AC 17 R.3 P.9.96 in the Heraliyawala division of Kurunegala Area Estates. After that, she had sold 13.50 acres from the above land to Mr.Prasad Miditha Wanigasinghe.Accordingly, Mr.Prasad has filed this case claiming the possession of land from the KPL.	Relevant Case is Going on.
10	WRT/974/2025	An outside party has filed a case against the 17 parties including Kurunegala Plantation Limited & LRC demanding an extent of AC 21 from the Yatiwehera Division.	Relevant Case is Going on.

NOTES TO THE FINANCIAL STATEMENTS**30 EVENTS AFTER THE REPORTING PERIOD.**

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

AS AT	31.12.2025 Rs.	31.12.2024 Rs.
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31 RELATED PARTY TRANSACTIONS

There are no related party transaction during the year.

31.1 Key Management Personnel

Key Management Personnel includes all Board of Directors and Chief Executive Officer.

Short term employment benefits	3,429,978	3,198,324
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32 GOVERNMENT GRANTS

There were no government grants exist as at the Statement of Financial Position Date

33 FINANCIAL RISK MANAGEMENT**Overview**

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

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

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

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risk faced by the Company, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Credit Risk

Credit risk is the risk of financial Loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligation, and arises principally from the Company's receivables from customers and investment securities. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows,

Loans and Receivables

Trade and other Receivables	142,651,678	133,771,319
Short Term Investment	1,050,200,000	875,200,000
Cash and Cash Equivalents	135,335,336	15,051,304
	1,328,187,014	1,024,022,623

NOTES TO THE FINANCIAL STATEMENTS

AS AT	31.12.2025 Rs.	31.12.2024 Rs.
Liquidity Risk		
<p>Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another finance assets. The company's approach to managing this risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal or stressed conditions, without incurring unacceptable Losses or damage to the Company's reputation.</p> <p>To measure and mitigate liquidity risk, the Company closely monitored its net operating cash flow, maintained a level of Cash and Cash equivalents and secured committed funding facilities from financial institutions.</p>		
FINANCIAL RISK MANAGEMENT		
Net liability to the lessor	69,389,618	72,954,822
Trade and other payables	670,470,903	197,683,131
	739,860,521	270,637,953

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, Interest rates, etc.; will affect the Company's income or the value of its holdings of financial instruments. The objective of the market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the returns.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future Cash Flows of financial instruments fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long term debt obligation and Investments with floating Interest rates. However the Company does not have material long-term floating rate borrowings or deposits as at the reporting date which results a material interest rate risk.