

ANNUAL REPORT
2024/25



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<https://agstaragri.lk/>

OUR VISION

To be the one-stop agent of prosperity for Sri Lanka's farmer community and a gateway to the world for exotic local produce.

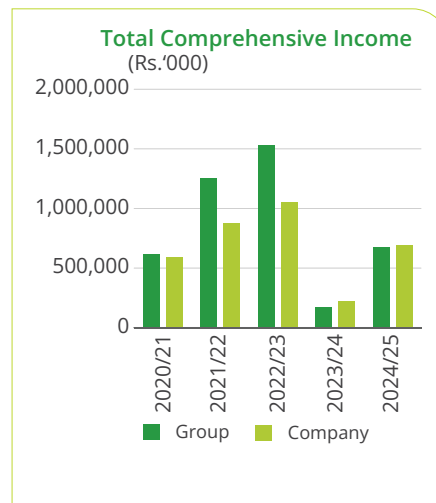
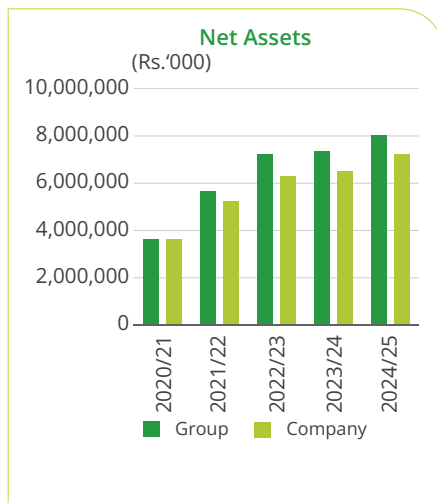


OUR MISSION

To provide best-in-class products, services and guidance our farmers need to reap prosperity by harnessing state-of-the-art technology, global best practices and inspirational leadership.

FINANCIAL HIGHLIGHTS

Year ended 31st March		2025	2024	Change
OPERATING RESULTS				
Group revenue (continuing operations)	(Rs'000)	9,522,313	7,666,127	25%
Gross profit (continuing operations)	(Rs'000)	646,382	895,302	-7%
Net finance income/(costs) (continuing operations)	(Rs'000)	(159,889)	82,064	39%
Profit before tax (continuing operations)	(Rs'000)	(368,222)	177,277	-23%
Profit for the year (continuing operations)	(Rs'000)	(365,636)	165,196	-32%
Profit for the year (continuing & discontinued operations)	(Rs'000)	(366,611)	159,686	-32%
Profit attributable to owners of the company	(Rs'000)	(366,611)	159,686	-32%
Profit attributable to non-controlling interests	(Rs'000)	-	-	-
FINANCIAL POSITION				
Stated capital	(Rs'000)	2,007,857	2,007,857	0%
Non controlling interests	(Rs'000)	-	-	-
Property, plant & equipment (continuing operations)	(Rs'000)	4,319,620	3,016,197	40%
Current assets	(Rs'000)	9,353,296	5,684,492	82%
Total assets	(Rs'000)	14,291,215	9,254,785	56%
Non current liabilities	(Rs'000)	1,059,571	660,609	49%
Current liabilities	(Rs'000)	5,194,895	1,235,474	426%
Total equity	(Rs'000)	8,036,424	7,358,341	9%
FINANCIAL INDICATORS				
Basic earnings per share	(Rs)	(0.75)	0.33	-32%
Dividend per share paid during the year	(Rs)	-	-	-
Dividend per share proposed	(Rs)	-	-	-
Dividend payout proposed	(%)	-	-	-
Net assets per share	(Rs)	16.48	15.09	9%
Return on equity	(%)	(4.56)	2.17	-29%
Return on total assets	(%)	(2.57)	1.73	-23%
Gross profit ratio	(%)	6.79	11.68	-10%
Net profit ratio (continuing operations)	(%)	(3.85)	2.15	-27%
Current ratio	(Times)	1.80	4.60	-58%
Liquidity ratio	(Times)	1.11	1.69	-30%



Rs.9.52Bn
Gross Revenue



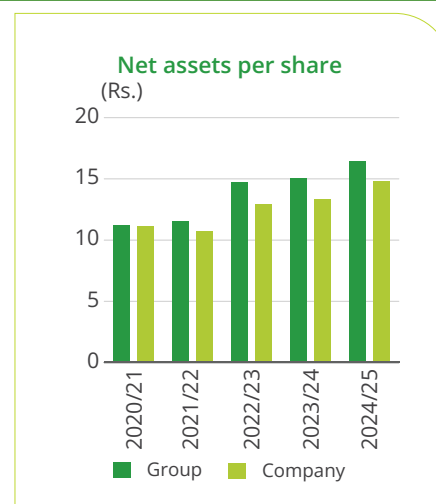
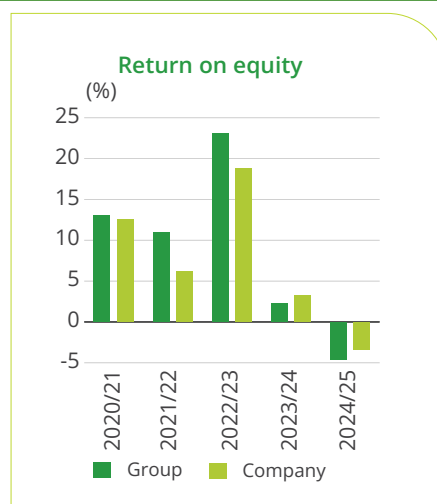
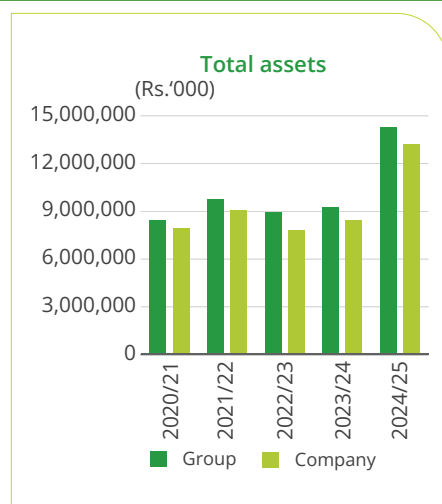
Rs.0.65Bn
Gross Profit



(4.56)%
Return on Equity



Rs.16.48
Net Assets per Share



CHAIRMAN'S MESSAGE

AgStar PLC Navigates Challenging Year with Strategic Realignment, Digital Transformation, and ESG-Driven Growth to Reinforce Its Role in Sri Lanka's Agricultural Future

I am pleased to welcome you to the 23rd Annual General Meeting of AgStar PLC and to place before you the annual report and audited financial statements for the period ending 31st March 2025. The year under consideration marked a period of transformation as Your Company focused on consolidating its role as a key enabler of Sri Lanka's agricultural progress, whilst navigating an evolving agricultural policy environment, volatile global input markets and shifting national economic dynamics. Even though the operating landscape was particularly challenging in the first half of 2024/25, AgStar displayed resilience and strategic intent in aligning with national priorities, strengthening governance structures and investing in long-term capabilities.

Adapting to Macroeconomic Headwinds and Industry Pressures

At the macro level, the year began under considerable pressure. The early months were characterised by significant exchange rate fluctuations, which impacted inventory procurement costs. The rupee, after a period of volatility, stabilised in the second half of the year, easing financial strain but introducing competitive pressures.

Many industry players had imported large volumes of high-cost inventory ahead of the rupee's recovery, creating a stock overhang that drove aggressive price competition. Meanwhile, the global fertiliser market continued to exhibit volatility. Prices of key inputs such as urea and phosphate remained unpredictable due to global supply chain constraints, export bans (including from China) and ongoing geopolitical tensions such as the Russia-Ukraine conflict. These disruptions affected procurement strategies and freight costs, requiring Your Company to diversify sourcing channels and closely manage price risks.

Climatic variability added another layer of complexity, with erratic rainfall patterns influencing crop cycles and fertiliser uptake. In 2024/25, the global climate continued its erratic trajectory, shaped by the lingering effects of the 2023–24 El Niño and rising greenhouse gas concentrations. These broader trends manifested in Southeast Asia as intensified weather extremes (ranging from prolonged droughts to sudden flash floods), underscoring the elevated vulnerability of agriculture-dependent nations.

Sri Lanka, in particular, experienced both ends of this spectrum. Heavy monsoon rains in 2024 triggered flash flooding and landslides. Sporadic droughts, especially in dry and intermediate-zone regions disrupted key crop cycles and reduced water availability. These climatic pressures translated into measurable impacts on Sri Lanka's agriculture. Already, production data for early 2025 reported a 4.2% drop in Maha season paddy output, along with a 22% decline in tea and a 31.6% collapse in coconut harvests, driven largely by drought and extreme rainfall events. Wildlife-related crop losses further strained productivity. While these conditions are not unique to AgStar, their cumulative effect on performance was notable, reinforcing the need for adaptive planning and flexible operational models.

Strategic Realignment in a Dynamic Policy Environment

AgStar has long been a pioneer in Sri Lanka's agri-inputs sector, and as such, is directly impacted by government policy changes in agriculture. During the year under review, Your Company responded proactively to the government's renewed emphasis on a 'production economy', prioritising self-sufficiency in key food crops and enhancing the export potential of major industrial crops. These policy directions, which gained traction in the second half of the year following a change in administration, created both opportunities and challenges that required careful navigation. AgStar operates across four key verticals: Fertiliser, Crop Care, Seeds and Machinery, all of which were

realigned to support these national objectives. The continuation of an open-market approach in the fertiliser sector, with government subsidies being channelled as direct grants to farmers, enabled innovation – with new product offerings. The absence of price controls allowed AgStar to focus on value creation, offering high-performance fertilisers tailored to boost productivity and income at the farmer level. This holistic alignment with national policy has fortified AgStar's long-term relevance and reinforced its mission to be a true partner in Sri Lanka's agricultural transformation.

Performance Overview

Despite these hurdles, Your Company continued to pursue our long-term strategy. However, in financial terms, the year was a challenging one. AgStar concluded the financial year with an operational loss of Rs. 225 million. On a group level, however, Your Company recorded a total comprehensive income of Rs. 810 million, reflecting gains in asset revaluation and the resilience of its broader asset base. These results reflect a year of transition in which cost structures were recalibrated, high-cost inventories cleared and foundational investments made to drive future growth. Importantly, AgStar did not allow short-term profitability pressures to derail its commitment to quality, sustainability or innovation.

Governance, Risk and Sustainability Oversight

The Board played a central role in guiding the company through this period of recalibration. Four

formal Board meetings were held during the year, covering all aspects of strategy, risk, governance and performance monitoring. One of the most critical decisions undertaken was the implementation of a modern Enterprise Resource Planning (ERP) system – Microsoft Dynamics 365 Business Central – which replaced the legacy SAGE platform. This upgrade enhances financial visibility, inventory control and procurement efficiency, all of which are critical in a volatile operating environment. Sales force Automation was also implemented, allowing better tracking of sales team activity and improving field productivity. These technology upgrades, driven with Board oversight, mark a significant leap forward in operational discipline and digital transformation.

On the sustainability front, Your Company obtained ISO 9001 and ISO 14001 certifications, which now cover all business verticals. These frameworks are not only proof of commitment to quality and environmental responsibility, but also guide day-to-day operations. Moreover, during the year under review, AgStar's back-office operations were consolidated under Browns Group, centralising key functions such as finance, HR and compliance. This restructuring enhances governance, ensures resource optimisation and strengthens AgStar's ability to scale sustainably.

Strengthening Long-Term Value Creation

Your Company's focus in 2024/25 extended well beyond day-to-day operations. With an eye on

long-term value, a number of proactive steps were taken to enhance shareholder returns and reinforce market presence. AgStar made steady progress across its key business verticals, with each initiative reinforcing its long-term goal of becoming a fully integrated, one-stop agri-solutions provider. Strategic brand consolidation, supplier diversification, product pipeline expansion, and enhanced financial access were the cornerstones of this progress. From strengthening brand equity and technical outreach in fertilisers, to expanding partnerships in crop care and seeds, and increasing affordability in agri-mechanisation through banking alliances, Your Company continued to align operational decisions with its broader vision of driving agricultural productivity, sustainability, and prosperity for the Sri Lankan farming community.

Embracing Responsible Agriculture and ESG

AgStar's approach to environmental, social and governance (ESG) priorities is embedded across its core operations, reflecting a commitment to responsible and sustainable agriculture. The Company has consistently pursued product innovation and operational practices that align with ESG imperatives: prioritising environmental stewardship, farmer well-being and food safety. Whether through safer crop care solutions, high-efficiency seed varieties or energy-optimised machinery, AgStar is focused on reducing its ecological footprint while enhancing value to its stakeholders. AgStar has become the first company in Sri Lanka to

CHAIRMAN'S MESSAGE

introduce coated fertilisers. These products reduce nutrient wastage and increase plant uptake efficiency, from 30% to nearly 55%, which lowers environmental runoff and contributes to more sustainable soil management. These integrated efforts underpin the Group's ESG strategy and reinforce its role in shaping a more resilient, productive and sustainable agricultural ecosystem in Sri Lanka.

Looking Ahead

As AgStar moves into a new financial year, Your Company remains confident in its direction and in ability to deliver long-term value. The Group's vision is firmly embedded in its strategic outlook, with AgStar poised to become the central input provider for Browns' agriculture portfolio as well as the wider national farming ecosystem. AgStar is fully aligned with national policy direction and continue to invest in capabilities, technology and people that will help it evolve into a fully integrated agri-solutions provider.

Acknowledgements

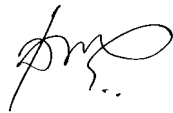
On behalf of the Board, I extend my heartfelt appreciation to our former directors who retired during the year, and warmly welcome the new members who joined our leadership team.

I also extend a special note of thanks to the Browns Group, whose support was instrumental in managing our back-office transition and navigating market disruptions.

To my fellow Board members, thank you for your insight and strategic direction. To our

employees, customers, partners and shareholders, thank you for your continued belief in our purpose and our potential.

Together, we are building a more productive, sustainable and self-reliant agricultural future for Sri Lanka.



Mr. Ishara Nanayakkara

Chairman
Colombo

15th August 2025

EXECUTIVE DEPUTY CHAIRMAN'S REVIEW

AgStar Strengthens Its Position as a Future-Ready Agri-Input Leader Through Digitalisation, Product Innovation, and Farmer-Centric Sustainability Initiatives

The 2024/25 financial year proved to be a pivotal chapter in the evolution of AgStar PLC. Amidst a backdrop of ongoing macroeconomic volatility and a rapidly changing agricultural landscape, I am proud to state that the Group maintained an unwavering focus on our vision of becoming Sri Lanka's premier provider of innovative, sustainable and farmer-centric agri-input solutions.

Macroeconomic Landscape

The macroeconomic environment that defined the 2024/25 fiscal year was characterised by persistent challenges juxtaposed with encouraging signs of recovery. The first half of the year, particularly the opening quarter, was shaped by a combination of factors that impacted the entire agri-input value chain. Global markets remained unsettled, with input prices, especially for fertilisers, experiencing significant volatility. The fertiliser sector, critical to our business, was directly affected by China's intermittent export restrictions, which led to supply shortages and escalated costs worldwide. Further compounding the scenario, geopolitical tensions in the Middle East drove up freight and logistics expenses, creating a ripple effect that added pressure

to import-dependent businesses. The Sri Lankan rupee, a significant determinant of import cost, exhibited marked instability in the early months, inflating landed costs and squeezing margins. Inflationary pressures persisted, further constraining disposable income in rural markets and intensifying price sensitivity among farmers.

Nonetheless, the latter half of the year brought encouraging developments. The rupee stabilised, supported by improved foreign exchange liquidity and inflation showed signs of moderation, gradually restoring a more predictable environment for trade and investment. Notably, government policy played a catalytic role in reshaping the agricultural ecosystem. The shift toward a production-oriented economy, supported by the International Monetary Fund (IMF)'s reform agenda, has seen a gradual phasing out of blanket fertiliser subsidies in favour of targeted cash grants, enabling farmers to exercise choice based on quality and preference. This policy shift has opened avenues for innovation and differentiation, rewarding agri-input providers that prioritise quality, sustainability and farmer outcomes.

Regulatory reforms also intensified in the crop protection space, targeting the curtailment of illegal imports and counterfeit products that had surged during Sri Lanka's organic agriculture transition phase. The enforcement of these regulations, coupled with an open market fertiliser procurement system, created a more level playing field, encouraging players such as AgStar to compete on innovation, service and trust. However, the environment remains fiercely competitive, with rising price sensitivity and the need for operational discipline paramount to sustain profitability.

Financial Performance of the Group

Against this complex backdrop, the Group's consolidated revenue grew by 24% year-on-year, reaching Rs. 9.52 billion. This growth was primarily driven by strong performances in the Fertiliser and Agri Technology business units, underscoring the importance of these segments in the national agricultural revival. Margin pressures, however, were palpable throughout the year. Global input cost escalations, currency-linked import expenses and the necessity to liquidate high-cost inventory in a declining price environment exerted downward pressure on profitability. Consequently, while the Group recorded a total comprehensive income of Rs. 810 million, it reported an operational net loss of Rs. 225 million. This loss was a deliberate outcome of margin sacrifices during the second half of the year, aimed at reducing inventory levels and preserving cash flow in a challenging market.

EXECUTIVE DEPUTY CHAIRMAN'S REVIEW

A key highlight of the year was the successful completion of critical structural initiatives aimed at enhancing financial discipline and operational transparency. The migration to Microsoft Dynamics 365 Business Central enables real-time data access, tighter governance and deeper integration across the Group's business units. Alongside this, working capital optimisation measures, including cash discounts for dealers and stringent credit monitoring, helped improve liquidity and strengthen financial controls.

Cluster Performance

Fertiliser

The fertiliser segment posted a revenue of Rs. 7.77 billion, registering a 33% increase year-on-year. This growth was propelled by a multi-pronged approach focusing on strategic distribution channel expansion, strengthening of the A-grade dealer network and the rebranding of our fertiliser range to 'Browns Fertiliser'. This rebranding initiative significantly boosted market trust and brand recall. Despite revenue growth, margins faced persistent pressure due to intensified competition, unpredictable weather patterns impacting planting cycles and commodity price fluctuations on the global stage. To mitigate these challenges, we accelerated product innovation by launching crop-specific and micronutrient-enhanced fertiliser blends tailored to Sri Lanka's diverse agroecological zones. A key achievement was the introduction of coated fertilisers – slow-release products that align with global best practices in climate-

smart agriculture. Endorsed by the Department of Agriculture, these products enhance nutrient use efficiency, reduce environmental runoff and support sustainable soil health.

Crop Care

Revenue in crop care declined by 15% to Rs. 1.13 billion, reflecting seasonal demand contractions and pricing pressures. However, this segment underwent a strategic realignment by integrating operations under Browns Agri Solutions, streamlining management and leveraging synergies. The introduction of Class 3 and Class 4 pesticide molecules characterised by lower toxicity and shorter pre-harvest intervals was a critical ESG-aligned step.

Seeds

The seeds segment experienced a 28% revenue decline to Rs. 233 million, driven by subdued demand and delayed recovery in hybrid seed varieties. Despite this, margins were preserved through disciplined cost management. Strategic initiatives included launching new seed varieties such as the 'Malka' tomato and two pumpkin hybrids, which have demonstrated promising performance in early trials. Partnerships with global seed suppliers were expanded, enabling technology transfer and enhancing the genetic diversity of our portfolio. Notably, AgStar began in-country hybrid seed development programmes in response to national policy emphasis on localised seed production, positioning us for long-term competitiveness.

Agri Technology

Agri Technology was the main contributor, recording a remarkable 252% revenue growth to Rs. 428 million. This surge was driven by strong demand for agricultural machinery and irrigation solutions, successful launches of new Kartar tractor models and growing adoption of precision irrigation technologies. Tie-ups with financial institutions such as Commercial Bank and Hatton National Bank facilitated accessible financing options for smallholder farmers, expanding market reach and driving sales growth.

Operational Highlights

During the year, AgStar made significant progress across operational fronts, underpinned by strategic alignment with national agricultural priorities. The fertiliser business capitalised on the government's transition from subsidy-driven procurement to an open market system coupled with cash grants. This new paradigm empowers farmers to select fertiliser products based on quality and suitability, a development that has allowed AgStar to promote value-added products and innovate with region and crop-specific blends.

The Crop Care business, after a turbulent period marked by a proliferation of low-quality and adulterated pesticides, benefited from intensified regulatory oversight. This shift enabled AgStar to reposition its portfolio with environmentally safer, certified products, thereby rebuilding distributor confidence and market share.

In Seeds, our emphasis on hybrid seed development aligned with government encouragement for localised seed production. The introduction of new vegetable varieties and collaborations with global gene pool providers have created a platform for sustained growth.

Agri-machinery benefited from supportive trade policies, including reduced import duties, allowing us to introduce new tractor models and expand our offering of fuel-efficient and durable equipment tailored to smallholder needs.

Innovation and Technology

Innovation is central to AgStar's growth and sustainability strategy. The year 2024/25 saw several landmark initiatives that advanced our transformation into a technology-driven agri-inputs company. A major breakthrough was the commercial introduction of coated fertilisers in Sri Lanka. These products improve nutrient absorption efficiency, from an average of 30% to over 50%, reducing wastage and environmental impact.

We further enhanced our scientific capabilities by hiring a senior soil scientist tasked with developing area-specific fertiliser blends enriched with essential micronutrients and intermediaries, especially for high-value crops like vegetables. This expertise enables us to provide precision inputs that maximise yields and improve soil health.

Digital transformation progressed with the successful migration from legacy Enterprise Resource Planning (ERP) systems to Microsoft Dynamics 365 Business Central, which provides integrated, real-time visibility across all business units. Complementary to this was the deployment of sales force automation tools that enhanced field-level productivity, minimised idle time, and enabled faster, data-driven decision-making.

One of the most innovative investments was the establishment of Sri Lanka's first mobile soil testing laboratory. Equipped to conduct pH and organic carbon tests free of charge and comprehensive nutrient analyses at nominal cost, the mobile lab facilitates farmer clinics and promotes precision fertiliser application, thus empowering cultivators with actionable insights.

Market Expansion and Partnerships

Market expansion remains a cornerstone of AgStar's growth strategy. Over the year, we focused on strengthening and expanding our dealer network, particularly onboarding A-grade dealers specialising in paddy, vegetable and tea sectors. This strategic channel expansion has enhanced our reach, ensuring quality inputs and agronomic advice are delivered closer to the farmer. We introduced quality certification on request for our fertiliser blends, further reinforcing customer confidence in product reliability and efficacy.

Our partnerships with leading financial institutions have been instrumental in facilitating affordable financing for agri-machinery purchases. These collaborations not only drive equipment sales but also support smallholder farmers in accessing productivity-enhancing technologies.

At the Group-level, Crop care and Browns AgriSolutions were brought under a unified management structure, eliminating internal overlaps and focusing efforts on core competencies, ultimately strengthening the competitive position of both businesses.

Sustainability in Practice

Sustainability is embedded deeply within AgStar's operational DNA. Our commitment extends beyond compliance to proactive leadership in environmental stewardship and social responsibility.

In 2024/25, all business units secured ISO 9001 and ISO 14001 certifications – a pioneering achievement within Sri Lanka's agri-input sector. These certifications signify our adherence to stringent quality management and environmental standards, reinforcing stakeholder confidence.

Our fertiliser innovations, particularly coated and precision-blended products, reduce overall application volumes and limit nutrient runoff, which are crucial for maintaining soil health and protecting water bodies.

EXECUTIVE DEPUTY CHAIRMAN'S REVIEW

In crop care, we prioritised low-toxicity Class 3 and 4 pesticide molecules with shorter pre-harvest intervals, aligning with global ESG best practices. These safer products protect farmers and consumers alike.

Seed innovations focus on hybrids that deliver higher yields with fewer inputs, reducing land use intensity and increasing farmer profitability sustainably.

Machinery offerings are selected and developed with emphasis on fuel efficiency and emission reductions, further supporting environmental goals.

Moreover, structured e-waste disposal programmes and safe incineration of expired crop care products were initiated, thereby setting new standards for responsible waste management in the industry. Looking ahead, we plan to launch large-scale corporate social responsibility (CSR) projects centered on farmer education, community resilience and sustainable agricultural practices, reinforcing our role as a trusted partner in rural development.

Challenges and Strategic Response

The year presented formidable challenges. Global fertiliser price volatility, exacerbated by supply disruptions linked to the Ukraine conflict and China's export bans, complicated procurement planning and escalated costs. Exchange rate fluctuations early in the year increased import expenses, while

accumulated high-cost inventories necessitated discounted sales, impacting margins. Climatic unpredictability, marked by erratic rainfall and drought spells, disrupted cropping patterns and reduced demand at times. Competitive intensity heightened as new entrants and existing players with fresher inventory leveraged post-recovery exchange rates to gain market share.

In response, we took decisive action by enhancing inventory management protocols, introducing cash discount schemes to improve dealer liquidity and tightening credit risk controls. Integration of back-office functions under the Browns Group umbrella generated operational efficiencies and cost savings, allowing leadership to focus on strategic growth and farmer engagement.

Strategic Priorities and Way Forward

As we look ahead to 2025/26 and beyond, AgStar's strategic roadmap is anchored in consolidation, innovation and a deeper commitment to farmer-centric market engagement. A key focus will be scaling up our mobile soil testing laboratory programme, extending its reach to cover all agricultural districts. This initiative will empower farmers with precise, data-driven fertiliser recommendations, significantly enhancing input efficiency and crop productivity.

Our Fertiliser portfolio will continue to evolve with bespoke, custom-

blended products tailored to the unique soil and crop profiles of different regions. This targeted approach will not only boost yield potential but also promote sustainable farming practices that safeguard the environment.

In the Seeds segment, we will maintain a disciplined, fail-fast test marketing strategy. This ensures that only the most viable and promising seed varieties progress to full commercialisation, striking a careful balance between innovation and market demand.

For Agri-machinery, strengthening partnerships with banks and development organisations will be paramount. By broadening financing options, we aim to enhance access for smallholder farmers and deepen our penetration into underserved rural markets.

Beyond merely increasing market share, our overarching ambition is to establish AgStar as Sri Lanka's most profitable and respected agri-inputs company, driven by innovation, uncompromising quality and sustainability. The ongoing integration of Browns Group's agricultural businesses with AgStar will unlock significant synergies across product development, distribution and knowledge services, positioning AgStar as the strategic agri-hub within the Group's ecosystem.

Acknowledgements

In closing, I express my deepest gratitude to the Chairman and Board of Directors for their unwavering strategic guidance and the Browns Group for its steadfast support.

To our employees across all levels, your passion, professionalism and perseverance have been the foundation of our progress.

Our dealer network, supply chain partners and other stakeholders deserve special recognition for their trust and collaboration in a challenging year.



R. S. Indika Gunawardhana
Executive Deputy Chairman

15th August 2025

BOARD OF DIRECTORS

Mr. Ishara Nanayakkara

Chairman/ Non - Executive Director

Mr. Ishara Nanayakkara is a prominent entrepreneur serving on the boards of many corporations and conglomerates internationally. Coming from a strong business background and involvement in his family enterprises, he ventured into the financial services sector with a strategic investment in LOLC Holdings PLC, being appointed to the board in 2002. Within a span of two decades, he has navigated LOLC to become not only a financial conglomerate but also the most profitable conglomerate in the country, making a significant impact in the global financial arena as the first Sri Lankan company with a dynamic MSME platform worldwide.

Over the years, reputed financial institutions in Sri Lanka, Cambodia, Myanmar, Pakistan, Indonesia, the Philippines, India, Zambia, Nigeria, Egypt, Malawi, Tanzania, Zimbabwe, Kenya, Kyrgyzstan, Kazakhstan and Tajikistan have reaped the benefits of his extensive knowledge in the microfinance business and MSME markets. He was also instrumental in setting up life and general insurance businesses within the group and pioneered the concept of micro insurance in Sri Lanka and Cambodia providing a much needed safety net to the bottom of the pyramid population. His business acumen extends to key growth sectors of developing economies, with notable investments in leisure - holding one of the largest hotel portfolios in Sri Lanka, the Maldives, and Mauritius, plantations - being one of the largest producers of tea with plantations in Sri Lanka,

Kenya, Tanzania and Rwanda, in addition to other key investments in construction, trading, manufacturing, and more recently, in uniquely innovative scientific initiatives.

Ishara continues to spearhead all strategic decisions of the LOLC Group, both in financial and non-financial sector investments, with his vision for LOLC being executed with precision and commitment to create long-term value for all stakeholders.

He has held many prestigious positions, including the Chairmanship of the Sri Lanka Institute of Nanotechnology, the national arm for advanced technological solutions based on nanotechnology. Known for his innovative spirit, the group has ventured into many biotech businesses, including the conversion of pure graphite to graphene, incorporating technological advancements, creating value for the group's plantation portfolio of cinnamon, tea, sugarcane, rubber, and by-products. Investments in renewable energy in both Sri Lanka and Sierra Leone, with the largest sugar-based bioethanol and power plant in Africa, have added multidimensional know-how to his versatile business portfolio.

Ishara is a recognised businessman in the international community for his invaluable contributions to microfinance, acknowledged by independent international platforms such as INSEAD Business School. He won the prestigious 'Young Entrepreneur of the Year' Award at the Asia Pacific Entrepreneurship Awards (APEA) in 2012.

He is the Executive Deputy Chairman of LOLC Holdings PLC, Executive Chairman of Browns Investments PLC, and Brown & Company PLC. He also sits on several other boards of group companies both locally and overseas.

Mr. R. S. Indika Gunawardhana

Executive Deputy Chairman

Mr. Indika Gunawardhana was the former Chief Executive officer of Browns Agri Solutions (Pvt) Ltd.

He possesses over 33 years of Management experience including 20 years in Senior Management Positions in listed companies engaged in Marketing of Agriculture input products and management of out grower farming systems.

He is a scholar of Japanese Association for Overseas Technical Scholarship programme (AOTS) Japan on Corporate Management. Further, he studied in University of California, Berkley USA and Nanyang Technological University, Singapore on Advance Management Techniques and Business innovation. Mr. Gunawardhana holds a Bachelor's degree in Agriculture with Second Class Honors Upper Division from University of Ruhuna Sri Lanka.

Mr. Gunawardhana served as an Executive Committee member of Crop Life Sri Lanka from 2003 to 2016, and elected as Chairman, of the industry association in 2005, 2006 and reappointed for the same position in 2014 & 2015. In addition, he served as an Executive Committee member of Toxicological Society of Sri Lanka from 2011 -

2016 and served as a board member of the Faculty Board of Faculty of Agriculture, University of Ruhuna Sri Lanka from 2009 -2012. He serves as a Board Director for Agriculture Sector Skill Council of Sri Lanka and as a Council Member of University of Sabaragamuwa Sri Lanka at present.

Sri Lanka from 2009 -2012. At present, he serves as a Board Director for Agriculture Sector Skill Council of Sri Lanka. Further, he engages with academic activities as a Visiting lecturer for Faculty of Agriculture and Plantation Management, Wayamba University Sri Lanka and the Faculty of Agriculture, University of Ruhuna Sri Lanka.

Mr. Manju Gunawardana

Non-Executive Director

Mr. Manju Gunawardana counts over 25 years in Research and Innovation in various subject areas including Nano technology, Advanced Material & Engineering. He started his career as an electronics engineer and specialised in military electronics.

Mr. Gunawardana has worked in some of the Sri Lanka's leading engineering companies such as TOS Lanka Co Pvt Ltd and Orange Electric as a Director Engineering and Head of Research responsible for product development and research management. He served as the CEO at CIC Precision Agriculture (Pvt) Ltd, Head of Research & Innovation at CIC Holdings PLC and pioneered Precision Agriculture Technologies based on drone applications in Sri Lanka. Mr. Gunawardana has

worked as a principal Research Engineer at MAS Holdings, Sabre Technologies and was responsible for Real time system design. Currently he is the Group CEO of the Research and Innovation arm of LOLC as well as a Consultant Senior Research Scientist/Director at Sri Lanka Institute of Nano Technology (SLINTEC). Also, his contribution in unveiling Sri Lanka's pristine graphite to the world is so far is remarkable, being the pioneer and founder of Ceylon Graphene Technologies Pvt Ltd (CGTL), Sri Lanka's first graphene and advanced material company and he currently serves as CEO / Director. Mr. Gunawardana is the winner of multiple international awards including 3 Geneva Innovation Congress Gold Medals and one Silver Medal. He has also twice won the national title as the Best Inventor in Sri Lanka. Mr. Gunawardana is also a Director of LOLC Advanced Technologies (Pvt) Ltd, Ceylon Nano Diagnostics (Pvt) Limited, Associated Battery Manufacturers (Ceylon) Limited, Browns Agri Solutions (Pvt) Ltd, Browns Pharma Limited and BI Holdings (Private) Limited.

Mr.T.Sanakan

Executive Director

Thamotharampillai Sanakan joined Browns Group in 2013 as the Chief Financial Officer and was tasked with an additional role of leading the operations in 2020 as the Chief Operating Officer. He counts for over 25 years of experience where he held many senior management positions in multiple industries such as Financial Services, Trading,

Export, Manufacturing, Healthcare, Commodities and Consumer. Presently he serves as the Director/ Chief Executive Officer of the Browns Group of Companies. Driving the Group towards new revenue streams with multifaceted local and regional expansions while maintaining sustainable growth in a challenging environment has been a key factor for Sanakan. He previously held the position of Chief Operating Officer at LOLC Securities Ltd in the LOLC Group.

He excels in the areas of digital transformation, change management, new business start-ups, business process re-engineering, project management and strategic business management. He served in the Board of Commercial Leasing & Finance PLC, the Boards of LOLC Development Finance PLC and Audit Committee Chairman for LOLC Development Finance PLC and currently serving Associated Battery Manufacturers (Ceylon) Ltd., BI Holdings Ltd and several other group companies. He is an Associate Member of Chartered Institute of Management Accountants of UK and Chartered Global Management Accountants of USA.

Mr. P. Weerasingha

Executive Director

Joining the LOLC Group in 2018, Mr. Panduka Weerasingha currently holds several key management positions and serves on multiple boards in the Group. He is the CEO of Browns Investments PLC, CEO/ Executive Director of Iconic Trust (Pvt) Ltd and an Executive

BOARD OF DIRECTORS

Director of Sierra Cables PLC, Sansun Boutique Hotels Ltd, Browns Developments Ltd. He is also a Director of LOLC Geo Technologies (Pvt) Ltd, Browns Teas, BG Air Services, Browns Metal & Sands (Pvt) Ltd & Browns Properties (Pvt) Ltd.

Mr. Weerasingha counts over 28 years of management experience of which 13 years in the capacity of a Director/Chief Executive Officer. He possesses expertise in turning around loss making/mismanaged entities to profitable ventures, Manufacturing, Investor/Shareholder Relations, identifying & acquiring most profitable investment opportunities, Real-Estate Management, Channel Management, Project Management & People Development backed up with excellence in performance & achievements.

Before joining the LOLC Group, Mr. Weerasingha has held key leadership positions in leading groups/companies such as Singer (Sri Lanka) PLC, Brown & Company PLC, Associated Battery Manufacturers (Pvt) Ltd, BASF Lanka (Pvt) Ltd, Ceyoka (Pvt) Ltd, International Construction Consortium (ICC). In addition to the above, he has also been providing consultancy services to the mercantile sector.

Mr. Weerasinghe holds a Master of Business Administration (MBA) from American International University, Los Angeles, California and an old boy of S. t. Thomas' College Mount Lavinia

Mr. Sarath Jayasuriya

Independent Non-Executive Director

Mr. Sarath Jayasuriya is a Fellow Member of the Chartered Institute of Management Accountants (FCMA) (UK), Associate Member of the Institution of Bankers of Sri Lanka (AIB), Member of the Chartered Global Management Accountants (CGMA) (UK) and holds a Bachelor of Science Degree (B.Sc) from University of Sri Jayawardanapura.

He was appointed to the CBC Finance as an Independent Non-Executive in December 2017. He is the Senior Director and Chairman of the Board Audit Committee, Board Nomination Committee and Board HR & Remuneration Committee. In addition, he is a member of the Board Risk Management Committee, Board Credit Committee and Board Related Party Transaction Review Committee.

He counts over 30 years of service in Banking, specialised in Treasury Management, Investment Banking and International Banking. He retired from Bank of Ceylon as the Deputy General Manager (International, Treasury and Investment Banking). Prior to that he was the Deputy General Manager (Finance & Planning).

He has served as a Director on the Boards of Ceybank Asset Management Ltd, Property Development Ltd (PDL), MBSL Insurance Co, Transnational Lanka Records Solutions (Pvt) Ltd and as an Alternative Director in CRIB and Property Development Management Ltd.

K. Sivanesan

Independent Non-Executive Directors

(appointed w.e.f. 01.07.2025)

Mr. K. Sivanesan is the Partner – Head of Tax of Amerasekera & Co. Chartered Accountants, a well-known professional in tax advisory services. He bears a track record of more than twenty years in the field of taxation. Mr. Sivanesan is a specialist in research and technical studies in the subject of taxation. He is a Fellow member of the Institute of Chartered Accountants of Sri Lanka and the Institute of Certified Management Accountants of Sri Lanka. Mr. Sivanesan holds a Bachelor's Degree in Commerce from the University of Sri Jayewardenepura. He was a Lecturer for the subject of taxation for final level students of CA Sri Lanka.

Prof. Saman Seneweera

Independent Non-Executive Director
(resigned w.e.f. 01.07.2025)

Independent Non-Executive Director Professor Saman Seneweera is the Chairman of the National Science Foundation of Sri Lanka and Chair Professor of Agricultural Engineering and Environmental Technology at the Faculty of Agriculture, University of Ruhuna. He is a distinguished figure in plant science, renowned for his extensive research on climate change biology and its implications for global agriculture and sustainability. With an illustrious career spanning over three decades, he has significantly contributed to understanding plant responses to climate change, particularly rising CO2

concentrations, water limitation, and temperature increases, positioning him as a pioneer in this scientific field.

Professor Seneweera began his academic journey at the University of Ruhuna in Sri Lanka, where he obtained a Bachelor of Science in Agriculture. Immediately after graduating, he joined the National Institute of Fundamental Studies as a Junior Research Associate, working with world-leading scientists like Cyril Ponnampetuma. His research interest was sparked by the early work of Professor Ponnampetuma in C3/C4 photosynthesis physiology. Driven by his passion for plant science, he pursued a Ph.D. in Plant Physiology at the University of Western Sydney, Australia, focusing on how rising CO₂ concentrations influence photosynthetic carbon metabolism. His early research laid the groundwork for his future endeavours in addressing the impact of climate change on global food and nutrient security and the sustainability of agricultural systems.

Throughout his career, Professor Seneweera has held several prestigious academic and leadership positions at institutions including the University of Ruhuna, the University of Melbourne, the University of Southern Queensland, Tohoku University in Japan, the University of Illinois in the USA, and the National Institute of Fundamental Studies (NIFS) in Sri Lanka, where he served as Director, CEO, and CFO. His leadership at NIFS was instrumental in introducing innovative strategies, leading to significant improvements in global ranking and research output. Under his tenure, the institute achieved number 2 and

number 14 in AD and Webometric rankings, respectively.

Professor Seneweera's academic portfolio is enriched by his supervision of over 40 PhD and a large number of Master's students, highlighting his commitment to mentoring the next generation of scientists. As the head of the National Institute of Fundamental Studies, he oversaw more than a hundred graduate students, PhDs and Mphils at a time. His teaching spans undergraduate and postgraduate levels, integrating research insights into the curriculum to bridge theoretical knowledge with practical application. His global supervision and teaching experience will be valuable to the University of Ruhuna. In addition, his ability to manage institutions, particularly leading national research organisations, is one of his most valuable skills, enabling him to oversee science and academia both nationally and internationally effectively.

His research excellence is evidenced by over 200 peer-reviewed publications, including articles in prestigious journals such as Nature and Science, and an h-index of 49. Professor Seneweera's work has been internationally recognised, placing him within the top 2% of scientists globally according to the Stanford University World Scientist Ranking for five consecutive years. Furthermore, according to the AD ranking, he is the top agricultural scientist in the country. Notably, he is the principal or lead author in more than 50% of his publications, with over 8000 Google citations, demonstrating genuine leadership in the field. His research has significantly advanced scientific understanding and directly

impacted agricultural systems and policies, enhancing food security and sustainability.

As a leader in international research projects and programs, Professor Seneweera has successfully secured funding totalling over \$20 million, supporting large-scale initiatives to mitigate climate change's adverse effects on agriculture and improve crop resilience and productivity.

Beyond his academic and research achievements, Professor Seneweera has played a pivotal role in administrative and strategic planning at the National Institute of Fundamental Studies and the National Science Foundation of Sri Lanka. He also developed comprehensive change in existing programmes and fostered national and international partnerships. Professor Seneweera strengthens the institutes's research capacity, commercialisation efforts, and many more, and global standing.

Professor Seneweera's work extends beyond the scientific community, reaching the general public and influencing policies and practices towards sustainable living standards. Through his research and public engagement, he has contributed to a broader societal understanding of the importance of sustainable agricultural practices and the challenges of climate change.

Overall, Professor Saman Seneweera is a leading figure in plant science whose academic and research endeavours have profoundly impacted the fields of agriculture and sustainability, continuing to inspire and guide global efforts towards a more sustainable and food-secure future.

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MANAGEMENT DISCUSSION & ANALYSIS

During the financial year 2024/25, AgStar PLC operated amidst a complex macroeconomic and agricultural environment. The Group focused its efforts across five Strategic Business Units (SBUs): Fertiliser, Crop Solutions, Seeds, Agri Machinery and Agri Technology.

Despite margin pressures and heightened market competition, the Group recorded a consolidated revenue of LKR 9,522.31 million, reflecting a 24% growth compared to the previous year. This growth was driven by strategic realignment, expansion into differentiated product segments, and a strong push for innovation across the business. Key transformation milestones included the completion of the Group's ERP migration to Microsoft Dynamics 365 Business Central, improving operational transparency and integration across divisions.

Fertiliser

The Fertiliser division recorded a 33% growth in revenue compared to FY 2023/24, with revenue reaching LKR 7,774.8 million. This growth was supported by targeted product positioning and stronger post-crisis demand. However, profitability remained under pressure due to intensifying competition and input cost volatility.

Market conditions were affected by adverse weather, commodity price volatility, and intensified competition. Key agricultural segments such as coconut and rubber witnessed declines, while sectors like tea and livestock performed relatively better.

Profitability in the fertiliser segment was under strain, prompting selective stock clearances at reduced margins to prevent inventory buildup.

In response, the Fertiliser SBU refined its approach by targeting niche crop-specific blends and committing to smarter distribution and stock management strategies. Margin compression continues to be a key concern, but the SBU remains focused on customer-centric product development and competitive agility.

Crop Solutions

The Crop Solutions business recorded a 15% decline in revenue year-on-year, closing at LKR 1,129.49 million. The contraction reflects challenging market dynamics, weather-related disruptions, and competitive pricing pressures in key input categories.

Internally, profitability was affected by climatic unpredictability and evolving consumer behaviour. With a significant portion of demand being seasonal and unpredictable, managing cost structures and inventory became critical.

The business unit is now focused on promoting productivity solutions through integrated agri-input offerings, supported by the group's technology-led approach and market-specific strategies.

Seeds

The Seeds segment saw a 28% drop in revenue, amounting to LKR 233.36 million. This decline was primarily driven by lower seed paddy

performance and slower recovery in farmer demand for new varieties. Despite the revenue drop, margins were well-maintained, highlighting disciplined cost management.

Looking forward, product innovation and differentiation remain central to the SBU's market re-engagement strategy.

Agri Machinery

Agri Technology delivered a significant 252% revenue growth, reaching LKR 427.98 million, largely from stock clearance of machinery and increasing demand for precision irrigation solutions. This sharp rebound underscores early traction in smart farming technologies amidst easing interest rate conditions.

Smart farming technologies, new division including drone-based services, coated fertilisers, and post-harvest solutions, are being positioned as long-term differentiators in this space.

Group Strategy and Outlook

In 2024/25, AgStar PLC launched a broader restructuring exercise across the Group. Key milestones included the completion of ERP migration, improved data integration, and better operational visibility across divisions.

While revenue growth was commendable, profit margins remained under significant pressure due to global input cost fluctuations, weather-related disruptions, and intensifying local competition. These conditions prompted a sharper focus on operational

MANAGEMENT DISCUSSION & ANALYSIS

efficiency, product innovation, and differentiated market offerings.

Looking ahead to FY 2025/26, AgStar will focus on:

- Driving innovation across SBUs, especially in agri-machinery, inputs, and seeds
- Expanding smart agri-tech solutions and supporting infrastructure
- Strengthening financial resilience through better working capital management
- Leveraging the new ERP system for decision support and governance
- Reduce cost by aligning back office to the corporate hub

AgStar remains committed to supporting Sri Lankan agriculture with solutions tailored to evolving farmer needs while navigating macroeconomic volatility through disciplined execution and strategic focus.

FINANCIAL REVIEW

The Group concluded the financial year 2024/25 with encouraging revenue growth, achieving a 24% increase in turnover—from Rs. 7,666 million in 2023/24 to Rs. 9,522 million. This growth reflects the Group's continued efforts to strengthen its market presence and respond to emerging demand within the agricultural sector.

Despite this encouraging revenue performance, the Group reported an operational loss of Rs. 208 million, compared to an operational profit of Rs. 95 million in the previous year, representing a sharp decline. The setback was driven by various external challenges, including adverse weather conditions, seasonally inconsistent demand, delays in dealer collections, intensified market competition, and the increased burden of VAT implications on the industry all of which impacted margins and operational efficiency.

These challenges also led to a significant rise in finance costs, with the Group moving from a net finance income of Rs. 82 million in 2023/24 to a net finance cost of Rs. 160 million in 2024/25 reflecting a substantial deterioration in financial performance. To maintain adequate stock levels and ensure timely imports, the Group relied more on its credit facilities, which contributed to higher finance expenses. In response, the Group has taken steps to improve collection efficiency and inventory planning. Ultimately, the combined effects resulted in a net loss of Rs. 366 million for the year, compared to a net profit of Rs. 160 million in the previous year,

reflecting a significant downturn. This was further compounded by sustained price pressures and margin erosion within Sri Lanka's agricultural sector, amid ongoing economic challenges.

Shareholder Information

AgStar PLC was listed on the Colombo Stock Exchange on 16 February 2012. In accordance with the Listing Rules, the Company submits unaudited interim financial statements for the first three quarters within 45 days, and for the final quarter within 60 days, to the Colombo Stock Exchange (CSE).

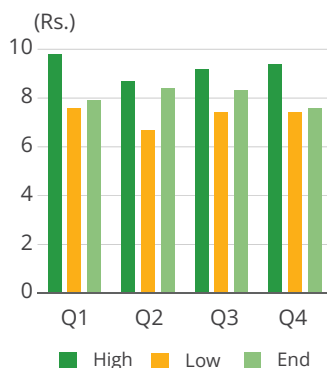
Financial Calendar

Financial year end	31st March 2025
Announcement of results	
1st Quarter ended 30th June 2024	31st July 2024
2nd Quarter ended 30th September 2024	14th November 2024
3rd Quarter ended 31st December 2024	17th February 2024
4th Quarter ended 31st March 2025	29th May 2025

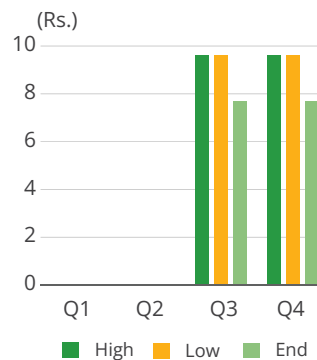
Share Prices

The highest voting share price recorded during the financial year was Rs. 9.80 (Non-voting - Rs. 9.60), while the lowest was Rs. 6.70 (Non-voting - Rs. 7.70). During the financial year under review, the share price fluctuated significantly, eventually ending at Rs. 7.60 per share (Non-voting - Rs. 7.70) on March 31, 2025. The graph depicts the price trends of Aster voting shares over the course of the year.

Voting share price
2024/25



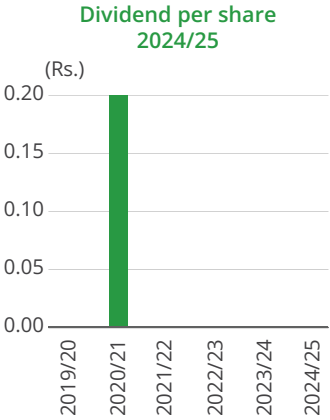
Non-Voting share price
2024/25



FINANCIAL REVIEW

Dividends

Considering the volatility of the market and the deterioration of the economy, the company will rationalise its operations and drive resource optimisation to mitigate risks to the company's sustainability during this turbulent period. As a result, management recommends that no dividends be declared this year.



SUSTAINABILITY REPORT

Building a Resilient and Responsible Agricultural Ecosystem

Our Sustainability Vision

At AgStar PLC, sustainability forms the cornerstone of our corporate identity and strategic direction. As a pivotal force in Sri Lanka's agricultural landscape, we embrace our responsibility to create enduring value that harmonises economic growth with environmental conservation and social prosperity.

Our comprehensive sustainability framework permeates every aspect of our operations—from empowering smallholder farmers to pioneering green technologies. Through this holistic approach, we are constructing a robust agricultural value chain that generates meaningful benefits for all stakeholders: our dedicated workforce, farming partners, local communities, and the environment we collectively steward.

Our People: The Cornerstone of Sustainable Growth

Human Capital Investment

Our employees represent the foundation upon which our sustainability ambitions are built. Throughout recent years of unprecedented challenges—including the global pandemic and economic volatility—our team has demonstrated remarkable resilience and adaptability. In recognition of their invaluable contribution, we have strengthened our investment in:

- Comprehensive onboarding programs that integrate new talent seamlessly into our mission-driven culture

- Structured professional development pathways designed to enhance both technical expertise and leadership capabilities
- Strategic retention programs focused on nurturing high-potential talent and building long-term career trajectories

Our integrated training methodology combines deep technical knowledge with essential soft skills development, empowering our team to forge stronger relationships with farming communities while cultivating a solutions-oriented, customer-centric mindset throughout the organisation.

Workplace Health, Safety & Well-being

Occupational health and safety excellence remains non-negotiable in our operations. We maintain rigorous educational programs ensuring all personnel are thoroughly trained in safe product handling protocols and workplace safety practices, exceeding both internal benchmarks and industry compliance standards.

As a proud member of the LOLC Group, our team enjoys expanded opportunities for cross-functional collaboration, knowledge sharing, and career advancement within one of Sri Lanka's most respected business conglomerates.

Fostering an Inclusive Culture

Diversity & Inclusion Excellence

We are committed to nurturing a workplace culture anchored in inclusion, mutual respect, and shared accountability. Diversity

is woven into our organisational DNA—we actively celebrate varied perspectives and ensure equitable opportunities through transparent recruitment processes and merit-based career advancement. Our culture empowers every individual to demonstrate initiative and contribute meaningfully to our collective success.

Continuous Professional Development

Our commitment to lifelong learning drives ongoing capacity-building initiatives that keep our workforce at the forefront of industry evolution. Our comprehensive training programs encompass:

- ISO standards implementation and certification excellence
- Advanced technical product knowledge and application
- Strategic understanding of dynamic industry landscapes
- Leadership development and cross-functional collaboration

By cultivating internal expertise, we enhance not only our operational capabilities but also the quality of support we provide to Sri Lanka's farming community.

Employee Engagement & Welfare

AgStar cultivates a work environment founded on dignity, respect, and genuine inclusivity. Our employee welfare initiatives reflect our commitment to shared prosperity:

- Life milestone celebrations including gift programs for weddings and newborn children

SUSTAINABILITY REPORT

- Annual sporting events and company-wide gatherings that strengthen our organisational community
- Team-building activities and recreational programs designed to foster collaboration and camaraderie

These initiatives reinforce our fundamental belief that individual success and organisational achievement are inseparably linked.

Advancing Sustainable Agriculture Empowering Farming Communities

Our sustainability mission is intrinsically connected to supporting farmers across Sri Lanka's diverse agricultural regions. Recognising the complex challenges they face—from climate variability to evolving regulatory landscapes—we provide comprehensive support through:

- Scientific advisory services delivered by our experienced field teams, offering timely, research-based guidance
- Eco-friendly agricultural inputs coupled with expert advisory support to optimise productivity while minimising environmental impact
- Smart agriculture solutions through our innovative Agri-Tech division, bridging traditional farming wisdom with cutting-edge technology

By harmonising time-honoured agricultural practices with modern innovation, we are fostering generational continuity in farming while making agriculture an attractive career path for Sri Lanka's next generation of farmers.

Strengthening Distribution Networks

Our distributor partners serve as crucial connectors in our agricultural value chain. Through dedicated training programs covering product knowledge and logistics optimisation, we ensure they are fully equipped to deliver AgStar's commitment to farmers—particularly those in underserved rural areas. Our field extension officers expand this reach by providing hands-on technical support and building lasting relationships at the community level.

Environmental Stewardship Green Operations & Renewable Energy Leadership

Environmental consciousness is embedded throughout our operational framework. Our key sustainability achievements include:

- Rooftop solar installations across strategic warehouse locations in Polonnaruwa, Anuradhapura, Dehiattakandiya, and Dambulla, significantly reducing our carbon footprint
- Planned capacity expansion at our Ekala facility incorporating advanced green building principles
- Comprehensive monitoring systems for water and energy consumption, driving continuous improvement in resource efficiency

These initiatives demonstrate our unwavering commitment to reducing environmental impact while establishing sustainable business practices as our operational standard.

Shaping Tomorrow's Agricultural Landscape

AgStar PLC is dedicated to serving as a long-term catalyst for sustainable agricultural transformation in Sri

Lanka. Our forward-looking strategic priorities include:

Innovation & Market Expansion

- Expanding our market presence in hybrid seed technology and precision farming solutions
- Introducing next-generation, environmentally conscious crop protection and fertiliser products
- Developing integrated digital solutions that enhance farm-level decision making

Environmental Impact Minimisation

- Implementing responsible sourcing practices across our entire supply chain
- Optimising production processes to reduce waste and resource consumption
- Establishing sustainable distribution networks that minimise environmental footprint

Farmer Success & Profitability

- Enhancing agricultural productivity through science-based solutions
- Improving crop quality and market access for farming partners
- Increasing farmer profitability through cost-effective, high-performance products

Through our integrated approach and deep stakeholder engagement, we are positioned to become Sri Lanka's premier sustainable agriculture partner—creating value today while securing agricultural prosperity for future generations. Our vision extends beyond business success to encompass the transformation of Sri Lankan agriculture into a model of sustainability, profitability, and environmental stewardship.

CORPORATE GOVERNANCE

General Governance Policy

AgStar PLC ("AgStar") has continued its commitment to maintain high standards of corporate governance in order to ensure the integrity, accountability and transparency of all transactions as well as to ensure equal importance to business performance in order to ensure value creation.

It is the firm belief of the Board of Directors that an effective self-regulatory framework is vital to pursue stakeholder confidence in the context of increasing trends in deregulation and lack of regulations in certain areas.

The concept of corporate governance covers the entire accountability framework of an organisation. It encompasses aspects of both corporate and

business governance and is based on the premise that a good governance policy alone cannot make an organisation successful. It is only by having in place good corporate governance practices, which are strategically linked to performance management that an organisation is able to focus on the key drivers of the business. This concept emphasises the dual role of the Board of Directors in ensuring conformity to good governance and strategic management for value creation.

AgStar's Adoption of Corporate Governance

Being a listed company committed to maintaining ethics and professionalism in every sphere of activity, AgStar adheres to high standards of corporate governance.

It defines governance as the set of processes, customs, policies, laws and institutions affecting the way in which the corporation is directed, administered and controlled.

Key aspects of the corporate governance framework established by the Company are described below.

In keeping with its vision and mission and with the continued goodwill and confidence of customers very much in mind, the Company is careful not to undertake any business activity that might adversely affect the welfare of the community and the environment.

A detailed description of the status of compliance with Corporate Governance rules is given below;

Status of compliance with the Code of Best Practice on Corporate Governance issued by institute of Chartered Accountants of Sri Lanka in 2023

Corporate Governance Principle	Principle No.	Level of Compliance
The Board	A.1	The Board provides the leadership in realising business objectives, value creation and risk management while promoting a culture of transparency and integrity in carrying out the Company's business functions. Frequency of Board Meetings Four Board Meetings are scheduled to evaluate the performance and to discuss strategy and other matters of the Company. Ad-hoc meetings are scheduled to deal with specific matters which require the attention of the Board in-between scheduled meetings. The table below depicts the attendance of Directors at the Board and Committee meetings held during the year;

CORPORATE GOVERNANCE

Corporate Governance Principle	Principle No.	Level of Compliance					
The Board (Continued)	A.1 (Continued)	Name of Director		Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Related Party Transactions Review Committee Meetings
		Directors					
		Mr. I. C. Nanayakkara	4/4				
		Mr. R.S. I. Gunawardhana	4/4				
		Mr. A. P. Weerasekera (Not re-elected at the AGM held on 26th September 2024)	2/4				
		Mrs. V.G.S.S. Kotakadeniya (Resigned on 6th June 2025)	4/4				
		Mr. D. S. K. Amarasekera (Resigned on 7th February 2025)	0/4	0/4			
		Mr. R.K. Athula Ranaweera (Resigned on 31st December 2024)	3/4	3/4		3/4	
		Dr. (Mrs.) A. D.N. de Zoysa (Resigned on 30th May 2025)	3/4	4/4		3/4	
		Ms. S. N. Wickramasinghe (Resigned on 15th October 2025)	2/4	2/4		2/4	
		Mr. W. K. D. T. Abeyrathne (Resigned on 6th June 2025)	1/4			1/4	
		Mr. P. Weerasingha	4/4				
		Mr. Manju Gunawardana	2/4				
		Mr.T.Sanakan (Appointed on 7th February 2025)					
		Mr.Sarath Jayasuriya (Appointed on 1st January 2025)	1/4	1/4		1/4	
		Mr.Saman Seneweera (Appointed on 1st January 2025 & resigned on 01.07.25)					
		Mr K Sivanesan (Appointed on 01.07.2025)					

Corporate Governance Principle	Principle No.	Level of Compliance
The Board (Continued)	A.1 (Continued)	The Responsibilities of the Board The Board is ultimately accountable for ensuring that, as a collective body, it has the appropriate skills, knowledge and experience to perform its role effectively. The Board is responsible for the following: - • formulation, implementation and monitoring of strategy • effective systems to secure integrity of information, internal controls and risk management • compliance with laws, regulations and ethical standards • ensuring all stakeholder interests are considered in corporate decisions The Board has delegated several functions to Board Committees, while retaining final decision rights pertaining to matters under the purview of the Committees. The composition and the functions of these sub-committees are discussed in detail under the relevant sections of this Report. Obtaining Independent Professional Advice In discharging their duties, the Directors are permitted to seek independent professional advice from external parties when necessary at the expense of the Company. Company Secretary The Directors have access to the advice and services of the Company Secretary. The Company Secretary advises on the need to comply with Board procedures, relevant statutory obligations and other applicable rules and regulations.
		Independent Judgment All Directors employ independent judgment in all decisions pertaining to strategy, performance, resource allocation and standards of business conduct and acts free from any undue influence and bias from other parties. Dedication of adequate time and effort to matters of the Board and the Company The Board members dedicate adequate time and effort to fulfil their duties as Directors of the Company and ensure that they are satisfactorily discharged. Newly appointed Directors who do not have previous public company experience at Board level are provided with appropriate training on their role and responsibilities. New Directors participate in a comprehensive and tailored induction program including meetings with members of the senior management. The induction program includes a full review of corporate responsibility. Subsequent training is available on an ongoing basis to meet any particular needs.
Chairman & CEO	A.2	A clear division of responsibility of both roles are maintained by the Company.

CORPORATE GOVERNANCE

Corporate Governance Principle	Principle No.	Level of Compliance																
Chairman's role	A.3	Mr. I C Nanayakkara has been appointed as the Non-Executive Chairman and Mr. R.S.I Gunawardana, as the Executive Deputy Chairman. The Chairman being responsible for the running of the Board facilitates the effective discharge of Board proceedings and ensures that: • Effective participation of both Executive and Non-Executive Directors is secured • All Directors are encouraged to make effective contributions to proceedings • The views of Directors on issues under consideration are ascertained, and • The Board is in control of the affairs of the Company and alert to its obligations to all stakeholders																
Financial acumen	A.4	The members of the Board possess the necessary knowledge and competence to offer guidance on matters of finance.																
Board balance	A.5	Composition The Board currently comprises of seven Directors comprising four Non- Executive Directors and three Executive Directors. Two out of four Non-Executive Directors are Independent. The Board has an appropriate balance of skills, experience, independence and knowledge to enable it to discharge its duties and responsibilities effectively The Board considers the Independent Directors as free of any business relationship or other circumstance and independent of management that could materially interfere with or could be reasonably perceived to materially interfere with the exercise of their unfettered or independent judgment. To determine their independence, the Board reviews all Directors' interests that may give rise to a potential or perceived conflict, and any circumstances relevant to their current or ongoing independence as set out in the Rules and Regulations of the Colombo Stock Exchange The present composition is as follows :- <table><tr><td>Ishara Chinthaka Nanayakkara</td><td>Non-Executive Chairman</td></tr><tr><td>R. S. I. Gunawardana</td><td>Executive Deputy Chairman</td></tr><tr><td>P. Weerasingha</td><td>Executive Director</td></tr><tr><td>T. Sanakan (Appointed wef 08.02.2025)</td><td>Executive Director</td></tr><tr><td>M. Gunawardana</td><td>Non-Executive Director</td></tr><tr><td>Prof. S. Seneweera (RWEF 01.07.2025)</td><td>Independent Non-Executive Director</td></tr><tr><td>S. Jayasuriya (Appointed wef 01.01.2025)</td><td>Independent Non-Executive Director</td></tr><tr><td>K. Sivanesan (appointed wef 01.07.2025)</td><td>Independent Non-Executive Director</td></tr></table> During the year under review, Mr. S Jayasuriya and Prof S. Seneweera met the criteria for independence specified by Rule 9.8.3 of the Listing Rules of the Colombo Stock Exchange. These Directors have submitted written declarations of their independence as required by section 9.8.5. of the Listing Rules. Following the resignation of Prof. Seneweera on 1st July 2025, Mr K Sivanesan was appointed to the Board on 1st July 2025. Mr Sivanesan too meets the required criteria for independence.	Ishara Chinthaka Nanayakkara	Non-Executive Chairman	R. S. I. Gunawardana	Executive Deputy Chairman	P. Weerasingha	Executive Director	T. Sanakan (Appointed wef 08.02.2025)	Executive Director	M. Gunawardana	Non-Executive Director	Prof. S. Seneweera (RWEF 01.07.2025)	Independent Non-Executive Director	S. Jayasuriya (Appointed wef 01.01.2025)	Independent Non-Executive Director	K. Sivanesan (appointed wef 01.07.2025)	Independent Non-Executive Director
Ishara Chinthaka Nanayakkara	Non-Executive Chairman																	
R. S. I. Gunawardana	Executive Deputy Chairman																	
P. Weerasingha	Executive Director																	
T. Sanakan (Appointed wef 08.02.2025)	Executive Director																	
M. Gunawardana	Non-Executive Director																	
Prof. S. Seneweera (RWEF 01.07.2025)	Independent Non-Executive Director																	
S. Jayasuriya (Appointed wef 01.01.2025)	Independent Non-Executive Director																	
K. Sivanesan (appointed wef 01.07.2025)	Independent Non-Executive Director																	

Corporate Governance Principle	Principle No.	Level of Compliance
Appraisal of the Board performance	A.9	The Annual appraisals of the Board of Directors were carried out for the period under review.
Disclosure of Information in respect of Directors	A.10	Complied with. The current Directors' biographical details such as name, qualifications and brief profile are set out on pages 12 to 15 of this Annual Report. These include their main external commitments.
Level and makeup of remuneration	B.2	The level of remuneration for both Executive and Non-Executive Directors is sufficient to attract and retain the Directors to run the Company successfully. The Remuneration Committee compares the levels of remuneration of the Company in relation to other companies in the industry. The report of the Remuneration Committee appears on page 41 of this Report.
Disclosure of remuneration	B.3	The total remuneration of the Directors' is disclosed in Note 09 to the Financial Statements.
Constructive use of the Annual General Meeting	C.1	The Shareholders of the Company have the opportunity to meet and question the Board at the Annual General Meeting. Each item of business to be considered at the Annual General Meeting is included with the Notice of Meeting which is sent to shareholders at least 15 working days prior to the meeting. The Chairpersons of the Audit, RPTR and Remuneration Committees are present at the Annual General Meeting to answer any questions raised by the shareholders.
Major transactions	C.3	There were no major transactions during the year as defined by Section 185 of the Companies Act No. 07 of 2007 which materially affect the net asset base of AgStar PLC or Consolidated Group net asset base.
Financial and business reporting	D.1	The Board ensures that the quarterly and annual Financial Statements of the Company are prepared and published in compliance with the requirements of the Companies Act No. 07 of 2007, Sri Lanka Accounting Standards and the Colombo Stock Exchange. The Statement of Directors' Responsibility in preparation of the Financial Statements is given on page 40 of this Report. The Executive Deputy Chairman's and Head of Finance's Report is given on page 55 of this Report. The declaration by the Board that the Company is a going concern is given in the Directors' Report on the state of affairs of the Company.
Risk Management Process	D.2	The report on Risk Management given on pages 34 to 38 of this report discusses about the risk management process of the Company.

CORPORATE GOVERNANCE

Corporate Governance Principle	Principle No.	Level of Compliance
Audit Committee	D.3	The Audit Committee consists of three Independent Directors. The members of the Committee are indicated in the Directors' Report on the state of affairs of the Company. The Committee is empowered to examine and report on the following :- • Review the financial reporting system • Review internal control framework and identify business risks. Review the quality of external and internal audit performance • Review compliance with laws, regulations and professional standards • Recommend the appointment and fees of external auditors The Committee met five times during the year. The Executive Deputy Chairman, Managing Director and Group CFO of the Company attended all meetings by invitation. Refer the Audit Committee report given on pages 56 to 57 of this Report for further details.
Related Party Transactions Review Committee (RPTR)	D.4	The Definition of a Related Party and Related Party Transactions is given in the Notes to the Financial Statements. The composition of the Committee, their responsibilities and other information are given on pages 42 to 43 of this Report for further details.
Code of Business Conduct and Ethics	D.5	The Directors have adopted and adhered to the Code of Business Conduct and Ethics for Directors. A set of Guidelines for ethical behaviour has also been compiled to help employees to act with responsibility and to make the right decisions in their daily work. This Code of Conduct explains the principles for dealings with business associates, general partners, colleagues and in the community in which we operate. Thus, it supports all employees in acting ethically not only in their dealings with one another but also outside the company.
Shareholder voting	E.1	The company is committed to maintaining good communications with investors. The Chairman conducts a structured dialogue with the shareholders based on the mutual understanding of objectives and ensures that the views of the shareholders are communicated to the Board as a whole. All shareholders are encouraged to participate at meetings of the Company, and a form of proxy accompanies each notice providing shareholders who are unable to attend such meetings the opportunity to cast their vote.

Compliance with Section 9 of the Listing Rules issued by Colombo Stock Exchange

Section	Principle, compliance and implementation	Complied
9.1.3	Disclosure in the Annual report with regard to the extent of compliance with the Rule The status of compliance with the Rule 9 is given below,	Complied with
9.2.1	The Company shall disclose the fact of existence of the list of following policies as set out in the rule together with the details relating to the implementation of such policies in the Annual report and make available on its website (a) Policy on the matters relating to the Board of Directors (b) Policy on Board Committees (c) Policy on Corporate Governance, Nominations and Re-election (d) Policy on Remuneration (e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities (f) Policy on Risk management and Internal controls (g) Policy on Relations with Shareholders and Investors (h) Policy on Environmental, Social and Governance Sustainability (i) Policy on Control and Management of Company Assets and Shareholder Investments (j) Policy on Corporate Disclosures (k) Policy on Whistleblowing (l) Policy on Anti-Bribery and Corruption	Complied with
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted	None
9.2.3	(i) List of policies in place as per Rule 9.2.1, with reference to website (ii) Any changes to policies adopted	Complied with
9.2.4	The Company shall make available all such policies as set out in 9.2.1 to shareholders upon a written request being sent for such policy	Noted for compliance should the need arise
9.3.1/9.3.2	The following Board subcommittees should be established and maintained at a minimum and shall function effectively : - a) Nomination & Governance Committee b) Remuneration Committee c) Audit Committee d) Related Party Transactions Review Committee	Complied with Complied with Complied with Complied with

CORPORATE GOVERNANCE

Section	Principle, compliance and implementation	Complied
9.3.3	Chairperson of the Board cannot be a Chairperson in any of the aforesaid subcommittees	Complied with
	The Chairperson of the Board does not hold a Chairmanship of any subcommittee of the Company	Complied with
9.4.1	Maintenance of records of all resolutions and other information stipulated in section 9.4.1 of the listing rules and shall provide copies of the same at the request of the Exchange and or SEC	Complied with All records of resolutions and information relating to General Meetings; i.e. upon a resolution being considered valid proxy votes, votes in favour, against and abstained for the resolutions, etc. are maintained by the Company Secretary.
9.4.2	Communication and relations with shareholders and investors	Complied with A policy on communication with shareholders and investors is in place and has been posted on the Company's website. The Company Secretary has been designated as the contact person for such corporate communication by the Company. Any significant/material issues raised by the shareholders/ investors are communicated to all directors and addressed where necessary in a transparent manner. The company conducts its shareholder meetings through virtual or hybrid means by complying with the guidelines issued by the CSE.
9.5.1 & 9.5.2	A Policy on governing matters relating to the Board of Directors should be established and to disclose the level of compliance or non-compliance with reasons/remedial actions	Complied with A policy on Matters relating to the Board of Directors is in place and has been posted on the Company's website
9.6.1	Chairperson should be a Non-executive Director and the positions of Chairperson and CEO cannot be held by one person; unless a Senior Independent Director (SID) is appointed by the Listed entity	Complied with Mr. I.C Nanayakkara, Chairman of the Board is a Non-Executive Director The relevant positions are held by two individuals. Refer Board composition on pages 12 to 15.
9.6.2 & 9.6.3	Market announcement with regard to the non-compliance with Rule 9.6.1 and the rationale for appointing the SID	This provision is not applicable to the Company as the requirement to appoint a SID has not arisen.

Section	Principle, compliance and implementation	Complied
9.7.5	(a) Statement on Directors and CEO satisfying Fit and Proper Assessment Criteria (b) Any non-compliance/s and remedial action taken	Complied with Annual declarations have been obtained. The said criteria were considered when recommending the re-election of directors retiring by rotation before the AGM. Refer Board profiles and Report of the Board of Directors on pages 12 to 15 and 46 to 54.
9.8.1 & 9.8.2	Minimum number of Directors on the Board should be 5 and the total minimum number of Independent Directors should be 2 or 1/3 of the Board, whichever is higher	Complied with The Board comprised of 07 Directors including 2 Independent Non- Executive Directors.
9.8.3	A director shall not be considered independent if he/she does not fulfil the criteria defining independence under sections 9.8.3 and 9.8.4 of the Rules.	Complied with Annual declarations have been obtained as per the requirement and the Board has determined that Mr S Jayasuriya and Prof Seneweera were considered independent during the year under review.
9.8.5	The listed entity shall ensure;	Complied with
	a) Each independent director submits a declaration with criteria specified by the Exchange	Complied with
	b) The Board shall make an annual determination as to independence / non independence and set out the names of directors determined to be independent in the Annual Report	Complied with
	c) If the Board determines that the independence of and independent director has been impaired against any criteria set out in 9.8.3 it shall make an immediate market announcement thereof	Complied with
	The Company has established a process for determination of independence based on the requirements of this Rule.	Complied with
9.9	Alternate Director can be only appointed for a minimum period of one year under special circumstances and he/she should be of the same nature of Directorship	No Alternate Directors had been appointed during the year under review
9.10.1	Policy on the maximum number of directorships its board members shall be permitted to hold	Addressed in the Policy on Matters Relating to the Board of Directors. A director may serve on the boards of any number of companies/ societies/ bodies, including subsidiaries and affiliates of the company; however, in the case of listed firms, the number of director appointments may not exceed 20.

CORPORATE GOVERNANCE

Section	Principle, compliance and implementation	Complied
9.10.2	Immediate market announcement upon appointment of new director setting out resume, capacity of directorship, statement indicating if such appointment has been reviewed by the Nominations & Governance Committee	Complied with
9.10.3	Immediate market announcement regarding any changes to the composition of the Board Committees specified in Rule 9.3	Complied with The following market announcements with regard to the changes to the composition of the Board were made during the year under review and as of report date a) Appointment of Mr.T. Sanakan as an Executive Director w.e.f.7th February 2025 b) Mr. S. Sarath C. Jayasuriya and appointment of Prof. Saman Seneweera as Independent Non-Executive Directors w.e.f.1st January 2025 c) Retirement of Mr. Prasad Weerasekera on 26th September 2024 d) Resignation of Mrs. Siromi Wickramasinghe from the Board on 15th October 2024 e) Resignation of Mr. Athula Ranaweera from the Board on 31st December 2024 f) Resignation of Mrs V G S S Kotakadeniay w.e.f. 6th June 2025 g) Resignation of Mr D S K Amarasekera w.e.f. 7th February 2025 h) Resignation of Mr W K D T Abeyratne w.e.f. 6th June 2025 i) Retirement of Dr (Mrs) A D N de Zoysa w.e.f. 30th May 2025 j) Resignation of Mr S Seneweera w.e.f 01.07.2025

Section	Principle, compliance and implementation	Complied
9.10.4	Disclosure on the following details relating to Directors in the Annual report; a) Name, qualifications, brief profile b) Nature of expertise in relevant functional area, c) Whether either the director or close family member/s has any material business relationship with the directors of the listed entity, d) Whether executive, non executive and or independent, e) Total number of names of companies in which the director concerned serves as a director/KMP indicating if these are listed, f) Capacity of the position held whether executive or non executive, g) Number of board meetings of the listed entity attended during the year h) Names of board committees in which the director serves as chairperson or member, i) Details of attendance of committee j) Terms of reference and powers of the SID	Complied with The profiles of Board members are provided on pages 12 to 15. Please refer Board of Directors and subcommittee reports for the details regarding meeting attendance and other disclosures on page 24
9.11	Disclosure requirements regarding the Nomination and Governance Committee under Rule 9.11.6	Complied with Please refer Committee Report on Page 39
9.12.8	Disclosure requirements regarding the Remuneration Committee under Rule 9.12.8	Complied with Please refer Committee Report on Page 41 The Remuneration Committee is comprised of two Independent Non-Executive Directors and one Non Executive Director
9.13	9.13.1 -The listed entity shall have an Audit Committee conforming with the requirements set out in Rule 9.13	Complied with Please refer Committee Report on Page 56
9.14.1 - 9.14.4	Composition, functions and general requirements of the Related Party Transactions Review Committee	Complied with Please refer Report on page 42
9.14.5 - 10	In terms of Sec. 9.14.8(4), affirmative declaration by the Board of Directors on compliance with RPT Rules or negative statement to that effect.	There were no RPTs during the year under review which required Shareholder approval as set out in Rule 9.14.6. There were no RPTs during the year which required immediate market announcement as set out in Rule 9.14.7. During the year there were no acquisition or disposal of substantial assets from / to Related Parties. Please refer Report of the RPTR Committee on pages 42 to 43 and Board of Directors report on pages 46 to 54
9.16	Additional disclosures by Board of Directors under Rule 9.16	The relevant declarations by the Board of Directors are included in their report on pages 46 to 54.

REPORT ON RISK MANAGEMENT

Building Resilience Through Strategic Risk Governance

Executive Summary

At AgStar PLC, effective risk management is fundamental to protecting and enhancing stakeholder value in an increasingly complex operating environment. As a leading player in Sri Lanka's agricultural input sector, we face multifaceted risks spanning macroeconomic volatility, regulatory uncertainty, climate change, and evolving market dynamics.

Our Enterprise Risk Management (ERM) framework is systematically embedded across all business processes and governance structures, enabling proactive identification, assessment, and mitigation of risks that could impact

business continuity or strategic objectives. This comprehensive approach ensures organisational resilience while supporting sustainable growth and stakeholder confidence.

Risk Management Framework & Governance

Our risk management approach is built on three foundational pillars:

1. Strategic Risk Oversight

- Board-level risk committee supervision
- Executive management risk ownership
- Cross-functional risk assessment teams

- Regular risk appetite and tolerance reviews

2. Systematic Risk Assessment

- Continuous risk identification and monitoring
- Quantitative and qualitative impact analysis
- Scenario planning and stress testing
- Early warning indicator systems

3. Dynamic Risk Response

- Proactive mitigation strategies
- Contingency planning and business continuity
- Regular strategy recalibration
- Performance monitoring and reporting

Principal Risk Categories & Management Strategies

Strategic Risks

Risk Area	Risk Level	Key Impacts	Mitigation Strategies
Economic Conditions & Macroeconomic Volatility	Very High	• Reduced customer spending and demand volatility • Foreign exchange and inflation pressures • Limited access to capital and funding constraints • Policy-driven market disruptions	• Diversified revenue streams across product categories • Robust cash flow management and scenario planning • Agile business model adaptation to market conditions
Regulatory & Compliance Risk	Very High	• Product registration cancellations or bans • Operating license suspensions • Financial penalties and legal exposure • Market access restrictions	• Proactive regulatory monitoring and engagement • Active participation in industry associations and technical committees • Comprehensive compliance management systems • Regular internal audits and compliance reviews

Risk Area	Risk Level	Key Impacts	Mitigation Strategies
Innovation & Competitive Positioning	High	• Market share erosion to innovative competitors • Price competition pressure • Technology disruption threats • Product portfolio obsolescence	• Continuous R&D investment in next-generation products • Strategic partnerships with technology providers • Market segmentation and differentiation strategies • Innovation pipeline management
Supply Chain & Logistics Disruptions	High	• Stock-outs and delivery delays • Increased transportation and logistics costs • Quality control challenges • Vendor dependency risks	• Diversified supplier base and dual sourcing strategies • Strategic inventory buffering for critical SKUs • Vendor performance monitoring and assessments • Cost optimisation targets
Climate & Weather Risk	Very High	• Disrupted agricultural demand patterns • Crop failures affecting customer base • Natural disaster impacts on operations • Supply chain weather-related disruptions	• Climate-resilient product portfolio development • Weather-linked demand forecasting systems • Comprehensive insurance coverage for assets • Smart agriculture solutions and precision farming tools
Operational Process & Controls	Medium-High	• Process inefficiencies and manual errors • Internal control failures • ERP system disruptions • Service delivery impacts	• Process digitisation and automation initiatives • ERP stabilisation with Microsoft Business Central • Business continuity and disaster recovery protocols • Regular internal control assessments
Foreign Exchange & Import Risk	High	• Cost escalation from currency depreciation • Working capital strain • Margin compression • Pricing volatility	• Local sourcing initiatives and supplier diversification • Dynamic pricing mechanisms

REPORT ON RISK MANAGEMENT

Financial Risks

Risk Area	Risk Level	Key Impacts	Mitigation Strategies
Funding & Liquidity Risk	High	- Working capital constraints - Strategic project funding limitations - Increased capital costs - Banking exposure restrictions	- Listed company status for diverse capital access - Backing of Sri Lanka's Top Conglomerate – LOLC Holdings PLC and Brown & Co. PLC - Robust cash flow and working capital management - Multiple funding source relationships
Credit & Receivables Risk	Medium	- Delayed cash collections - Bad debt provisions - Customer default exposure - Government subsidy payment delays	- Real-time receivables tracking via ERP systems - Credit scoring and partner vetting processes - Dedicated collection teams and payment term negotiations - Continuous government authority engagement

Technology & Information Risks

Risk Area	Risk Level	Key Impacts	Mitigation Strategies
Cybersecurity & Data Privacy	High	- System downtime and operational disruption - Data breach and privacy violations - Reputational damage - Regulatory fines and penalties	- Robust cybersecurity infrastructure and monitoring - Regular penetration testing and vulnerability assessments - Comprehensive staff training on security protocols - Cyber insurance evaluation and implementation
Technology Disruption	Medium-High	- Digital transformation challenges - Legacy system obsolescence - Competitive disadvantage - Customer experience impacts	- Strategic technology investment planning - Digital agriculture platform development - Cloud-based system migration - Technology partnership strategies

Environmental, Social & Governance (ESG) Risks

Risk Area	Risk Level	Key Impacts	Mitigation Strategies
Environmental & Sustainability	Medium-High	- Regulatory compliance failures - Brand reputation damage - Market access restrictions - Stakeholder confidence erosion	- Rooftop solar installation program - ISO-compliant environmental management systems - Sustainability metrics tracking and reporting
Social Responsibility & Community Impact	Medium	- Community relationship challenges - Social license to operate risks - Stakeholder trust erosion - Public perception impacts	- Community engagement and development programs - Ethical sourcing and supplier standards - Employee welfare and development initiatives - Transparent stakeholder communication

People & Organisational Risks

Risk Area	Risk Level	Key Impacts	Mitigation Strategies
Talent Retention & Capability	High	- Critical knowledge loss - Leadership pipeline gaps - Skill shortage impacts - Organisational capability erosion	- Competitive compensation and benefits packages - Structured career development pathways - Succession planning and leadership development - Enhanced employee engagement initiatives
Workplace Safety & Quality	Medium	- Employee health and safety incidents - Product quality failures - Operational efficiency impacts - Regulatory compliance risks	- Comprehensive safety training programs - Quality management system implementation - Regular safety audits and assessments - Continuous improvement culture development

REPORT ON RISK MANAGEMENT

Risk Monitoring & Key Performance Indicators

Our risk management effectiveness is measured through comprehensive KPIs:

Financial Risk Indicators:

- Foreign exchange exposure ratios
- Liquidity coverage ratios
- Debt service coverage metrics
- Working capital efficiency measures

Operational Risk Indicators:

- Supply chain disruption frequency
- Customer complaint resolution times
- System downtime percentages
- Safety incident rates

Strategic Risk Indicators:

- Market share trends
- Customer satisfaction scores
- Regulatory compliance ratings
- Innovation pipeline metrics

Emerging Risk Landscape

Climate Transition Risks

- Carbon pricing and emissions regulations
- Sustainable agriculture requirements
- Green financing prerequisites
- Climate-resilient farming demands

Digital Transformation Risks

- Precision agriculture technology adoption
- Data analytics and AI integration

- Cybersecurity evolution
- Digital customer engagement platforms

Geopolitical & Trade Risks

- Regional trade agreement changes
- Global supply chain restructuring
- Agricultural trade policy shifts
- International sanctions impacts

Risk Appetite & Tolerance Framework

AgStar maintains a moderate risk appetite aligned with our strategic objectives:

- **Strategic Growth:** Medium risk tolerance for market expansion and innovation
- **Financial Performance:** Low-to-medium risk tolerance for capital preservation
- **Operational Excellence:** Low risk tolerance for safety and quality standards
- **Regulatory Compliance:** Zero tolerance for compliance violations
- **Environmental Impact:** Low risk tolerance for environmental incidents

Looking Forward: Risk Management Evolution

Our risk management capabilities continue evolving through:

Enhanced Risk Intelligence

- Advanced analytics and predictive modelling
- Integrated risk dashboards and reporting

- Scenario analysis and stress testing
- Industry benchmarking and best practices

Organisational Risk Culture

- Risk awareness training and education
- Cross-functional risk collaboration
- Risk-adjusted decision making
- Continuous improvement mindset

Stakeholder Integration

- Regular risk communication and reporting
- Stakeholder feedback integration
- Industry association participation
- Regulatory authority engagement

Conclusion

AgStar PLC's comprehensive risk management framework positions us to navigate uncertainty while capitalising on opportunities for sustainable growth. Through systematic risk identification, proactive mitigation strategies, and continuous monitoring, we maintain organisational resilience and stakeholder confidence.

Our commitment to risk management excellence ensures that we can adapt to evolving challenges while delivering consistent value to farmers, shareholders, employees, and the broader agricultural ecosystem we serve. This foundation enables us to pursue our strategic objectives with confidence while maintaining the highest standards of corporate governance and operational excellence.

REPORT OF THE NOMINATION & GOVERNANCE COMMITTEE

Appointed on 1st October 2024 in terms of Rule 9.11 of the Listing Rules of the Colombo Stock Exchange, the Nomination and Governance Committee comprises of 3 Non-Executive Directors, a majority of whom are independent. The composition of the Committee is as follows :-

Current membership

Mr K Sivanesan

(Committee Chairman)

Independent Director

Appointed *wef. 01.07.2025*

Mr S M Sarath C Jayasuriya

Independent Director

Mr Manju S Gunawardana

Non Independent Director

Past members

Dr (Mrs) Damitha de Soyza

(Committee Chairman)

Appointed *wef. 01.10.2024 &*

resigned on 30.05.2025

Prof. S Seneweera

Independent Director

Appointed *wef 01.01.0025 &*

resigned on 01.07.2025

The main responsibilities and duties of the Committee, among others, include, the provision of advice and recommendations to the Board on the appointment of new Directors as well as assessing whether the incumbent Directors are fit and proper for re-election.

In terms of the Articles of Association, one third of the Directors are required to retire by rotation at every Annual General Meeting. Accordingly, during the year under review, having assessed

the fitness and propriety of the incumbent Directors, the Committee recommended the following Directors for re-election for the ensuing year.

1. **Mr. T. Sanakan**
(interim appointment) in terms of Article 23(2)
2. **Mr. Sarath Jayasuriya**
(interim appointment) in terms of Article 23(2)
3. **Mr. K Sivanesan**
(interim appointment) in terms of Article 23(2)
4. **Mr. I. C. Nanayakkara**
(retirement by rotation) in terms of Article 23(6)
5. **Mr. Manju Gunawardana**
(retirement by rotation) in terms of Article 23(6)

Having reviewed the other Directorships of each Board member, the Committee was satisfied that they were compliant with regulations in terms of the period of service and age.



K Sivanesan

Committee Chairman

15th August 2025

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Statement sets out the responsibility of the Directors, in relation to the Financial Statements of the AgStar PLC (the Company). The responsibilities of the External Auditors in relation to the Financial Statements are set out in the 'Auditors Report' given on pages 58 to 63.

In terms of Sections 150 (1) and 151 of the Companies Act No. 07 of 2007, the Board of Directors of the Company are responsible for ensuring that the Company keep proper books of account of all the transactions and prepare Financial Statements that give a true and fair view of the financial position of the Company as at end of each financial year and of the financial performance of the Company for each financial year and place them before a general meeting.

The Financial Statements comprise of the Statement of Financial Position as at 31st March 2025, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended and Notes thereto.

Accordingly, the Directors confirm that the Financial Statements of the Company give a true and fair view of the:

- Appropriate Accounting policies have been selected and applied consistently;
- Financial Statements have been prepared and presented in accordance with Sri Lanka Financial Reporting Standards (SLFRS) and Sri Lanka Accounting Standards (LKAS);

- The Financial Statements provide the information required by the Companies Act and Listing Rules of the Colombo Stock Exchange; and
- Reasonable and prudent judgments and estimates have been made.

The Directors have taken reasonable measures to safeguard the assets of the Company and of the Group and in this regard to give proper consideration to the establishment of appropriate internal control systems with a view of preventing and detecting fraud and other irregularities.

The Directors have a reasonable expectation, that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and therefore have continued to adopt the going concern basis in preparing the Financial Statements.

Messrs KPMG, Chartered Accountants, the Auditors of the Company, have examined the Financial Statements made available by the Board of Directors together with all relevant financial records, related data, and minutes of Shareholders' and Directors' meetings and expressed their opinion in their Report on page of 58 - 63 the Annual Report.

The Directors confirm that to the best of their knowledge, all statutory payments relating to employees and the government that were due on behalf of the Company and the Group as at the date of the statement of financial position

have been paid, or where relevant provided for, except as disclosed in note 31 to the Financial Statements covering contingent liabilities.

The Directors are of the view that they have discharged their responsibilities as set out in this statement.

By Order of the Board



Mr. Ishara Nanayakkara

Chairman
Colombo

15th August 2025

TALENT DEVELOPMENT & REMUNERATION COMMITTEE REPORT

COMPOSITION OF THE COMMITTEE

The composition of the remuneration committee appointed by the Board of Directors is as follows,

Dr. (Mrs.) Damitha de Zoysa
Chairman/ Independent Non-executive Director
(retired w.e.f 30.05.2025)

Mr.Sarath Jayasuriya
Member/ Independent Non-executive Director

Mrs.V.G.S.S.Kotakadeniya
Member/ Non-executive Director
(resigned w.e.f 06.06.2025)

The committee as of report date is as follows,;

Mr.K.Sivanesan
Chairman/ Independent Non-executive Director
(wef 01.07.2025)

Mr.Sarath C. Jayasuriya
Member/ Independent Non-executive Director

Mr.Manju S. Gunawardana
Member/ Non-executive Director
(w.e.f 06.06.25)

COMMITTEE MEETINGS

The committee met once during the year under review as per the table on page 24 of this report and the minutes of the meeting were presented to the Board.

The effectiveness of the Committee was evaluated at the conclusion of the period under review by each member of the Committee and the results were communicated to the Board.

ATTENDANCE

The Deputy Chairman and representatives of the Group HR attended the meeting of the Remuneration Committee by invitation as the Senior Executives, to discuss the management performance and to make proposals as deemed necessary except where their own remunerations were discussed.

ROLE OF THE COMMITTEE

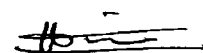
The role of the Remuneration Committee is to;

- formulate remuneration policy of the company to attract and retain high calibre personnel and motivate them;
- make recommendations to the Board and monitor the level and structure of remuneration for senior management;
- make recommendations to the Board on the Company's framework of executive remuneration and its costs, and to determine on behalf of the Board specific remuneration packages and conditions of employment (including compensation entitlement) for Executive Directors;
- make recommendations to the Board regarding the content of the Board's Annual Report to the shareholders on Directors' remuneration (including the Company's policy and Executive Director's remuneration, details of individual remuneration and other terms and conditions).

REMUNERATION TO DIRECTORS

The Committee discussed on the Key Performance Indicator System and reviewed the performance of the Company. The Remuneration Policy of the Company also was reviewed in line with the latest developments in the market.

The remuneration paid to Directors during the year under review is indicated in note 09 to the financial statements.



Mr. K.Sivanesan
Chairman- Talent Development & Remuneration Committee

15th August 2025

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

ADOPTION OF THE CODE OF BEST PRACTICES ON RELATED PARTY TRANSACTIONS

The Committee functions on behalf of the Board in complying with the Listing Rules of the Colombo Stock Exchange and with the Code of Best Practices on Related Party Transactions ("the Code") issued by the Securities and Exchange Commission of Sri Lanka.

PURPOSE OF THE COMMITTEE

The purposes of the Related Party Transactions Review Committee ("the Committee") of AgStar PLC ("Company") is to conduct an appropriate review of all of the Company's related party transactions and to ensure that the Company complies with the rules set out in the Code.

The primary objectives of the said rules are to ensure that the interests of the shareholders as a whole are taken into account when entering into related party transactions and to prevent directors, key management personnel or substantial shareholders taking advantage of their positions.

COMPOSITION OF THE COMMITTEE

The Committee composition, with a majority of Independent Non-Executive Directors is as follows :-

Name	Category	Meetings Attended
Ms. S Wickramasinghe (c) (Resigned w.e.f.15th October 2024)	INED	2/4
Dr. A.D.N.de Zoysa (Resigned w.e.f. 30th May 2025)	INED	3/4
Mr. R. K. Athula Ranaweera (Resigned w.e.f.31st December 2024)	INED	3/4
Mr. W. K. D. T. Abeyrathne (Resigned w.e.f. 6th June 2025)	ED	1/4
Mr.Sarath Jayasuriya (C)	INED	1/4
Saman P.Seneweera Arachchilage (Resigned on 01.07.2025)	INED	1/4
Manju S.Gunawardana (appointed wef 06.06.2025)	NED	
K Sivanesan (appointed wef 01.07.2025)	INED	

(c) Committee Chairman

INED – Independent Non-Executive Director

NED – Non-Executive Director

CHARTER OF THE COMMITTEE

The Charter of the Related Party Transactions Review Committee clearly sets out the purpose, membership, authority and the duties and responsibilities of the Committee. In order to discharge the duties and responsibilities effectively and efficiently, the Committee has been authorised to:

- Receive regular reports from the Management, and be provided with any information it requests relating to its responsibilities;
- Establish policies and procedures that provide general pre-approvals to certain classes or types of related party transactions;
- Review and evaluates the terms and conditions, and to determine the advisability of any related party transaction;
- Determine whether the relevant Related Party Transaction is fair, and in the best interests of the Company and its shareholders as a whole;
- Recommend to the Board what action, if any, should be taken by the Board with respect to any Related Party Transaction;
- Obtain the advice and assistance from legal, technical, financial and other advisors from internal or external to the Company as deemed necessary by the Committee in order to carry out its duties; and
- Form and delegate authority to sub-committees consisting of one or more members where appropriate, provided that the decision of such sub-committees shall be presented to the full Committee at its next meeting.

RESPONSIBILITIES

The following key responsibilities have been set out in the Charter;

- Ensure that the company complies with the rules set out in the Code, subject to the exceptions given under Section 9 of the Code, the Committee shall review in advance all proposed related party transactions.
- Regularly report to the Board on the Committee's activities. The committee will share information with the Audit Committee as necessary and appropriate to permit the Audit Committee to carry out its statutory, regulatory and other responsibilities with regard to related party transactions.

MEETINGS

The Committee shall meet on a quarterly basis and attendance at meetings is given on page 24 of this Annual Report.

The Committee met four times during the year to review proposed related party transactions.

REVIEW OF RELATED PARTY TRANSACTIONS

The Committee reviewed all related party transactions of the Company for the financial year 2024/25 and the major observations were reported to the Board. All related party transactions entered during the year were of a recurrent, trading nature and which is necessary for day-to-day operations of the Company.

The effectiveness of the Committee was reviewed at year end by each member and results reviewed and gaps communicated to the Board.

In the opinion of the Committee, terms of these transactions were not more favourable to the related parties than to those generally available to the public. The details of related party transactions entered during the year are given in Note 29 to the financial statements on pages 121 to 122 of this Annual Report.

POLICIES AND PROCEDURES

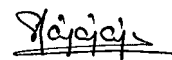
In order to enhance transparency and good governance, the members of the Board of Directors of the Company have been identified as Key Management Personnel (KMP). In accordance with the Related Party Transactions Policy, declarations were obtained from each KMP for the purpose of identifying any RPTs that were carried out by the Company and to comply with the disclosure requirements, if any.

The Committee's key focus is to review all proposed Related Party Transactions (RPT) prior to entering into or completion of the transaction according to the procedures laid down by Section 9 of the Listing rules of the Colombo Stock Exchange. In addition, the Head of Finance through the Group CFO is required to report to the Committee the previous quarter's actual related party transactions on a quarterly basis.

DECLARATION

The Committee confirms that the company has complied with the Rules pertaining to Related Party Transactions as stipulated by the Colombo Stock Exchange.

A declaration by the Board of Directors as an affirmative statement of compliance with the Listing rules pertaining to RPTs is given on pages 46 to 54 of this report.



Sarath Jayasuriya
Chairman

15th August 2025

FINANCIAL CALENDAR

Year ended 31 March 2025

Financial Year End	31st March 2025
--------------------	-----------------

Announcement of Results

1st quarter ended 30th June 2024	31 July 2024
2nd quarter ended 30th September 2024	14 November 2024
3rd quarter ended 31st December 2024	17 February 2025
4th quarter ended 31st March 2025	29 May 2025

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DIRECTORS' REPORT ON THE STATE OF AFFAIRS OF THE COMPANY

The Directors of AgStar PLC have pleasure in presenting to members their Report and the Audited Consolidated Financial Statements for the year ended 31st March 2025.

The Financial Statements and the disclosures made herein conform to the requirements of the Companies Act No. 7 of 2007. The Report also includes relevant disclosures required to be made under the Listing Rules of the Colombo Stock Exchange and is guided by the recommended best practices on accounting and corporate governance.

REVIEW OF PERFORMANCE FOR THE YEAR ENDED 31ST MARCH 2025

The operations of the Company and its subsidiaries for the year ended 31st March 2025 are reviewed in the Chairman's Report and the Executive Deputy Chairman's review.

AgStar PLC is a public limited liability Company incorporated in Sri Lanka on 25th June 2002 under the Companies Act No. 17 of 1982 and re-registered as required under the provisions of the Companies Act No. 07 of 2007 on 26th December 2007. The Company was listed on the Diri Savi Board with effect from 16th February 2012. The Registered Office of the Company is No. 93, Minuwangoda Road, Ekala, Ja-Ela.

PRINCIPAL ACTIVITIES AND GROUP REVIEW

During the year the principal activity of the Company was to carry out the business of importing, blending and marketing of fertiliser products and agriculture machineries.

The Company has Seven subsidiaries, and their activities are given on page 69 of this Annual Report.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation and presentation of the Financial Statements of the Company and its subsidiaries as to the true and fair view of the State of Affairs of the Company and its subsidiaries.

The statement of Directors responsibility for financial reporting is given on Page No. 40.

The Executive Deputy Chairman's and Head of Finance's statement is given on page 55.

The financial statements of the Company and the Group are given on pages 64 to 132.

AUDITORS

The Financial Statements for the year ended 31st March 2025 have been audited by Messrs KPMG (Chartered Accountants.)

A resolution for the re-appointment of Messrs. KPMG, Chartered Accountants and authorising the Directors to determine their remuneration will be proposed at the Annual General Meeting.

The fees paid to the Auditors are disclosed in Note No 09 on Page 88 to the Financial Statements.

The Auditors of the Company, Messrs. KPMG, Chartered Accountants, do not have any relationship with the Company other than that of Auditors.

ACCOUNTING POLICIES

The accounting policies adopted in preparation of financial statements are given on pages 69 to 85.

There were no other material changes in the accounting policies of the Group during the year under review.

INDEPENDENT AUDITORS' REPORT

The Auditors' Report on the Financial Statements is given on pages 58 to 63 of this Report

RESULTS AND APPROPRIATIONS

The loss after tax of the AgStar PLC, was Rs. 243.7 Mn (the profit after tax of 2024 - Rs. 211.6 Mn), whilst the Group loss for the year was Rs. 366.6 Mn (profit for 2024 - Rs. 159.6 Mn). Results of the Company and of the Group are given in the Income Statement.

Detailed description of the Group results and appropriation is given below.

	31st March 2025	31st March 2024
Financial Results		
Operating Profit	(208,332,723)	95,212,433
Finance Cost	(344,606,467)	(71,539,018)
Finance Income	184,717,068	153,603,340
Profit before Tax	(368,222,122)	177,276,755
Tax Expense	2,585,900	(12,081,067)
Profit from continuing operations	(365,636,222)	165,195,688
Gain /(loss) from discontinued operations (net of tax)	(975,104)	(5,509,401)
Profit for the Year	(366,611,326)	159,686,287
Other comprehensive income (net of tax)	2,215,020	(4,097,030)
Loss available to non-controlling interest	-	-
Profit available to Group's Shareholders	(364,396,305)	155,589,257
Balance brought forward from previous year	3,996,433,227	3,840,843,973
Amount available for appropriation	3,632,036,921	3,996,433,230
Balance to be carried forward next year	3,632,036,921	3,996,433,230

PROPERTY, PLANT AND EQUIPMENT

An analysis of the Property, Plant and Equipment of the Company and the Group is disclosed in Note No.13 to the Financial Statements on pages 94 to 101. The book value of property, plant and equipment as at the reporting date amounted to Rs. 4,319.6 Mn (2024 - Rs. 3,016.2 Mn) and Rs. 3,933.7 Mn (2024 - Rs. 2,731.6 Mn) for the Group and Company respectively.

STATED CAPITAL

The Stated Capital of the Company as at 31st March 2025 was Rs. 2,007,856,833/- comprising 461,289,465 ordinary voting shares and 26,210,535 non-voting shares (2024 - Rs. 2,007,856,833 comprising 461,289,465 ordinary voting shares and 26,210,535 non-voting shares)

DONATIONS

The Company has made Rs. 40,000/- as donations during the year (2024 - Rs. 140,000/-).

CAPITAL COMMITMENTS

The Capital Expenditure Commitments as at 31st March 2025 is given on page 123.

REVENUE RESERVES

The revenue reserves as at 31st March 2025 for the Group and Company amounted to Rs. 3,632 million (2024- Rs. 3,996.4 Mn) and Rs. 3,493.4 million (2024 - Rs. 3,735 Mn).

PROVISION FOR TAXATION

The provision for taxation is computed at the rates as disclosed in Note No. 9 on page 88 of the Financial Statements.

STATUTORY PAYMENTS

The Directors confirm that to the best of their knowledge and belief, all statutory payments in relation to all relevant regulatory and statutory authorities have been paid or adequately provided for in the Financial Statements. A statement of compliance by the Board of Directors in relation to statutory payments is included in the Statement of Directors Responsibilities on page 40 of this Report.

CONTINGENT LIABILITIES

Contingent Liabilities outstanding as at 31st March 2025 are given in Notes No. 31 on page 123 to the Financial Statements.

EVENTS AFTER THE REPORTING PERIOD

The events occurring after the reporting dates are given in Notes No. 32 on page No 123 of the report.

DIRECTORS' REPORT ON THE STATE OF AFFAIRS OF THE COMPANY

CORPORATE GOVERNANCE AND INTERNAL CONTROLS

The Board of Directors has acknowledged the responsibility to ensure good governance in conducting the Business activities of the Company and confirms that the Company is compliant with section 9 of the Listing Rules of the Colombo Stock Exchange and has also adopted the relevant Corporate Governance practices recommended by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka.

The Board of Directors declare that they have conducted a review of the internal controls covering financial, operational and compliance controls and risk management through the Audit Committee.

The Enterprise Risk Management Division (ERM) periodically assesses procedures in relation to established guidelines for risk management and internal controls. The Audit Committee receives the ERM findings, and any flaws or vulnerabilities found are communicated with the pertinent operational staff to ensure that the gravity of the position is understood by all and to expedite remedial action. Decisions are followed up on in later Board or Committee meetings. For the year under review, the Directors affirm that they have received a reasonable guarantee of their effectiveness and successful adherence.

The following Committees function as Board sub committees with Directors who possess the requisite qualifications and experience:

- Audit Committee
- Talent Development & Remuneration Committee

- Related Party Transactions Review Committee
- Nominations & Governance Committee

The Company's compliance with rules on corporate governance are given in corporate governance report on pages 23 to 33. The Audit Committee Report, Related Party Transactions Review Committee Report and the Remuneration Committee Report are disclosed in page to 56 and Pages 42 to 41 respectively.

The Board of Directors is satisfied with the effectiveness of the systems of internal controls for the year under review and up to the date of the Annual Report.

COMPLIANCE WITH RULES & REGULATIONS

The Company has complied with Tax and other regulations applicable to the Company and has submitted all the returns and the details to the relevant parties by the due dates.

Through participation in various workshops / forums and updates from the Company Secretaries and the Management, the Board of Directors keeps abreast of laws, rules, regulations and changes thereto, particularly to Listing Rules and applicable capital market provisions.

To the best of the knowledge of the Directors, the Company has not engaged in any activity that contravenes any applicable law or regulation, and has been in compliance with all prudential requirements, regulations and laws.

Furthermore, the directors confirm that there were no fines which are material imposed on the Company by any governmental or regulatory authority in the country.

The Company is fully compliant with the Listing Rules of the Colombo Stock Exchange.

In terms of Rule 9.10.4(c), the Directors confirm that they or their close family members do not have any material business relationships with other Directors of the Company.

GOING CONCERN

After considering the financial position as at 31st March 2025 and considering the future prospects of the Company and its subsidiaries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operations in the foreseeable future. Therefore, the Directors have adopted the assumption of going concern in preparing these Financial Statements.

EMPLOYMENT POLICY

The Group policy is to respect the merits of the individuals and provide career opportunities, irrespective of sex, race or religion. The Group's strength of man-power as at 31st March 2025 was 162 (2024 – 171). Include the Statement as requested by CSE

EQUITABLE TREATMENT TO STAKEHOLDERS AND THEIR INTERESTS

The Group has taken all steps to ensure equitable treatment to all stakeholders. The Directors assure that the Group has taken necessary precautions to safeguard the interests of its stakeholders.

ENVIRONMENTAL PROTECTION

The Directors have ensured that every possible step has been taken to comply with the relevant environmental laws and regulations in the country. The Group has not engaged in any activity that is harmful or hazardous to the environment.

DIRECTORATE

The Directors of the Company are as follows:

Mr. I. C. Nanayakkara

Chairman/ Non - Executive Director

Mr. Indika Gunawardhana

Executive Deputy Chairman

Mr. A. P. Weerasekera

Managing Director

(Retired on 26th September 2024)

Mrs. V. G. S. S. Kotakadeniya

Non-Executive Director

(Resigned w.e.f. 6th June 2025)

Mr. D. S. K. Amarasekera

Non-Executive Director

(Resigned w.e.f.7th February 2025)

Mrs. S. Wickramasinghe

Independent Non-Executive Director

(Resigned on 15th October 2024)

Mr. R. K. A. Ranaweera

Independent Non-Executive Director

(Resigned w.e.f.31st December 2024)

Dr. (Mrs.) A. D. N. de Zoysa -

Independent Non-Executive Director

(Resigned w.e.f. 30th May 2025)

Mr. W. K. D. T. Abeyrathne

Executive Director

(Resigned w.e.f.6th June 2025)

Mr. P. Weerasingha

Executive Director

Mr. Manju Gunawardana

Non-Executive Director

Mr.T.Sanakan - Executive Director

(Appointed w.e.f. 7th February 2025)

Prof.Saman Seneweera

Independent Non-Executive Director

(Appointed w.e.f.1st January 2025 and

Resigned on 01st July 2025)

Mr.Sarath Jayasuriya

Independent Non-Executive Director

(Appointed w.e.f.1st January 2025)

Mr. K. Sivanesan

Independent Non-Executive Director

(Appointed w.e.f.01st July 2025)

The detailed profiles of the Board of Directors of the Company are given on pages 12 to 15 of this Report.

ROTATION/ RE-ELECTION OF DIRECTORS

1. Mr. Sarath Jayasuriya retires in terms of Article 23(2) of the Articles of Association of the Company and, being eligible, offers himself for re-election.
2. Mr. T.Sanakan retires in terms of Article 23(2) of the Articles of Association of the Company and being eligible offers himself for re-election.
- 3) Mr. K. Sivanesan retires in terms of Article 23(2) of the Articles of Association of the Company being eligible offers himself for re-election

4. Mr. I.C.Nanayakkara who retires by rotation in terms of Article 23(6) of the Articles of Association of the Company and being eligible, offers himself for re-election.

5. Mr. Manju Gunawardana who retires by rotation in terms of Article 23(6) of the Articles of Association of the Company and being eligible, offers himself for re-election.

DIRECTORS INTEREST REGISTER

In terms of the Companies Act No 07 of 2007 an Interest Register was maintained during the financial year under review.

DIRECTORS' INTEREST IN CONTRACTS

The Directors, in terms of Section 192 of the Companies Act No 7 of 2007, have declared their interest in contracts with the Company. The Directors confirm that all material interest in contracts involving the Company has been disclosed to the Board and wherever any Director is materially interested in a contract or proposed contract with the Company, they would refrain from voting on such contracts. The Directors did not have any material interest in any contract of significance in the Group's business except those disclosed in Note 29 to the Financial Statements. Other directorships held by the Directors are disclosed in Board profiles on pages 12 to 15 and Directors of subsidiaries are given on page 54.

DIRECTORS' REPORT ON THE STATE OF AFFAIRS OF THE COMPANY

DIRECTORS' INTEREST IN SHARES

Name of The Director	As At 31st March 2025		As At 31st March 2024	
	Ordinary voting shares	Non-voting shares	Ordinary voting shares	Non-voting shares
Mr. I. C. Nanayakkara	Nil	Nil	Nil	Nil
Mr. Indika Gunawardhana	Nil	Nil	Nil	Nil
Ms. V. G. S. S Kotakadeniya (Resigned w.e.f.6th June 2025)	Nil	Nil	Nil	Nil
Mr. A. P. Weerasekera (Resigned on 26th September 2024)	9,604,036	8,736,825	9,604,036	8,736,825
Mr. D. S. K. Amarasekera (Resigned w.e.f.7th February 2025)	Nil	Nil	Nil	Nil
Mrs. S.Wickramasinghe (Resigned w.e.f.15th October 2024)	Nil	Nil	Nil	Nil
Mr. R.K.A. Ranaweera (Resigned w.e.f.31st December 2024)	Nil	Nil	Nil	Nil
Dr. (Mrs) A.D.N. de Zoysa (Resigned w.e.f.30th May 2025)	Nil	Nil	Nil	Nil
Mr. W. K. D. T. Abeyrathne (Resigned w.e.f.6th June 2025)	Nil	Nil	Nil	Nil
Mr. P. Weerasingha	N/A	N/A	Nil	Nil
Mr. Manju Gunawardana	N/A	N/A	Nil	Nil
Mr. T.Sanakan	Nil	Nil	N/A	N/A
Prof.Saman Seneweera ((Resigned on 01st July 2025))	Nil	Nil	N/A	N/A
Mr. Sarath Jayasuriya	Nil	Nil	N/A	N/A
Mr. K. Sivanesan	Nil	Nil	N/A	N/A

FIT AND PROPER ASSESSMENT OF DIRECTORS

In accordance with Rule 9.7.4 of the Colombo Stock Exchange's Listing Rules, declarations were obtained from the directors attesting to their continuous satisfaction of the Listing Rules' fit and proper assessment criteria as of the declaration date and throughout the financial year under review.

DIRECTORS FEES AND REMUNERATION

The amount of the Directors fees and Remuneration paid during the year is given in Note No.09 to the Financial Statements on page 88.

According to the Remuneration policy of the Company, compensation must be commensurate with performance and input in order to encourage and motivate employees. Both staff and

director's compensation have been determined with consideration for this policy.

The Remuneration Committee report is given on page 41.

RELATED PARTY TRANSACTIONS

The Directors have disclosed the transactions with Related Parties in terms of the Sri Lanka Accounting Standards which are set out in note 29 to the Financial Statements.

The Related Party Transactions of the Company during the Financial Year have been reviewed by the Related Party Transactions Review Committee and are in compliance with Section 9.14 of the Listing Rules of the CSE.

In terms of Section 9 of the Listing Rules of the CSE, there were no related party transactions that required

shareholder approval or non-recurrent related party transactions that required immediate market disclosures during the year under review except those which were duly disclosed by way of market announcements via CSE website.

The Directors declare that the Company has complied with Section 9.14 of the Listing Rules of the CSE.

SHAREHOLDERS

During the year, the share price of the voting share ranged from Rs. 6.70 to Rs. Rs.9.80. As at the end of trading on 31st March 2025, the voting share price was Rs.7.60/- The Shareholding structure is given on pages 51 to 53.

The Market price for Non-voting shares as at 31st March 2025 was Rs.7.70/-.

VOTING

Name of The Director	As At 31st March 2025			As At 31st March 2024		
	No. of Share Holders	No. of Shares	% of Total	No. of Share Holders	No. of Shares	% of Total
1-1000	1,766	515,487	0.11%	1,829	545,386	0.11%
1001-10000	1,342	6,050,958	1.31%	1,336	5,854,611	1.27%
10001-100000	884	31,306,181	6.79%	821	28,289,715	6.14%
100001-1000000	214	58,659,357	12.72%	178	49,144,133	10.65%
1000001- & Over	24	364,757,482	79.07%	25	377,454,620	81.83%
Total	4,230	461,289,465	100%	4,189	461,289,465	100%

NON-VOTING

Name of The Director	As At 31st March 2025			As At 31st March 2024		
	No. of Share Holders	No. of Shares	% of Total	No. of Share Holders	No. of Shares	% of Total
1-1000	19	2,696	0.01%	18	2,696	0.01%
1000001- & Over	2	26,207,839	99.99%	2	26,207,839	99.99%
Total	21	26,210,535	100%	20	26,210,535	100%

RESIDENT / NON RESIDENT (VOTING)

Name of The Director	As At 31st March 2025			As At 31st March 2024		
	No. of Share Holders	No. of Shares	% of Total	No. of Share Holders	No. of Shares	% of Total
Resident	4,220	460,797,315	99.89%	4,177	460,407,558	99.81%
Non Resident	10	492,150	0.11%	12	881,907	0.19%
Total	4,230	461,289,465	100%	4,189	461,289,465	100%

RESIDENT / NON RESIDENT (NON-VOTING)

Name of The Director	As At 31st March 2025			As At 31st March 2024		
	No. of Share Holders	No. of Shares	% of Total	No. of Share Holders	No. of Shares	% of Total
Resident	21	26,210,535	100%	20	26,210,535	100%
Non Resident	-	-	-	-	-	-
	20	26,210,535	100%	20	26,210,535	100%

INDIVIDUAL/INSTITUTION (VOTING)

Name of The Director	As At 31st March 2025			As At 31st March 2024		
	No. of Share Holders	No. of Shares	% of Total	No. of Share Holders	No. of Shares	% of Total
Individual	4,015	107,315,361	23.26%	3,965	89,013,590	19.30%
Institution	215	353,974,104	76.74%	224	372,275,875	80.70%
	4,230	461,289,465	100%	4,189	461,289,465	100%

INDIVIDUAL/INSTITUTION (NON-VOTING)

Name of The Director	As At 31st March 2025			As At 31st March 2024		
	No. of Share Holders	No. of Shares	% of Total	No. of Share Holders	No. of Shares	% of Total
Individual	16	8,739,312	33.34%	17	8,739,378	33.34%
Institution	5	17,471,223	66.66%	3	17,471,157	66.66%
	21	26,210,535	100%	20	26,210,535	100%

DIRECTORS' REPORT ON THE STATE OF AFFAIRS OF THE COMPANY

LIST OF 20 MAJOR SHAREHOLDERS (VOTING)

As At 31st March 2025			As At 31st March 2024		
Name of shareholders	Number of shares	Holding %	Name of shareholders	Number of shares	Holding %
Brown & Company PLC A/C No. 01	269,038,370	58.32%	Brown & Company PLC A/C No. 01	269,038,370	58.32%
Sri Lanka Insurance Corporation Ltd - Life Fund	31,472,000	6.82%	Sri Lanka Insurance Corporation Ltd - Life Fund	31,472,000	6.82%
Sri Lanka Insurance Corporation Ltd - General Fund	21,300,000	4.62%	Sri Lanka Insurance Corporation Ltd - General Fund	21,300,000	4.62%
Mr. A.P. Weerasekera	9,604,036	2.08%	Mr. A.P. Weerasekera	9,604,036	2.08%
Mrs.S.J.Karunaratne jointly with 1. Mrs. R.D. de Costa 2. Mr. D.S. Karunaratne	3,821,784	0.83%	Mrs. S.J. Karunaratne Joint: 1. Mrs. R.D. de Costa 2. Mr. D.S. Karunaratne	6,741,000	1.46%
F L M C Plantations (Private) Limited	3,150,000	0.68%	Industrial Asphalts (Ceylon) PLC	4,549,183	0.99%
Mr.M.I.M.Shafie Joint : Mrs.F.R.Shafie	3,000,000	0.65%	DFCC Bank PLC A/c 02	4,000,000	0.87%
Dialog Finance PLC/S.A.De Silva And D.R.De Silva	1,916,772	0.42%	F L M C Plantations (Private) Limited	3,150,000	0.68%
Mr.A.A.Marikar jointly with Mr.M.A.Marikar	1,750,000	0.38%	Sampath Bank PLC/J N Lanka Holdings Company (Private) Limited	3,000,000	0.65%
Senkadagala Finance PLC/s. Gobinath	1,700,000	0.37%	N P Capital Ltd	2,012,808	0.44%
Mrs.F.S.Shafie jointly with Mr.S.A.M.Basheer	1,600,000	0.35%	Mr. M.I.M. Shafie Joint : Mrs.F.R.Shafie	2,000,000	0.43%
Kalin Holdings (PVT)LTD	1,570,969	0.34%	Hatton National Bank PLC/JN Lanka Holdings Company (Pvt) Ltd	1,883,673	0.41%
Mr.S.A.Mohamed Basheer	1,500,000	0.33%	DFCC Bank PLC A/C 1	1,808,385	0.39%
Mr.S.Sivashanth	1,500,000	0.33%	Dialog Finance PLC/S.A.De Silva And D.R.De Silva	1,792,420	0.39%
Mr.M.M.Sunil	1,500,000	0.33%	Mr. W.A.P. Perera	1,758,866	0.38%
Mr.R.E.Rambukwelle	1,388,000	0.30%	MSS Investments (Private) Limited	1,683,193	0.36%
Mr.D.N.P.Rathnayake	1,274,880	0.28%	DFCC Bank PLC/Maskeliya Tea Exports (Pvt) Ltd	1,637,011	0.35%
Mr.G.Wickramasinghe	1,200,000	0.26%	Hatton National Bank PLC/Ruwan		
Ventura Crystal Investments Ltd	1,183,962	0.26%	Prassana Sugathadasa	1,506,809	0.33%
Seylan Bank PLC// Karagoda Loku Gamage Udayananda	1,143,637	0.25%	Mr. S. Sivashanth	1,500,000	0.33%
Hatton National Bank PLC/Ravindra Erle Rambukwelle	1,120,000	0.24%	Mr. D.N.P. Rathnayake	1,274,880	0.28%
Mr.K.M.S.M.Razik	1,014,038	0.22%			
People's Leasing & Finance PLC / K.L.Udayananda	1,005,500	0.22%			
DR. A.M.A.D.S.Abeysinghe	1,003,534	0.22%			
Mrs. S.H. Sardakhan	1,000,000	0.22%			
	365,757,482	79.32%		371,712,634	80.58%

LIST OF 20 MAJOR SHAREHOLDERS (NON-VOTING)

As at 31/03/2025			As At 31st March 2024		
Name of shareholders	Number of shares	Holding %	Name of shareholders	Number of shares	Holding %
Brown & Company PLC A/C No. 1	17,471,014	66.66%	Brown & Company PLC A/C No. 1	17,471,014	66.66%
Mr. A.P. Weerasekera	8,736,825	33.33%	Mr. A.P. Weerasekera	8,736,825	33.33%
Mr.A.B.Weerasekera	1,000	0.00%	Mr. M.V.M. Gunasekara	398	0.00%
Mr. S.P. Sedara	355	0.00%	Mr. S.P. Sedara	314	0.00%
Mr. W.A.R.W. De Silva	302	0.00%	Mr. W.A.R.W. De Silva	302	0.00%
Mr. M.V.M. Gunasekara	300	0.00%	Mr. W.J.M.P.A.C. Silva	200	0.00%
Mr. W.J.M.P.A.C. Silva	200	0.00%	Miss. M.V.N.M. Gunasekara Joint - 1 :		
			Mr. M.V.M. Gunasekara	152	0.00%
PMF Finance Plc/D.Amerasinghe	142	0.00%	PMF Finance PLC/D.Amerasinghe	142	0.00%
Mr. K.A.D.A. Meththasena	132	0.00%	Mr. K.A.D.A. Meththasena	132	0.00%
Miss. M.V.N.M. Gunasekara Joint-1:			Mr. A.S.Y. Abeywardena	10	0.00%
Mr. M.V.M. Gunasekara	100	0.00%	Mrs. H.S. Egodawaththa	10	0.00%
Mrs. H.S. Egodawaththa	63	0.00%			
People S Leasing And Finance Plc/N.Anoshan	60	0.00%	Mr. J.A.J.R. Gunaratne	10	0.00%
Mr. A.S.Y. Abeywardena	10	0.00%	Miss. V.D. Canisius	7	0.00%
Mr. J.A.J.R. Gunaratne	10	0.00%	Mr. S.M.C.P. Senavirathna	6	0.00%
Miss. V.D. Canisius	7	0.00%	Mr. C. Amarathunga	5	0.00%
Senkadagala Finance Plc/ S.M.C.P.Senavirathna	6	0.00%	Mr. D.A.D.M. Dekumpitiya	5	0.00%
Mr. D.A.D.M. Dekumpitiya	5	0.00%	Mrs. D.G. Bestus Joint: Mr. H.R.D.G.A. Weerakoon	1	0.00%
Mr. C. Amaratunga	1	0.00%	Mr. T.S.P. Fernando	1	0.00%
Mrs. D.G. Bestus	1	0.00%	Seylan Bank PLC/Mr. Manikkavasagar Thiagaraja	1	0.00%
	26,210,533	99.99%		26,209,535	99.99%

PUBLIC SHAREHOLDING

The percentage of public holding in voting and non-voting shares as at 31st March 2025 were,

Name of The Director	Public holding %	No of Shareholders	No. Shares held by public shareholders	Float Adjusted Market Capitalisation
-Voting Shares	30.15	4,225	139,085,504	Rs. 1,057.00 Mn
-Non-Voting Shares	0.01	19	2696	N/A

FLOAT ADJUSTED MARKET CAPITALISATION

The float adjusted market capitalisation of the Company falls under option 2 as per section 7.14.1 (b) of the Listing Rules of Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said options.

DIRECTORS' REPORT ON THE STATE OF AFFAIRS OF THE COMPANY

PARENT, SUBSIDIARIES, SUB-SUBSIDIARIES COMPANIES AND ITS DIRECTORS

The Directors of parent, subsidiaries and sub-subsidiaries as at 31st March 2025 are given below,

ULTIMATE PARENT COMPANY

LOLC Holdings PLC	Mr. I. C. Nanayakkara
	Mr. W. D. K. Jayawardena
	Mrs. K. U. Amarasinghe
	Mr. C. Dias
	Mr. K. Sivanesan
	Mr. K. Sundararaj
	Mr. G. S. Kalidasa

PARENT COMPANY

Brown and Company PLC	Mr. I.C.Nanayakkara
	Mr. W.D.Kapila Jayawardena
	Mrs. K.U.Amarasinghe
	Mr. Danesh Abeyrathne
	Mr. T. Sanakan
	Mr. K. Sundararaj
	Mr. Chitral Wijesinha

SUBSIDIARIES

Company	Name of the Director
AgStar Cropcare (Pvt) Ltd	Mr. W. K. D. T. Abeyrathne
	Mr. P. Weerasinghe
	Mr. Indika Gunawardhana
AgStar Exports (Pvt) Ltd	Mr. W. K. D. T. Abeyrathne
	Mr. P. Weerasinghe
	Mr. Indika Gunawardhana
AgStar Seeds (Pvt) Ltd	Mr. W. K. D. T. Abeyrathne
	Mr. P. Weerasinghe
	Mr. Indika Gunawardhana
Prith Seeds (Pvt) Ltd	Mr. W. K. D. T. Abeyrathne
	Mr. P. Weerasinghe
	Mr. Indika Gunawardhana

Company

Name of the Director

Mahaweli Agro Trading (Pvt) Ltd	Mr. W. K. D. T. Abeyrathne
	Mr. P. Weerasinghe
	Mr. Indika Gunawardhana
AgStar Grains (Pvt) Ltd	Mr. W. K. D. T. Abeyrathne
	Mr. P. Weerasinghe
	Mr. Indika Gunawardhana
Royal Seed Company (Pvt) Ltd	Mr. W. K. D. T. Abeyrathne
	Mr. P. Weerasinghe
	Mr. Indika Gunawardhana

ANNUAL REPORT

The Board of Directors approved the Company Financial Statements together with the reviews which forms part of the Annual Report on 15th August 2025. The appropriate number of copies will be submitted to the Colombo Stock Exchange, Sri Lanka Accounting and Auditing Standard Monitoring Board and the Registrar of Companies within the time frame.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 25th September 2025 at 10.00 a.m at LOLC Holdings PLC, as an on-line audio-visual meeting centered from No. 100/1, Sri Jayawardenapura Mawatha, Rajagiriya. The notice of the Annual General Meeting is given on page no 137.

On behalf of the Board of Directors,


Mr. Ishara Nanayakkara
Chairman


Mr. Indika Gunawardhana
Executive Deputy Chairman



LOLC Corporate Services (Private) Limited
Secretaries
Colombo

15th August 2025

EXECUTIVE DEPUTY CHAIRMAN'S AND HEAD OF FINANCE'S REPORT

The Financial Statements of the Company are prepared in compliance with the following regulations;

- Sri Lanka Accounting Standards (SLFRS/LKAS) issued by The Institute of Chartered Accountants of Sri Lanka
- The Companies Act No. 07 of 2007
- Sri Lanka Accounting & Auditing Standards Act No.15 of 1995
- Code of Best Practice on Corporate Governance issued by CA Sri Lanka.

The Company has used the Accounting policies appropriately to prepare its Consolidated Financial Statements in a consistent manner except unless otherwise stated in the Notes accompanying the Financial Statements. No deviations from the prescribed Accounting Standards were reported in their adoption. The Audit committee of the Company has reviewed significant accounting policies and estimates that involved a high degree of judgement and complexity. The Comparative information has been provided whenever required to comply with the current presentation.

The Board and the Management hereby confirms that they are responsible for preparation and presentation of these financial statements which give a true and fair view of the financial performance and position of the Company. The relevant

estimates and judgements were made on a prudent and reasonable basis. For this purpose, proper and adequate measures have been taken to adopt a system of internal controls and accounting records, which are reviewed and updated on a regular basis.

The Company continuously update its accounting controls to ensure prudence and completeness of the financial statements which ensures that the accounting records are free from error and omission. The existing internal controls are regularly reviewed and updated in order to ensure that it functions properly. All procedure manuals are updated whenever necessary and they are easily accessible to all the staff.

The Financial Statements of the Company and its subsidiaries for the financial year end of 31st March 2024 were audited by Messrs. KPMG, Chartered Accountants. Periodic internal audits have been conducted by the internal auditors of the Company to provide reasonable assurance that the Company has followed its established policies and procedures consistently. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls and accounting.

The internal and external auditors of the Company are invited to join the quarterly Audit Committee meetings as and when required to review the performance or to discuss on the audit procedures adopted. Major audit observations and issues regarding any internal controls are discussed with the management during the meetings. Both auditors have free and full access to the members of the Audit committee to discuss any matters of substance.



Mr. Indika Gunawardhana
Executive Deputy Chairman



Mr. Sakitha Garusinge
Head of Finance

15th August 2025

AUDIT COMMITTEE REPORT

PURPOSE OF THE COMMITTEE

The committee is vested with the responsibility to assist the Board of Directors in the oversight of the effectiveness of the internal controls over financial reporting, including the integrity of the financial statements of the company and the group. The committee ensures the qualifications and the independence of the External Auditors and monitors the performances of the Internal Auditors. The oversight of compliance with the legal and regulatory requirements is also a key purpose of the committee.

COMPOSITION

The Audit Committee is a sub-committee of the Board of Directors of the Company and reports directly to the Board. As at 31st March 2025 the Committee comprised of the following Directors;

Name	Category	Meetings Attended
Mr. R.K. Athula Ranaweera (c) (Resigned w.e.f 31st December 2024)	INED	3/3
Dr. (Mrs) A.D.N. de Zoysa	INED	4/4
Ms. S Wickramasinghe (Resigned w.e.f.15th October 2024)	INED	2/2
Mr. D.S.K. Amarasekera (Resigned w.e.f.7th February 2025)	NED	0/4
Mr. Sarath Jayasuriya (Appointed w.e.f. 1st January 2025)	INED	1/1
Prof. Saman Seneweera (Appointed w.e.f. 1st January 2025 & resigned w.e.f. 1st July 2025)	INED	1/1

The Committee is headed by Mr. Sarath Jayasuriya who is a Fellow Member of the Chartered Institute of Management Accountants (FCMA) (UK).

Mr. Manju Gunawardana, Non-Executive Director was appointed to the Committee with effect from 6th June 2025 and Mr. K Sivanesan, Independent Director was appointed with effect from 01st July 2025.

The committee as of date comprises;

Mr. Sarath Jayasuriya (Committee Chairman)

Mr. K Sivanesan

Mr. Manju Gunawardana

The Deputy Chairman, Group CFO and Managing Director attend the Committee meetings by invitation.

MEETINGS

There were Four meetings of the committee held during the year under review and details of attendance are stated above.

TERMS OF REFERENCE

The Audit Committee charter defines the purpose, composition, role and responsibilities, provisions regarding the meetings, authority, etc. of the Committee and it is being periodically reviewed by the committee in order to ensure that it addresses the emerging business trends in the business environment.

RESPONSIBILITIES OF THE COMMITTEE

1. Review significant accounting and reporting issues, including complex or unusual transactions, highly judgemental areas, and recent professional and regulatory pronouncements and understand their impact on the financial statements and review significant reporting issues and judgements which they contain.
2. Review with the management and external auditors the results of the audit.
3. Review annual financial statements to ensure consistency with known information and appropriate accounting standards and policies.
4. Review other sections of the annual report and related regulatory filings before the release to ensure accuracy and completeness.
5. Review interim financial reports with management and if required with external auditors before filing with regulators, and ensure its accuracy and completeness.

6. Review analyses prepared by management and/ or independent auditors on significant financial reporting issues, judgments and key audit matters in connection with preparation of financial statements.
7. Annual review of the effectiveness of the system of internal controls.

KEY ACTIVITIES TAKEN PLACE 2024/25

The committee assisted the Board of Directors in fulfilling its oversight responsibility to the shareholders and other stakeholders relating to the Company's financial statements and the financial reporting process. Further, the committee reviewed the internal audit function of the company as well as the risk management system and the statutory audit of the financial statements of the company and the group.

Following a quarterly examination of internal audit reports provided by the Enterprise Risk Management Division (ERM), the Committee approved the Internal Audit Plan for the Company and the Group given by the DGM Enterprise Risk Management at the start of the financial year. These studies address controls, procedures, and operational difficulties, including IT systems. The relevant officials are invited to the meetings to facilitate meaningful discussion and implementation of the identified risk or control weakness and its mitigation

The recommendation of the quarterly and annual financial statements was given to the Board whilst ensuring the company's compliance with the legal and regulatory affairs of the company.

The committee ensured the reliability and consistency of the accounting policies and methods adopted in preparing the financial statements and their compliance with the Sri Lanka Financial Reporting Standards and the adequacy of disclosures required by other applicable laws, rules and guidelines.

INTERNAL AUDIT , RISK AND INTERNAL CONTROLS

The review of identification, evaluation and management of operational risks encountered by the Company was conducted by the Committee periodically. The Committee is satisfied with the existing system of internal controls, which will provide necessary assurance to safeguarding Company's assets and liabilities of the financial statements. Further, the Committee ensures that good governance practices cascade down to every single level of the organisation and are strictly adhered to.

EXTERNAL AUDIT

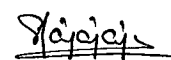
The committee has recommended to the Board of Directors that Messer. KPMG, Chartered Accountants be re-appointed as the auditors of the company for the year ending 31st March 2025, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

The Audit Committee is satisfied that the independence of the External Auditors has not been adversely influenced by any event or service that

could result in a conflict of interest, as per their declarations made for the year. Due consideration has been given to the level of audit and non-audit fees received by the External Auditors from the company.

The Audit Committee has recommended to the Board of Directors on the fees payable to the Auditors for approval.

The effectiveness of the Committee was evaluated at the conclusion of the period under consideration by each member of the Committee and the results communicated to the Board.



Sarath Jayasuriya
Chairman – Audit Committee
Colombo.

15th August 2025

INDEPENDENT AUDITOR'S REPORT



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

Tel +94 - 11 542 6426
Fax +94 - 11 244 5872
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Internet www.kpmg.com/lk

TO THE SHAREHOLDERS OF AGSTAR PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of AgStar PLC ("the Company") and consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31st March 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the

Company and the Group as of 31st March 2025 and of their financial performance and their cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

C. P. Jayatilake FCA
Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA

T. J. S. Rajakarier FCA
W. K. D. C. Abeyrathne FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R. G. H. Raddella ACA

W. W. J. C. Perera FCA
G. A. U. Karunaratne FCA
R. H. Rajan FCA
A.M.R.P. Alahakoon ACA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyad FCMA (UK), FCIT, K. Somasundaram ACMA (UK), Ms. D. Corea Dharmaratne

Fair Valuation of Land, Buildings and Motor Vehicles

(Refer to Note 3.6 material accounting policies and explanatory Note 13 to the financial statements)

Risk description	Our responses
The Company and the Group's property plant and equipment include land, buildings and motor vehicles amounting to 3,711 Million and 4,086 Million respectively which are measured at revalued amount as at 31st March 2025. This amounts to 28% and 29% of the Company's and Group's total assets respectively. The Group has engaged an independent professional Valuer with appropriate expertise to determine the fair value of these assets in accordance with recognised industry standards. Estimating the fair value is a complex process which involves a significant degree of judgment and estimates in respect of price per perch of the land, capitalisation rates, value per square feet, fair market rental and diversity of locations and nature of assets. Based on the above factors we identified the valuation of land, building and motor vehicles as a key audit matter.	Our audit procedures included; • Discussing with management and the external valuer and comparison of the key assumptions used against externally published market comparable or industry data where available and challenging the reasonableness of key assumptions based on our knowledge of the industry. • Assessing the key inputs used in the valuation by the independent external valuer against our expectations based on our experience, externally published market comparable and our knowledge of property and Motor vehicle market, consultation with an internal valuation specialist. • Assessing the objectivity, independence, competence and qualifications of the external valuer. • Assessing the adequacy of the disclosures in the financial statements, including the description and appropriateness of the inherent degree of subjectivity and key assumptions in the estimates.

INDEPENDENT AUDITOR'S REPORT



Impairment assessment on the Goodwill and Exclusive Dealership

(Refer to Note 3.10 material accounting policies and explanatory Note 16 to the financial statements).

Risk description	Our responses
The Goodwill in the consolidated financial statements attributed to Prith Seeds (Pvt) Ltd amounted to Rs. 56.4 Million as at 31st March 2025. Additionally, AgStar Seeds (Pvt) Ltd, a subsidiary company, acquired the exclusive dealership of Tohoku Seed in Sri Lanka for a sum of Rs.50 Million and thereby the right to import, distribute and sell hybrid vegetable seeds from Tohoku Japan as explained in Note 16 to the financial statements. The Group performed impairment assessments of the goodwill and the exclusive dealership of Tohoku Seed recorded in the consolidated financial statements as at 31st March 2025. In performing the impairment assessments, the management of the Group compared the carrying value of each of the separately identifiable cash generating units ("CGUs") (to which Goodwill and the exclusive dealership of Tohoku Seed had been allocated) with their respective value in use based on discounted cash flow forecasts, to determine if any impairment loss should be recognised. The preparation of discounted cash flow forecasts for the purpose of assessing potential impairment of goodwill involves estimating growth rates, discount rates and future cash flows, inclusive of the impact of the ongoing macroeconomic environment, which can be inherently judgemental. Based on theses above factors we identified the impairment of goodwill and exclusive dealership of Tohoku Seed a key audit matter.	Our audit procedures included, • Assessing the appropriateness of the Group's accounting policy for impairment testing of goodwill and exclusive dealership and compliance with the relevant accounting policy as referred to in the financial statements. • Assessing the Group budgeting review and approval procedures upon which the cash flow forecasts are based. • Testing the mathematical accuracy of the underlying calculations in the Group's discounted cash flow valuation models. • With the assistance of our own internal business valuation specialties, challenging the reasonableness of the key assumptions in the valuation models. • Evaluating the adequacy of the disclosures in the financial statements, including the description and appropriateness of the inherent degree of subjective and key assumptions.

Carrying value of Inventories

(Refer to Note 3.11 material accounting policies and explanatory Note 18 to the financial statements).

Risk description	Our responses
The Company and the Group recorded inventories amounting to Rs. 3,539 Mn and Rs. 4,329 Mn respectively at 31st March 2025. This amounts to 27% and 30% of the Company's and Group's total assets respectively. The Company and the Group have exercised judgement with regard to categorisation of stocks as obsolete and/ or slow moving to be considered for provision; estimates are then involved in arriving at provisions against cost in respect of slow moving and obsolete inventories to arrive valuation based on lower of cost and net realisable value. We identified valuation of the inventory as a key audit matter due to the magnitude of the inventory balances and judgments and estimates involved in the calculation of inventory provisions and in determination of NRV, considering expected sales prices and allowance policies based on historical sales.	Our audit procedures included, - Obtaining an understanding of the types and forms of inventories maintained by industry segments and testing the design, implementation, and operating effectiveness of relevant internal controls addressing process risk points related to inventory with a risk of material misstatement. - On sample basis, physically verify the inventories as at reporting date - Verifying and inspecting inventory movements recorded before and after the period end to ensure appropriate period recognition. - Assessing the reasonableness of judgements applied in the identification and recording of inventories at NRV, including allowances recorded considering among others, the age of inventories, historical sales trends, subsequent prices secured, product life cycles and the outlook of the industry segments.

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our

knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

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

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

material misstatement, whether due to fraud or error.

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

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

INDEPENDENT AUDITOR'S REPORT



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we

determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent Auditor's report is 3544.



CHARTERED ACCOUNTANTS

Colombo, Sri Lanka

15th August 2025

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(All amounts in Sri Lankan Rupees)

		Group		Company	
For the Year ended 31st March,	Note	2025	2024	2025	2024
Continuing operations					
Revenue	6	9,522,312,686	7,666,126,877	8,180,582,735	6,034,827,200
Cost of sales		(8,875,931,063)	(6,770,824,486)	(7,787,234,797)	(5,480,808,032)
Gross profit		646,381,623	895,302,391	393,347,938	554,019,168
Other income	7	86,098,085	147,602,313	145,254,819	245,538,945
Selling and distribution expenses		(203,837,240)	(315,156,598)	(118,739,550)	(184,625,063)
Administrative expenses		(736,975,191)	(632,535,672)	(506,262,032)	(483,878,904)
Operating (loss)/profit		(208,332,723)	95,212,434	(86,398,825)	131,054,146
Finance income		184,717,068	153,603,340	193,160,665	175,190,884
Finance costs		(344,606,467)	(71,539,018)	(352,829,720)	(89,796,147)
Net finance (costs) /income	8	(159,889,399)	82,064,322	(159,669,055)	85,394,737
(Loss) /profit before taxation	9	(368,222,122)	177,276,756	(246,067,880)	216,448,883
Income tax on (loss)/ profit before tax	10	2,585,900	(12,081,071)	2,283,997	(4,815,739)
(Loss)/profit from continuing operations		(365,636,222)	165,195,685	(243,783,883)	211,633,144
Discontinued operations					
Loss from discontinued operations, net of tax	11	(975,104)	(5,509,401)	-	-
(Loss)/profit for the year		(366,611,326)	159,686,284	(243,783,883)	211,633,144
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Revaluation of right of use assets	15.1	13,161,993	-	319,329	-
Deferred tax impact on revaluation of right of use assets	25.2	(3,948,598)	-	(95,799)	-
Revaluation of property, plant and equipment	13	1,441,581,918	22,988,182	1,328,661,315	22,988,182
Deferred tax impact on revaluation of Property plant & equipments	25.2	(408,316,141)	(6,896,455)	(398,598,394)	(6,896,455)
Actuarial gain/(loss) on defined benefit obligations	24	3,164,314	(5,852,901)	3,164,314	(5,837,802)
Deferred tax impact on actuarial loss / (gain)	25.2	(949,294)	1,755,871	(949,294)	1,751,341
Other comprehensive income, net of tax		1,044,694,192	11,994,697	932,501,471	12,005,266
Total comprehensive income for the year		678,082,866	171,680,981	688,717,588	223,638,410
Profit attributable to:					
Owners of the Company		(366,611,326)	159,686,284	(243,783,883)	211,633,144
(Loss) /profit for the year		(366,611,326)	159,686,284	(243,783,883)	211,633,144
Total comprehensive income attributable to:					
Owners of the Company		678,082,866	171,680,981	688,717,588	223,638,410
Total comprehensive income for the year		678,082,866	171,680,981	688,717,588	223,638,410
Earnings per share					
Basic and diluted earnings per share (Rs.)	12	(0.75)	0.33	(0.50)	0.43

The notes form an integral part of these financial statements.

Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

(All amounts in Sri Lankan Rupees)

As at 31st March,	Note	Group		Company	
		2025	2024	2025	2024
Assets					
Non-current assets					
Property, plant and equipment	13	4,319,619,665	3,016,197,038	3,933,723,951	2,731,631,168
Investment property	14	270,000,000	252,200,000	545,010,000	475,440,000
Right of use asset	15.1	51,500,000	39,958,667	21,000,000	21,453,781
Intangible assets and goodwill	16	140,822,660	107,345,207	16,441,667	919,215
Investments in subsidiaries	17	-	-	230,733,991	230,733,991
Deferred tax assets	25.1	13,556,720	14,252,167	-	-
Total non-current assets		4,795,499,045	3,429,953,079	4,746,909,609	3,460,178,155
Current assets					
Inventories	18	4,329,236,950	3,595,123,974	3,538,958,501	3,014,575,679
Trade and other receivables	19	2,520,513,828	1,050,690,228	2,160,576,674	840,824,920
Subsidy receivable	20	389,513,396	389,513,395	351,939,808	351,939,808
Amounts due from related companies	21.1	-	-	340,339,405	221,430,245
Current tax receivable	28	508,117	-	-	-
Cash and cash equivalents	22	2,113,523,313	649,164,106	2,075,719,934	582,285,722
		9,353,295,604	5,684,491,703	8,467,534,322	5,011,056,374
Assets held for sale	11.2	142,419,928	140,340,018	-	-
Total current assets		9,495,715,532	5,824,831,721	8,467,534,322	5,011,056,374
Total assets		14,291,214,577	9,254,784,800	13,214,443,931	8,471,234,529
Equity					
Stated capital	23	2,007,856,833	2,007,856,833	2,007,856,833	2,007,856,833
Revaluation reserve		2,396,529,905	1,354,050,733	1,706,829,751	776,543,300
Retained earnings		3,632,036,921	3,996,433,227	3,493,463,579	3,735,032,442
Equity attributable to owners of the company		8,036,423,659	7,358,340,793	7,208,150,163	6,519,432,575
Liabilities					
Non-current liabilities					
Employee benefits	24	46,507,393	49,525,712	46,507,393	49,368,044
Deferred tax liabilities	25.2	1,006,183,806	604,269,277	942,391,790	556,534,443
Lease Liability	15.2	6,880,012	6,813,665	2,080,230	2,063,009
Total non-current liabilities		1,059,571,211	660,608,654	990,979,413	607,965,496
Current liabilities					
Trade and other payables	26	647,251,794	212,396,377	351,553,535	162,661,446
Loans and borrowings	27	4,520,690,607	681,259,654	4,471,849,927	681,259,654
Amounts due to related companies	21.2	17,623,254	-	191,887,832	172,817,890
Lease Liability	15.2	72,120	69,199	23,061	20,141
Current tax payable	28	-	329,811,873	-	315,279,698
Bank overdrafts	22	9,257,363	11,936,886	-	11,797,629
		5,194,895,138	1,235,473,989	5,015,314,355	1,343,836,458
Liabilities directly associated with assets held for sale	11.2	324,569	361,364	-	-
Total current liabilities		5,195,219,707	1,235,835,353	5,015,314,355	1,343,836,458
Total liabilities		6,254,790,918	1,896,444,006	6,006,293,768	1,951,801,954
Total equity and liabilities		14,291,214,577	9,254,784,800	13,214,443,931	8,471,234,529

The notes form an integral part of these financial statements.

I certify that the financial statements of the Company and the Group comply with the requirements of the companies Act No. 07 of 2007.



Sakitha Lakshan

Head of Finance

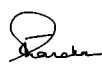
The Board of Directors is responsible for the preparation and presentation of these financial statements.

Signed for and on behalf of the Board;



R.S.I. Gunawardhana

Executive Deputy Chairman



T. Sanakan

Director

15th August 2025

Colombo

STATEMENT OF CHANGES IN EQUITY

(All amounts in Sri Lankan Rupees)

Company	Stated capital	Revaluation reserve	Retained earnings	Total
Balance as at 01st April 2023	2,007,856,833	760,451,573	3,527,485,759	6,295,794,165
Profit for the year	-	-	211,633,144	211,633,144
Other comprehensive income	-	16,091,727	(4,086,461)	12,005,266
Total comprehensive income	-	16,091,727	207,546,683	223,638,410
Balance as at 31st March 2024	2,007,856,833	776,543,300	3,735,032,442	6,519,432,575
Balance as at 01st April 2024	2,007,856,833	776,543,300	3,735,032,442	6,519,432,575
Profit for the year	-	-	(243,783,883)	(243,783,883)
Other comprehensive income	-	930,286,451	2,215,020	932,501,471
Total comprehensive income	-	930,286,451	(241,568,863)	688,717,588
Balance as at 31st March 2025	2,007,856,833	1,706,829,751	3,493,463,579	7,208,150,163

Revaluation reserve relates to the revaluation of land, building and motor vehicles.

The notes form an integral part of these financial statements.

Figures in brackets indicate deductions.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in Sri Lankan Rupees)

Group	Stated Capital	Revaluation reserve	Retained earnings	Total	Non- controlling interests	Total equity
Balance as at 01st April 2023	2,007,856,833	1,337,959,006	3,840,843,973	7,186,659,812	20,634,043	7,207,293,855
Profit for the year	-	-	159,686,284	159,686,284	-	159,686,284
Other comprehensive income	-	16,091,727	(4,097,030)	11,994,697	-	11,994,697
Effect of NCI due of disposal of Subsidiary	-	-	-	-	(20,634,043)	(20,634,043)
Total comprehensive income	-	16,091,727	155,589,254	171,680,981	(20,634,043)	151,046,938
Balance as at 31st March 2024	2,007,856,833	1,354,050,733	3,996,433,227	7,358,340,793	-	7,358,340,793
Balance as at 01st April 2024	2,007,856,833	1,354,050,733	3,996,433,227	7,358,340,793	-	7,358,340,793
Profit for the year	-	-	(366,611,326)	(366,611,326)	-	(366,611,326)
Other comprehensive income	-	1,042,479,172	2,215,020	1,044,694,192	-	1,044,694,192
Total comprehensive income	-	1,042,479,172	(364,396,306)	678,082,866	-	678,082,866
Balance as at 31st March 2025	2,007,856,833	2,396,529,905	3,632,036,921	8,036,423,659	-	8,036,423,659

Revaluation reserve relates to the revaluation of land, buildings and motor vehicles.

The notes on form an integral part of these financial statements.

Figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

(All amounts in Sri Lankan Rupees)

For the Year ended 31st March	Note	Group		Company	
		2025	2024	2025	2024
Cash flows from operating activities					
Profit before tax from continuing operations		(368,222,122)	177,276,756	(246,067,880)	216,448,883
Profit/(loss) before tax from discontinued operations		(975,104)	(5,509,401)	-	-
Adjustments:					
Depreciation on Property, plant and equipment	13	128,881,005	157,735,674	117,261,246	110,611,231
Amortisation on intangible assets	16	2,774,547	1,480,767	1,577,548	1,480,767
Depreciation on right-of-use asset	15.1	1,620,660	3,025,602	773,107	773,109
Interest income	8	(182,692,551)	(151,364,934)	(193,160,665)	(175,190,884)
Interest expenses	8	344,570,683	71,539,018	352,802,715	89,796,148
Trade receivables write off	9	2,714,299	9,645,594	2,153,913	8,773,205
Gain on disposal of property plant and equipment	7	(21,483,333)	(227,878)	(21,183,333)	(227,878)
Change in fair value of investment property	7	(17,800,000)	-	(69,570,000)	(11,740,000)
Gain on disposal of government securities	7	-	(83,466,501)	-	(69,389,116)
Impairment of trade receivables	19.2	137,228,601	3,150,180	118,762,324	12,539,576
Impairment loss on inventory	18.1	20,368,317	2,736,138	805,441	1,139,669
Impairment reversal of investment		-	-	-	(96,954,904)
Loss on Disposal of Subsidiary		-	5,927,455	-	36,000,000
Provision for retirement gratuity	24	10,513,362	10,954,406	10,513,362	10,922,501
Operating profit before working capital changes		57,498,364	202,902,876	74,667,778	134,982,307
Changes in:					
(Increase) in inventories		(754,481,294)	(960,838,473)	(525,188,264)	(1,328,838,162)
(Increase) in trade and other receivables		(1,620,478,068)	(263,286,972)	(1,451,008,691)	(416,014,268)
(Increase) in amounts due from related companies		-	-	(118,909,160)	672,003,066
Increase in trade and other payables		434,818,622	36,056,775	188,892,089	(1,330,171)
Increase in amounts due to related companies		17,623,254	-	19,069,942	172,527,928
Cash (used in)/ generated from operating activities		(1,865,019,120)	(985,165,796)	(1,812,476,306)	(766,669,300)
Lease interest expense paid	15.2	(161,826)	(170,202)	(73,100)	(72,282)
Interest expense paid		(343,918,658)	(70,870,354)	(352,506,949)	(89,504,333)
Income tax paid	28	(333,361,689)	(398,483,132)	(322,176,311)	(305,484,255)
Employee benefit paid	24	(10,367,367)	(14,290,667)	(10,209,699)	(14,290,667)
Net cash used in operating activities		(2,552,828,660)	(1,468,980,151)	(2,497,442,365)	(1,176,020,838)
Cash flows from investing activities					
Interest income received		188,427,727	124,754,338	198,895,841	177,495,553
Acquisition of property, plant and equipment	13	(18,554,760)	(101,661,968)	(18,525,760)	(99,930,404)
Addition to work in progress	13	(9,433,621)	(11,782,691)	(9,433,621)	(11,782,691)
Investment in Government Securities		-	931,254,921	-	594,275,621
Disposal of property plant and equipment		58,750,000	3,619,925	58,450,000	3,619,925
Proceeds of subsidiary company		-	11,468,277	-	15,000,000
Acquisition of intangible assets	16	(36,252,000)	-	(17,100,000)	-
Net cash from investing activities		182,937,346	957,652,802	212,286,460	678,678,004
Cash flows from financing activities					
Proceeds from loans and borrowings	27.1/27.2	9,517,531,119	2,056,665,574	9,111,795,327	2,056,665,574
Repayment of loans and borrowings	27.1/27.2	(5,678,100,166)	(1,526,405,920)	(5,321,205,055)	(1,526,405,920)
Repayment of lease liabilities	15.2	(420,999)	(1,024,498)	(202,525)	(215,218)
Net cash from financing activities		3,839,009,954	529,235,156	3,790,387,747	530,044,436
Net cash increase in cash and cash equivalents		1,469,118,640	17,907,807	1,505,231,841	32,701,603
Cash and cash equivalents as at 01st April		638,096,894	620,189,087	570,488,093	537,786,490
Cash and cash equivalents at 31st March	22	2,107,215,534	638,096,894	2,075,719,934	570,488,093

The notes form an integral part of these financial statements.

Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 Reporting entity

Agstar PLC, ("the Company") is a public limited liability Company incorporated and domiciled in Sri Lanka. The ordinary shares of the Company are listed on the Colombo Stock Exchange. The Company's registered office and the principal place of business is located at 93, Minuwangoda Road, Ekala, Ja-ela, Sri Lanka.

The consolidated financial statements of the Company as at, and for the year ended 31st March 2025 comprise the financial statements of Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The principal activities of the Company and the other entities consolidated with it are as follows:

- AgStar PLC – Business of importing, blending, and marketing of fertiliser products and agri machineries.
- AgStar Cropcare (Private) Limited – Business of importing formulating and marketing of chemicals, fertilisers, and specialty products.
- AgStar Seeds (Private) Limited – Business of producing, trading, and marketing of seeds and planting materials.
- AgStar Grains (Private) Limited – Business of procurement, processing and marketing of rice and other grains. (Discontinued operation)
- Mahaweli Agro Trading (Private) Limited (previously named as Mahaweli Rice Processing Industries (Private) Limited) – Company was carrying out business of procurement, processing, and marketing of rice (Discontinued operation). Currently carrying on the business of trading fertiliser.
- AgStar Exports (Private) Limited – Business of exporting agriculturally based products and marketing of consumer goods. The Company has entered into an agreement to dispose of its entire shareholding.
- Prith Seeds (Private) Limited - Business of importing, producing, trading, and marketing of seeds and planting materials.

In the opinion of the Board of Directors, the Group's immediate parent company is Brown & Company PLC and ultimate parent undertaking and controlling party as at the date of financial position is LOLC Holdings PLC.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated financial statements of the group and the separate financial statements of the company comprise the statements of profit or loss and other comprehensive income, financial position, changes in equity, and cash flows, together with the accounting policies and notes to the financial statements.

The financial statements have been prepared in accordance with the Sri Lanka Accounting Standards (herein referred to as LKASs and SLFRSs), laid down by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the requirements of the Companies Act No. 07 of 2007.

2.2 Responsibility for financial statements

The Board of Directors of the Company acknowledges their responsibility for the Financial Statements, as set out in the "Annual Report of the Board of Directors", "Statement of Directors' Responsibilities for Financial Statements" and the "certification on the Statement of Financial Position".

2.3 Approval of financial statements by Directors

The financial statements of the Group and the Company for the year ended 31st March 2025 were approved and authorised for issue by the Board of Directors on the 15th August 2025. These financial statements include the following components:

- a Statement of Profit or Loss and Other Comprehensive Income providing the information on the financial performance of the Group and the Company for the year under review. Refer page 64;
- a Statement of Financial Position providing the information on the financial position of the Group and the Company as at the year end. Refer page 65;

NOTES TO THE FINANCIAL STATEMENTS

- a Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review of the Group and the Company. Refer pages 66 to 67;
- a Statement of Cash Flows providing the information to the users, on the ability of the Group and the Company to generate cash and cash equivalents and utilisation of those cash flows. Refer page 68;
- Notes to the financial statements comprising material accounting policies and other explanatory information. Refer pages 69 to 132.

2.4 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for land, buildings and motor vehicles measured at fair value and the retirement benefit obligations are measured at the present value of the defined benefit obligation as explained in the respective Notes to the financial statements.

2.5. Functional currency

The financial statements are presented in Sri Lankan Rupees, which is the Group's functional currency. There was no change in the Group's presentation and functional currency during the year under review.

2.6. Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is expected to be realised or intended to be sold or consumed in the normal operating cycle and held primarily for the purpose of trading.

Or

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

All other assets are classified as non-current.

A liability is current when it is expected to be settled in the normal operating cycle and is held primarily for

the purpose of trading and is due to be settled within twelve months after the reporting period.

Or

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

The Group classifies all other liabilities as non-current.

2.7. Materiality and aggregation

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

Notes to the financial statements are presented in a systematic manner which ensures the understandability and comparability of financial statements of the Group and the Company. Understandability of the financial statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

2.8. Use of estimates and judgments

The preparation of financial statements of the Group and the Company in conformity with Sri Lanka Accounting Standards requires the management to make judgments, estimates and assumptions that affect the application of policies and reported values of assets, liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making a judgment about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about significant areas of

estimation, uncertainty, and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements, is provided below:

2.8.1 Judgment

Going concern

The Group has prepared the financial statements for the year ended 31st March 2025 on the basis that it will continue to operate as a going concern. Based on available information, the management has assessed prevailing macroeconomic conditions and its effect on the Group Companies in determining the going concern basis for preparation of financial statements.

2.8.2 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes:

- Property plant and equipment – Note 3.6
- Leases – Note 3.8
- Intangible assets – Note 3.9
- Impairment – Note 3.12
- Employee benefit – Note 3.14
- Provisions – Note 3.15
- Taxation – Note 3.20
- Investment properties – Note 3.7

2.9 Measurement of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value of an asset or liability, the Group uses observable market data as far as possible. Fair Values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows,

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied to all periods presented in these financial statements.

3.1 Basis of consolidation

3.1.1 Business combinations and goodwill

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce inputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date, as excess of aggregate fair value of the consideration transferred; the recognised amount of any non-controlling interests in the acquiree. If the business combination is achieved in stages, the fair value of the pre-existing interest in the acquiree; and the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed measured at the acquisition date.

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

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured, and settlement is accounted within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the income statement.

The goodwill arising on acquisition of subsidiaries is presented as an intangible asset.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity acquired exceed the cost of the acquisition of the entity, the surplus, which is a gain on bargain purchase is recognised immediately in the consolidated statement of profit or loss and other comprehensive income.

3.1.2 Subsidiaries

Subsidiaries are those entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)

- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The Group considers all relevant facts and circumstances in assessing whether it has power over an investee which includes; The contractual arrangement with the other vote holders of the investee, Rights arising from other contractual arrangements and the Group's voting rights and potential voting rights over the investee.

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

Entities that are subsidiaries of another entity which is a subsidiary of the Company are also treated as subsidiaries of the Company.

3.1.3 Non-controlling interest

The proportion of the profits or losses after taxation applicable to outside shareholders of subsidiary companies is included under the heading "Non – controlling interests" in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Losses applicable to the non-controlling interests in a subsidiary is allocated to the non-controlling interest even if doing so causes the non-controlling interests to have a deficit balance.

The interest of the minority shareholders in the net assets employed of these companies are reflected under the heading "Non-controlling interests" in the Consolidated Statement of Financial Position.

Acquisitions of non-controlling interests are accounted for as transactions with the equity holders

in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. Changes to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

3.1.4 Loss of control

On the loss of control, the Group immediately derecognises the assets including goodwill and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit and loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a Fair value through other comprehensive income financial asset depending on the level of influence retained.

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

3.1.5 Reporting date

All the Group's subsidiaries have same reporting period as the parent Company, which is 31st March.

3.1.6 Intra-group transactions

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard 24. The Pricing applicable to such transactions is based on the assessment of the risk and pricing model of the Company and is comparable with what is applied to transactions between the Company and its unrelated Customers.

3.1.7 Transactions with key management personnel

According to Sri Lanka Accounting Standard 24 "Related Party Disclosures", Key management personnel, are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors (including executive and non-executive Directors), personnel hold designation of General

NOTES TO THE FINANCIAL STATEMENTS

Manager and above positions and their immediate family member have been classified as Key Management Personnel of the Company.

The immediate family member is defined as spouse or dependent. Dependent is defined as anyone who depends on the respective Director for more than 50% of his/her financial needs.

3.1.8 Transactions eliminated on consolidation

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

3.2. Foreign currencies

3.2.1. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

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

gain or loss is recognised in other comprehensive income or Profit or Loss are also recognised in other comprehensive income or Profit or Loss, respectively)

3.3 Financial instruments

3.3.1 Recognition and initial measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

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

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

3.3.2 Classification and subsequent measurement

3.3.2.1 Financial Assets

(a) Classification

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.

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

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designed 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 (SPPI) on the principal amount outstanding.
- This assessment is referred to as the SPPI test and it is performed at an instrument level. The Company's financial assets classified under amortised cost includes trade and other receivable and cash and cash equivalents

(b) Business model assessment

The Group assesses the objective of the business model in which a financial asset is held at a portfolio levels because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management,
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed,
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume, and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

- (c) Assessment whether contractual cash flows are solely payments of principal and interest

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows,
- terms that may adjust the contractual coupon rate, including variable-rate features,
- prepayment and extension features; and
- terms that limit the Group'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.

NOTES TO THE FINANCIAL STATEMENTS

(d) Subsequent measurement and gains and losses

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
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(e) Impairment

Trade receivable and other, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. In certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

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

(f) Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the trade receivable and other.

(g) Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. However financial assets that written off could still be subject to enforcement activities in order to comply with the Group's procedures to recovery of amounts due.

(h) De-recognition

The Group derecognises 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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

3.4 Stated capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

3.5 Assets held for sale and discontinued operations

(i) Assets held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss. Property, plant and

equipment and intangible assets once classified as held for sale are not depreciated or amortised.

(ii) Discontinued operations

A discontinued operation is a component of the Group's business, the operations, and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations,
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale,

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is represented as if the operation had been discontinued from the start of the comparative year.

3.6 Property, plant & equipment

3.6.1 Recognition and measurement

Items of property, plant, and equipment other than land, buildings and motor vehicles are measured at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its 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 for its intended use and borrowing costs if the recognition criteria are met. This also includes cost of dismantling and removing the items and restoring them in the site on which they are located.

All items of property, plant and equipment are recognised initially at cost.

The Group subsequently recognises land, building and motor vehicles owned by it in the statement of financial position at their re-valued amount. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of each reporting period. If the fair values of land and building does not change other than by an insignificant amount at each reporting period, the Group will revalue such land and buildings and motor vehicles every 3 years.

Any revaluation increase arising on the revaluation of such assets are recognised in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the income statement, in which case the increase is credited to the income statement to the extent of the decrease previously expensed. A decrease in the carrying amount arising on a revaluation of such assets are recognised in the income statement to the extent that it exceeds the balance, if any, held in the property's revaluation reserve relating to a previous revaluation of the assets.

3.6.2 Significant components of property, plant & equipment

When parts of an item of property, plant and equipment have different useful lives than the underlying asset, they are identified and accounted separately as major components of property, plant and equipment and depreciated separately based on their useful life.

3.6.3. Subsequent cost

The Group recognises in the carrying amount of property, plant and equipment the cost of replacing a part of an item, when it is probable that the future economic benefits embodied in the item will flow to the Group and the cost of the item can be measured reliably. The carrying amounts of the parts that are replaced are derecognised from the cost of the asset. The cost of day-to-day servicing of property, plant and equipment are recognised in the income statement as and when incurred.

NOTES TO THE FINANCIAL STATEMENTS

3.6.4 Depreciation

Depreciation is based on the cost of an asset less its residual value.

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each component of an item of property, plant, and equipment. Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale or on the date that the asset is disposed. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. The estimated useful lives of Property, Plant and Equipment's for current and comparative periods are as follows:

Freehold and leasehold Buildings	10-20 years
Plant and machinery	05-10 years
Motor vehicles	5 years
Furniture and fittings	05-10 years
Computer equipments	4 years
Office equipment	5-10 years
Pallets	3-5 years
Factory equipments	10 years
Solar panels	25 years
Lab equipments	10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.6.5 Reclassification to investment property

When the use of property changes from owner occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it is reverse a previous impairment loss on the specific property, with any remaining gain recognised in the OCI and presented in the revaluation reserve.

Any loss is recognised in profit or loss. However, to the extent that an amount is included in the

revaluation surplus for that property, the loss is recognised in OCI and reduced the revaluation surplus within equity.

3.7 Investment properties

3.7.1 Recognition and measurement

Properties held to earn rental income and properties held for capital appreciation have been classified as investment property.

Investment properties are measured initially at cost, including transaction costs. The carrying value of an investment property includes the cost of replacing part of an existing investment property, at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of the investment property. Subsequent to initial recognition, the investment properties are stated at fair value, which reflect market conditions at the reporting date.

Gains or losses arising from changes in fair value are included in the statement of profit or loss in the year in which they arise. Fair values are evaluated at frequent intervals by an accredited external, independent valuer. Rental income from investment property is recognised as other income on a straight line basis over the term of lease.

Investment properties are de-recognised when disposed, or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on de-recognition or disposal are recognised in the Income Statement in the year of de-recognition or disposal. Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property or inventory, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property or inventory, the group accounts for such property in accordance with the policy stated under property, plant, and equipment up to the date of change in use. Where group companies occupy a significant portion of the investment property of a subsidiary, such investment properties are treated as property, plant, and equipment in the consolidated financial

statements, and accounted using Group accounting policy for property, plant, and equipment. When investment property previously classified under Property Plant and Equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

3.8 Leases

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

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component based on its relative stand-alone prices. However, for the lease of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payment made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rate from various external financing sources and make certain adjustment to reflect the term of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following.

- Fixed payments, including in-substance fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments from a change in an index or a rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

NOTES TO THE FINANCIAL STATEMENTS

3.9 Intangible assets

3.9.1 Initial Recognition and measurement

The Group recognises intangible assets if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

Separately acquired intangible assets are measured on initial recognition at cost. The cost of such separately acquired intangible assets include the purchase price, import duties, non-refundable purchase taxes and any directly attributable cost of preparing the asset for its intended use.

The cost of intangible assets acquired in a business combination is the fair value of the asset at the date of acquisition.

3.9.2 Subsequent costs

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

3.9.3 Subsequent measurement

After initial recognition an intangible asset is stated at its costs less any accumulated amortisation and any accumulated impairment losses.

The useful economic life of an intangible asset is assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement.

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

3.10 Intangible assets recognised by the Group

3.10.1 Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. (Note 16)

3.10.2 Computer software

All computer software costs incurred and licensed for use by the Group, which do not form an integral part of related hardware, and can be clearly identified and reliably measured with the probability of leading to future economic benefits, are capitalised under intangible assets

In accordance with 3.9.3 above, the Group companies assess the useful life of each computer software that has a finite useful life.

3.10.3 Tohoku exclusive dealership

Intangible assets include trademarks and exclusive dealership acquired by the Group. The Tohoku Seed exclusive dealership of the Company is expected to have an indefinite life and the Group tests the exclusive dealership with an indefinite life for impairment by comparing its recoverable value with its carrying value annually or whenever there is an indication that the intangible assets may be impaired.

3.10.4 De-recognition

Intangible assets are de-recognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from de-recognition of intangible assets are measured as difference between the net disposal proceeds and the carrying amount of the asset.

3.10.5 Amortisation

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful life of each intangible asset is as follows.

Software	3-5 years
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Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.11 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on a weighted average cost. The cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of factory overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses based on normal operating capacity.

3.12 Impairment – Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amounts of such assets are estimated.

The recoverable amount of goodwill is estimated at each reporting date, or as and when an indication of impairment is identified.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses recognised in respect of cash-generating units on acquisition of subsidiaries are

allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis.

3.12.1 Calculation of recoverable amount

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

3.12.2 Reversal of impairment

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are 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 amortisation, if no impairment loss had been recognised. Reversals of impairment losses are recognised in the statement of profit or loss and other comprehensive income.

3.13 Liabilities and provisions

Liabilities classified as current liabilities in the statement of financial position are those which fall due for payment on demand of the creditor or within one year of the reporting date. Non-current liabilities are those balances that become repayable after one year from the reporting date.

All known liabilities have been accounted for in preparing the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

3.14 Employee benefits

3.14.1 Short-term employee benefits

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

3.14.2 Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays a fixed employee benefit contribution into a separate entity and will have no further legal or constructive obligations to pay any additional amounts. Obligations for contributions to a defined contribution plan are recognised as an employee benefit expense in the income statement in the periods during which services are rendered by employees.

3.14.2.1 Employee provident fund and Employee trust fund

The Group contributes a sum not less than 12% of the gross emoluments of employees employed in Sri Lanka as provident fund benefits and 3% as employee trust fund benefits.

3.14.2.2 Defined benefit plan - retiring gratuity.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognised 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.

The defined benefit obligation is calculated annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms of maturity approximating to the terms of the liability.

Provision has been made in the financial statements for retiring gratuities from the first year of service for all employees.

However, according to the Payment of Gratuity Act No. 12 of 1983, the liability for payment to an employee arises only after the completion of 5 years continued service. The liability is not externally funded.

Remeasurements of the defined benefit liability actuarial gains and losses are recognised immediately in OCI. When the benefits of the plan are changed or when a plan is curtailed, the resulting change in benefit that related to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on resettlement of a defined plan when the settlement occurred.

3.15 Provisions

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

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.16. Revenue

a) Sale of goods

The Group is engaged in the business of importing, blending, and marketing of fertiliser products, formulating and marketing of chemicals, producing, trading, and marketing of seeds, planting materials and other grains, import and trading Agri machineries and in exporting agriculturally based products.

The Group shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good to a customer. An asset

is transferred when (or as) the customer obtains control of that asset.

b) Interest Income

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

c) Dividend income

Dividend income is recognised in the income statement on the date that the Group's right to receive payment is established, which is generally when the dividend is declared

d) Rental income

Rental income is recognised on a straight-line basis over the period of rental contracts. When the customer initially enters into a rental contract, the Group usually receives an advance or a deposit or both which is recognised as a liability. The advance is recognised as revenue with the passage of time while deposit is refunded to the customer in accordance with the rental contract on termination.

e) Others

Other income is recognised on an accrual basis.

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a Company of similar transactions which are not material, are aggregated, reported, and presented on a net basis.

3.17 Expenditure

All expenditure incurred in the running of the business and in maintaining the capital assets in a state of efficiency are recognised in the statement of profit or loss on an accrual basis.

3.18 Finance income /(expenses)

Finance income comprises interest income on funds invested, net changes in fair value of financial assets classified as fair value through profit or loss and gains on the disposal of interest generating investments whether classified under fair value through profit or loss.

Finance expenses comprise interest expense on borrowings and leases, and impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the income statement using the effective interest method.

3.19 Government grants and subsidies

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Grants and subsidies which intend to compensate an expense or loss already incurred or received for the purpose of immediate financial support with no future related costs, are recognised in the income statement in the period in which the grant becomes receivable.

Grants and subsidies related to assets are immediately recognised in the statement of financial position as deferred income and recognised in the income statement on a systematic and rational basis over the useful life of the asset.

When the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and recognised in the income statement over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the applicable market rate, the effect of this favourable interest is regarded as a government grant.

3.20 Income tax expenses

Income tax expense comprises of current and deferred tax. The income tax expense is recognised in the income statement except to the extent that

NOTES TO THE FINANCIAL STATEMENTS

it relates to the items recognised directly in the statement of other comprehensive income or statement of changes in equity, in which case it is recognised directly in the respective statements.

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

3.20.1 Current tax

The current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Taxation for the current and previous periods to the extent unpaid is recognised as a liability in the financial statements. When the amount of taxation already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset in the financial statements.

3.20.2 Deferred taxation

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences arising on initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and the differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future.

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 recognised for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. 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 realised.

3.21 Movement of reserves

Movements of reserves are disclosed in the statement of changes in equity.

3.22 Statement of Cash flows

The Statement of Cash Flows has been prepared by using the 'Indirect Method' of preparing cash flows in accordance with Sri Lanka Accounting Standard-LKAS 7 on 'Statement of Cash Flows'. Cash and cash equivalents comprise of cash at bank and in hand and deposits with short-term maturity (i.e. three months or less from date of investment). Cash and bank balances are stated at recoverable values. There were no cash and cash equivalents held by the Group companies that were not available for use. Bank overdrafts form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of preparing the Statement of Cash Flows.

3.23 Earnings per share

The Group presents basic and diluted earnings per share (EPS) 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.

3.24 Commitments and contingencies

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Group's control.

Commitments and Contingent liabilities are disclosed in note 30 and 31 to the financial statements.

4. ACCOUNTING STANDARDS

ISSUED BUT NOT YET EFFECTIVE AS AT THE REPORTING DATE

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

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

4.1. Lack of Exchangeability

(Amendments to LKAS 21)

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

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

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

4.2. Sustainability Disclosure Standard

– SLFRS S1 on “General Requirements

for Disclosure of Sustainability-related Financial Information” (SLFRS S1) and SLFRS S2 on “Climate-related Disclosures” (SLFRS S2)

Due to the investors growing demand for ESG information, the International Sustainability Standards Board (ISSB) released its first two sustainability disclosure standards, IFRS S1

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March,

5 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Executive Board that are used to make strategic decisions.

Trading - Items which are directly imported and sold without further processing are categorised under this.

Processing - This segment includes the items which are further processed at the Company before sold.

	2025			2024		
	Trading	Processing	Total	Trading	Processing	Total
Revenue	7,327,948,834	2,194,363,852	9,522,312,686	4,776,341,257	2,889,785,620	7,666,126,877
Cost of sales	(6,876,130,619)	(1,999,800,444)	(8,875,931,063)	(4,173,490,249)	(2,597,334,237)	(6,770,824,486)
Gross profit	451,818,215	194,563,408	646,381,623	602,851,008	292,451,383	895,302,391
Unallocated income and expenses						
Other income			86,098,085			147,602,313
Selling and distribution expenses			(203,837,240)			(315,156,598)
Administrative expenses			(736,975,191)			(632,535,672)
Operating profit			(208,332,723)			95,212,434
Net finance costs			(159,889,399)			82,064,322
(Loss)/profit before tax			(368,222,122)			177,276,756
Income tax expense			2,585,900			(12,081,071)
(Loss)/profit for the year from continuing operations			(365,636,222)			165,195,685
Total Assets for reportable segments			14,148,794,649			9,114,444,782
Total Liabilities for reportable segments			6,254,466,349			1,896,082,642

6 REVENUE

	Group		Company	
	2025	2024	2025	2024
Revenue from contracts with customers	9,522,312,686	7,666,126,877	8,180,582,735	6,034,827,200
	9,522,312,686	7,666,126,877	8,180,582,735	6,034,827,200

Revenue of the Company consist of local sales of fertilisers, agri machineries and technological items which have been disclosed net of taxes and the revenue of the Group includes sale of seeds, cropcare products and other local sales.

6.1 Performance obligation

Information about the Company's performance obligation is summarised as follows.

Type of products/ Services	Nature and timing of satisfaction of performance obligation	Revenue recognition under SLFRS 15
Fertilisers	The company sells straight and blended fertilisers to customers. Performance obligation is satisfied when control is transferred upon delivery.	Revenue from fertiliser sales is recognised at the point in time when control is transferred to the customer, generally upon invoicing.
Agri machineries and technologies	The company sells agricultural machinery and post-harvest technology solutions to customers. Performance obligation is satisfied upon delivery or installation, depending on contract terms.	Revenue is recognised at the point in time when control of the machinery or solution is transferred to the customer, typically upon delivery or installation.

7 OTHER INCOME

	Note	Group		Company	
		2025	2024	2025	2024
Change in fair value of investment property	14	17,800,000	-	69,570,000	11,740,000
Used bag sales		13,572,130	9,038,400	13,572,130	9,038,400
Solar power income		30,506,364	32,324,918	28,557,356	30,261,286
Reversal of trade receivable written off		-	6,490,186	-	4,477,955
Rent income		1,350,000	-	12,372,000	11,022,000
Sundry income		1,386,258	16,054,430	-	12,427,406
Gain on Disposal of property, plant and equipment		21,483,333	227,878	21,183,333	227,878
Gain on disposal of government securities		-	83,466,501	-	69,389,116
Reversal of impairment of shares		-	-	-	96,954,904
Total of other income		86,098,085	147,602,313	145,254,819	245,538,945

8 NET FINANCE COSTS

	Group		Company	
	2025	2024	2025	2024
Finance income				
Interest income on deposits	182,692,551	151,364,934	193,160,665	175,190,884
Gain on translation of foreign currency	2,024,517	2,238,406	-	-
Total finance income	184,717,068	153,603,340	193,160,665	175,190,884
Finance costs				
Interest expense on term loans	343,918,658	70,870,354	352,506,949	89,504,332
Interest expense on lease liability	652,025	668,664	295,766	291,815
Loss on translation of foreign currency	35,784	-	27,005	-
Total finance costs	344,606,467	71,539,018	352,829,720	89,796,147
Net finance income costs recognised in profit or loss	(159,889,399)	82,064,322	(159,669,055)	85,394,737

For the year ended 31st March,

Stated after charging all expenses including the following :

9.1 Employee benefit expenses

Number of employees	162	171	162	170
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10.1 Reconciliation between current tax expense and the accounting profit

For the year ended 31st March,	Note	Group		Company	
		2025	2024	2025	2024
(Loss)/profit before tax - continuing operations		(368,222,124)	177,276,756	(246,067,879)	216,448,883
Loss before taxation - discontinuing operations	11.1	(975,104)	(5,509,401)	-	-
Consolidation adjustments		60,816,275	88,695,028	-	-
Adjusted (loss)/profit before tax		(308,380,953)	260,462,383	(246,067,879)	216,448,883
Non business income - taxable		(274,329,084)	(310,175,821)	(247,930,814)	(260,572,992)
Non business income - non taxable		(84,006,421)	(100,753,137)	(81,970,599)	(93,155,016)
Aggregate disallowable expense		188,247,353	217,680,249	142,788,641	150,264,461
Aggregate allowable expense		(107,941,491)	(119,217,170)	(89,758,930)	(88,044,341)
Statutory (loss) from business		(586,410,596)	(52,003,496)	(522,939,581)	(75,059,005)
Non-business income liable to tax		274,329,084	310,175,819	247,930,814	260,572,992
Tax loss claimed		(13,672,338)	(9,208,762)	-	-
Taxable (loss)/income		(325,753,850)	248,963,561	(275,008,767)	185,513,987
Tax loss of group companies for the year		(329,729,150)	(39,418,842)	(275,008,767)	-
Tax Profit of group companies for the year		3,975,300	288,382,403	-	185,513,987
		(325,753,850)	248,963,561	(275,008,767)	185,513,987
Income Tax @ 30%		1,192,590	86,514,721	-	55,654,196
Current income tax on taxable profit		1,192,590	86,514,721	-	55,654,196
Current tax expense on continuing operations		1,192,590	86,514,721	-	55,654,196
		1,192,590	86,514,721	-	55,654,196
10.2 Tax loss reconciliation: Continuing operations					
Tax loss brought forward		221,555,687	112,789,872	-	-
Adjustment to tax loss brought forward		(21,878,266)	78,555,735	-	-
Loss incurred during the year		329,729,150	39,418,842	275,008,767	-
Loss utilised during the year		(13,672,338)	(9,208,762)	-	-
Tax loss carried forward		515,734,233	221,555,689	275,008,767	-

10.2.1 Details of the expiry of carried forward tax losses in group are provided below:

Description	Amount	Expiry Year
Brought forward tax losses - 2019/20	133,148,448	2025
Brought forward tax losses - 2020/21	15,103,741	2026
Brought forward tax losses - 2021/22	1,231,608	2027
Brought forward tax losses - 2022/23	2,067,868	2028
Brought forward tax losses - 2023/24	34,453,421	2029
Brought forward tax losses - 2024/25	329,729,147	2030

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March,

10. INCOME TAX EXPENSE CONTD.

10.3 Effective tax rate

	Group		Company	
For the year ended 31st March,	2025	2024	2025	2024
Effective tax rate	-	49.49%	-	45.29%
Effective(excluding deferred tax)	-	33.22%	-	25.71%

11. DISCONTINUED OPERATIONS

In March 2017, The Directors resolved to discontinue the rice processing operations carried out by AgStar Grains (Private) Limited. The management is committed to the plan to sell and is engaged in active marketing to sell the disposal group at a reasonable price in relation to the fair value of assets and liabilities.

The results of aforesaid operations for the year are presented below:

11.1 Loss after tax from discontinued operations

	Group		Company	
For the year ended 31st March,	2025	2024	2025	2024
Revenue	-	-	-	-
Cost of sales	-	-	-	-
Gross profit/(loss)	-	-	-	-
Other income	-	-	-	-
Selling and distribution expenses	-	-	-	-
Administrative expenses	(1,510,304)	(5,719,401)	-	-
Reversal/(provision) of impairment of receivables	535,200	210,000	-	-
Operating loss	(975,104)	(5,509,401)	-	-
Finance income	-	-	-	-
Finance costs	-	-	-	-
Net finance costs	-	-	-	-
Loss before tax from discontinued operations	(975,104)	(5,509,401)	-	-
Tax expense:				
Current tax	-	-	-	-
Deferred tax	-	-	-	-
Loss for the year from discontinued operations	(975,104)	(5,509,401)	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	(975,104)	(5,509,401)	-	-

11.2 Major Classes of Assets and Liabilities

		Group		Company	
For the year ended 31st March,	Note	2025	2024	2025	2024
Classified as Held for Sale					
Assets					
Property, plant and equipment	11.2.1	139,470,344	139,470,344	-	-
Cash and Cash equivalents		2,949,584	869,674	-	-
Assets classified as held for sale		142,419,928	140,340,018	-	-
Liabilities					
Trade and other payables		324,569	361,364	-	-
Liabilities directly associated with assets held for sale		324,569	361,364	-	-
Net assets directly associated with disposal group		142,095,359	139,978,654	-	-

11.2.1 Movement in property, plant and equipment held for sales

For the year ended 31st March,	Group		Company	
	2025	2024	2025	2024
Balance as at 01st April 2024	139,470,344	174,996,283	-	-
Transfer to Property, plant and equipment	-	(35,525,939)	-	-
Balance as at 31st March 2025	139,470,344	139,470,344	-	-

11.3 Cash flows generated from discontinued operations

For the year ended 31st March,	Group		Company	
	2025	2024	2025	2024
Net cash flow from operating activities	2,079,910	43,353	-	-
Net outflow from operating activities	2,079,910	43,353	-	-

11.4 Basic and diluted earnings per share

Loss per share for the year from discontinued operations	(0.0020)	(0.0113)	-	-
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March,

11. DISCONTINUED OPERATIONS CONTD.

11.5 Measurement of fair value

The group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation techniques:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

The following table provides the fair value measurement hierarchy of the Group's assets that are measured at fair value

Fair Value measurement hierarchy

31st March 2025	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Assets measured at fair value:				
Property, plant and equipments	-	-	139,470,344	139,470,344
	-	-	139,470,344	139,470,344

31st March 2024	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Assets measured at fair value:				
Property, plant and equipments	-	-	139,470,344	139,470,344
	-	-	139,470,344	139,470,344

Market comparison technique : The valuation model considers market prices for similar items when they are available and Asked prices for the equipments (Fair value less cost to sell)

Property, plant and equipment includes other assets amounting to Rs.1,134,450 which is immaterial has not been valued.

12. EARNINGS PER SHARE/LOSS

12.1 Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated, based on the net profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding. Basic earnings for an ordinary share is as follows.

	Group		Company	
For the Year ended 31st March,	2025	2024	2025	2024
Basic earnings per share is calculated as follows:				
(Loss)/profit attributable to ordinary shareholders (Rs.)	(366,611,326)	159,686,284	(243,783,882)	211,633,144
Weighted average number of ordinary shares				
Weighted average number of ordinary shares in issue (Nos)	487,500,000	487,500,000	487,500,000	487,500,000
(Loss)/earnings per share (Rs.)	(0.75)	0.33	(0.50)	0.43

There were no potentially dilutive ordinary shares at any time during the year, hence diluted earnings per share is equal to the basic earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March,

13 PROPERTY, PLANT AND EQUIPMENT- COMPANY

Cost / valuation	Land	Freehold and leasehold building	Plant and machinery	Motor vehicles
Balance as at 31st March 2023	1,376,824,000	890,570,080	108,825,888	134,000,000
Additions during the year	-	51,370,584	4,813,656	-
Transfer from capital work-in-progress	-	441,206,627	32,490,030	-
Revaluation	8,160,000	14,828,182	-	-
Reclassification from/(to) investment property	(204,000,000)	(51,988,182)	-	-
Disposals	-	-	-	(4,600,000)
Balance as at 31st March 2024	1,180,984,000	1,345,987,291	146,129,574	129,400,000
Balance as at 01st April 2024				
Additions during the year	-	3,737,801	956,262	-
Transfer from capital work-in-progress	-	-	-	-
Revaluation	589,516,000	698,305,315	-	40,840,000
Adjustments on revaluation	-	(172,500,407)	-	(36,840,000)
Disposals	-	-	-	(68,000,000)
Balance as at 31st March 2025	1,770,500,000	1,875,530,000	147,085,836	65,400,000
Accumulated Depreciation				
Balance as at 31st March 2023	-	43,665,493	92,258,895	26,800,000
Depreciation for the year	-	62,566,166	5,913,023	26,186,667
Adjustments on revaluation	-	(3,788,182)	-	-
Disposals	-	-	-	(1,226,667)
Balance as at 31st March 2024	-	102,443,477	98,171,918	51,760,000
Balance as at 01st April 2024				
Depreciation for the year	-	70,056,930	5,918,613	15,813,333
Adjustments on revaluation	-	(172,500,407)	-	(36,840,000)
Disposals	-	-	-	(30,733,333)
Balance as at 31st March 2025	-	-	104,090,531	-
Net carrying amount as at 31st March 2024	1,180,984,000	1,243,543,814	47,957,656	77,640,000
Net carrying amount as at 31st March 2025	1,770,500,000	1,875,530,000	42,995,305	65,400,000

Furniture and fitting	Factory equipment	Pallets	Office and computer equipments	Solar Panels	Lab Equipments	Capital work-in-progress	Total
42,961,137	5,323,468	3,840,362	43,306,450	126,451,476	-	474,879,289	3,206,982,150
16,045,200	34,100	3,298,390	13,726,373	-	10,642,101	11,782,691	111,713,096
-	-	-	-	-	-	(473,696,656)	-
-	-	-	-	-	-	-	22,988,182
-	-	-	-	-	-	-	(255,988,182)
-	-	-	(1,196,435)	-	-	-	(5,796,435)
59,006,337	5,357,568	7,138,752	55,836,388	126,451,476	10,642,101	12,965,324	3,079,898,811
109,963	174,500	-	13,547,234	-	-	9,433,621	27,959,381
11,803,800	-	-	5,694,909	-	580,320	(18,079,029)	-
-	-	-	-	-	-	-	1,328,661,315
-	-	-	-	-	-	-	(209,340,407)
-	-	-	-	-	-	-	(68,000,000)
70,920,100	5,532,068	7,138,752	75,078,531	126,451,476	11,222,421	4,319,916	4,159,179,100
22,595,835	4,855,461	3,784,889	38,343,029	11,545,381	-	-	243,848,983
5,556,318	201,023	656,334	4,207,587	5,058,060	266,053	-	110,611,231
-	-	-	-	-	-	-	(3,788,182)
-	-	-	(1,177,722)	-	-	-	(2,404,389)
28,152,153	5,056,484	4,441,223	41,372,894	16,603,441	266,053	-	348,267,643
10,254,454	178,826	1,099,352	7,773,945	5,058,059	1,107,734	-	117,261,246
-	-	-	-	-	-	-	(209,340,407)
-	-	-	-	-	-	-	(30,733,333)
38,406,607	5,235,310	5,540,575	49,146,839	21,661,500	1,373,787	-	225,455,149
30,854,184	301,084	2,697,529	14,463,494	109,848,035	10,376,048	12,965,324	2,731,631,168
32,513,493	296,758	1,598,177	25,931,692	104,789,976	9,848,634	4,319,916	3,933,723,951

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March,

13 PROPERTY, PLANT AND EQUIPMENT - GROUP

Cost / valuation	Land	Freehold and leasehold building	Plant and machinery	Motor vehicles
Balance as at 31st March 2023	1,472,824,000	1,088,767,005	161,750,848	134,000,000
Additions during the year	-	51,370,584	4,813,656	-
Transfer from capital work-in-progress	-	441,206,627	32,490,030	-
Revaluation	8,160,000	14,828,182	-	-
Reclassification from/(to) investment property	(204,000,000)	(51,988,182)	-	-
Disposals	-	(2,578,190)	(24,082,217)	(4,600,000)
Transfer from Assets-Held for Sales	-	-	70,218,303	425,000
Balance as at 31st March 2024	1,276,984,000	1,541,606,026	245,190,620	129,825,000
Balance as at 01st April 2024				
Additions during the year	-	3,737,801	956,262	-
Transfer from capital work-in-progress	-	-	-	-
Revaluation	637,516,000	762,525,918	-	41,540,000
Adjustments on revaluation	-	(201,715,009)	-	(37,115,000)
Disposals	-	-	-	(68,150,000)
Balance as at 31st March 2025	1,914,500,000	2,106,154,736	246,146,882	66,100,000
Accumulated depreciation				
Balance as at 31st March 2023	-	54,771,935	122,403,171	26,800,000
Depreciation for the year	-	72,349,469	41,470,624	26,370,174
Disposals	-	(558,608)	(5,055,183)	(1,226,667)
Reclassification to investment property	-	(3,788,182)	-	-
Transfer from Assets-Held for Sales	-	-	35,174,530	241,493
Balance as at 31st March 2024	-	122,774,614	193,993,142	52,185,000
Balance as at 01st April 2024				
Depreciation for the year	-	79,795,131	6,501,316	15,813,333
Disposals	-	-	-	(30,883,333)
Adjustments on revaluation	-	(201,715,009)	-	(37,115,000)
Transfer from Assets-Held for Sales	-	-	-	-
Balance as at 31st March 2025	-	854,736	200,494,458	-
Net carrying amount as at 31st March 2024	1,276,984,000	1,418,831,412	51,197,478	77,640,000
Net carrying amount as at 31st March 2025	1,914,500,000	2,105,300,000	45,652,424	66,100,000

Furniture and fitting	Factory equipment	Pallets	Office and computer equipments	Solar Panels	Lab Equipments	Capital work-in-progress	Total
45,451,167	13,258,606	6,210,522	50,840,231	132,925,364	-	475,283,989	3,581,311,732
17,593,700	34,100	3,298,390	13,909,436	-	10,642,101	11,782,691	113,444,658
-	-	-	-	-	-	(473,696,657)	-
-	-	-	-	-	-	-	22,988,182
-	-	-	-	-	-	-	(255,988,182)
(466,641)	(7,378,874)	(2,170,760)	(2,530,485)	-	-	(404,700)	(44,211,867)
384,105	-	-	307,581	-	-	-	71,334,989
62,962,331	5,913,832	7,338,152	62,526,763	132,925,364	10,642,101	12,965,323	3,488,879,512
109,963	174,500	-	13,576,234	-	-	9,433,621	27,988,381
11,803,800	-	-	5,694,909	-	580,320	(18,079,029)	-
-	-	-	-	-	-	-	1,441,581,918
-	-	-	-	-	-	-	(238,830,009)
-	-	-	-	-	-	-	(68,150,000)
74,876,094	6,088,332	7,338,152	81,797,906	132,925,364	11,222,421	4,319,915	4,651,469,802
24,419,907	7,093,514	5,533,571	42,246,668	12,128,031	-	-	295,396,795
5,996,960	244,491	661,834	5,059,054	5,317,015	266,053	-	157,735,674
(139,210)	(1,808,923)	(1,567,614)	(2,114,658)	-	-	-	(12,470,861)
-	-	-	-	-	-	-	(3,788,182)
150,372	-	-	242,653	-	-	-	35,809,048
30,428,029	5,529,082	4,627,791	45,433,717	17,445,046	266,053	-	472,682,474
10,536,646	222,293	1,104,852	8,482,685	5,317,015	1,107,734	-	128,881,005
-	-	-	-	-	-	-	(30,883,333)
-	-	-	-	-	-	-	(238,830,009)
-	-	-	-	-	-	-	-
40,964,675	5,751,375	5,732,643	53,916,402	22,762,061	1,373,787	-	331,850,137
32,534,302	384,750	2,710,361	17,093,046	115,480,318	10,376,048	12,965,323	3,016,197,038
33,911,419	336,957	1,605,509	27,881,504	110,163,303	9,848,634	4,319,915	4,319,619,665

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March,

13 PROPERTY, PLANT AND EQUIPMENT CONTD.

13.1 Information on the land and buildings of the Group

Location	Revalued Date	Land extent (Perches)	Building (Square feet)	No. of Buildings	Revaluation of land (Rs)	Revaluation of buildings (Rs)	Total value (Rs)	Accumulated depreciation (Rs)	Net book value of the buildings (Rs)	Total net book value (Rs)
Land and building held under company and group										
Dambulla	31st March 2025	63.75	8,645	4 buildings	38,000,000	38,000,000	76,000,000	-	38,000,000	76,000,000
Ihalakatupe Watta, Pannampitiya Village, Lenadora										
Ekala	31st March 2025	1,419.55	190,988	13 buildings	1,703,000,000	1,482,000,000	3,185,000,000	-	1,482,000,000	3,185,000,000
No.93, Minuwangoda Road, Ekala										
Anuradhapura	31st March 2025	579.22	59,894	10 buildings	173,500,000	378,500,000	552,000,000	-	378,500,000	552,000,000
Puliyankulama										
Building on lease hold land										
Polonnaruwa	31st March 2025	-	15,320	3 building	-	108,000,000	108,000,000	-	108,000,000	108,000,000
Ambalamkele										
Sandunpura, Dehiattakandiya	31st March 2025	-	41,600	9 buildings	-	98,800,000	98,800,000	-	98,800,000	98,800,000
					1,914,500,000	2,105,300,000	4,019,800,000	-	2,105,300,000	4,019,800,000

The lands and buildings at Anuradapura, Dambulla and Ekala belong to AgStar PLC and valued by an Independent valuer Mr. W. M Chandrasena, a member of the Institute of Valuers of Sri Lanka in determining the fair value of the land and buildings as at 31st March 2025. The Valuer considered the market evidences and trends in determining the fair value of the property. The building constructed on the land has been measured initially at its cost. After initial recognition, the Company adopts fair value model for Motor Vehicle, Land and Building as per the Sri Lanka Accounting Standard LKAS 16.

The Group have not pledged any property, plant and equipment as security for liabilities or have temporary idle assets as at 31st March 2025.

13 PROPERTY, PLANT AND EQUIPMENT CONTD.

13.2 Motor vehicles

The Group has revalued its motor vehicles as at 31st March 2025 by a professional independent valuer.

Type of the vehicle	No of vehicles	Revalued Date	Cost / Revalued amount (Rs.)	Accumulated depreciation (Rs)	Net book value of the motor vehicles (Rs)
Motor vehicle held under company and group					
Motor cars	3	31st March 2025	49,000,000	-	49,000,000
Cab	1	31st March 2025	2,400,000	-	2,400,000
Van	1	31st March 2025	14,000,000	-	14,000,000
Tractor	1	31st March 2025	700,000	-	700,000

13.3 The carrying amount of revalued land, buildings and motor vehicles if they were carried at cost less depreciation, would be as follows;

	Group		Company	
As at 31st March,	2025	2024	2025	2024
Cost				
Land	886,269,976	949,714,240	886,269,976	949,714,240
Buildings	1,195,353,589	1,230,067,994	1,126,440,912	1,161,155,316
Motor vehicles	28,344,600	80,648,137	28,069,600	80,648,137
	2,109,968,165	2,260,430,371	2,040,780,488	2,191,517,693
Accumulated depreciation				
Buildings	(262,745,669)	(203,713,086)	(204,533,256)	(167,016,971)
Motor vehicles	(28,344,600)	(76,963,137)	(28,069,600)	(76,963,137)
	(291,090,269)	(280,676,223)	(232,602,856)	(243,980,108)
Carrying value	1,818,877,896	1,979,754,148	1,808,177,632	1,947,537,585

13.4 Fully depreciated but still in use

The cost of fully depreciated property, plant and equipment of the Group and the Company which are still in use amounted to,

	Group		Company	
As at 31st March,	2025	2024	2025	2024
Fully depreciated property, plant and equipment	169,911,838	156,353,525	151,994,554	139,691,160

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For the year ended 31st March,

13 PROPERTY, PLANT AND EQUIPMENT CONTD.

13.5 Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities, that are measured at fair value.

Fair value measurement hierarchy

31st March 2025	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Assets measured at fair value:				
Land and buildings	-	-	4,019,800,000	4,019,800,000
Motor vehicles	-	-	66,100,000	66,100,000
	-	-	4,085,900,000	4,085,900,000

31st March 2024	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Recurring fair value measurements				
Assets measured at fair value:				
Land and buildings	-	-	2,695,815,411	2,695,815,411
Motor vehicles	-	-	77,640,000	77,640,000
	-	-	2,773,455,411	2,773,455,411

Assets and liabilities measured at fair value - Recurring

	Significant unobservable inputs		
	Estimated price per perch	Estimated price per square foot	Correlation to fair value
Property			
Freehold land and building			
Dambulla	Rs. 600,000	Rs. 2,000 - Rs. 7,000	Positive
Ekala	Rs. 1,200,000	Rs. 2,500 - Rs. 25,000	Positive
Anuradhapura	Rs. 300,000	Rs. 4,500 - Rs. 10,500	Positive
Building on lease hold land			
Polonnaruwa	-	Rs. 7,000 - Rs. 10,000	Positive
Dehiyattakandiya	-	Rs. 3,300 - Rs. 8,000	Positive

Method of valuation

*Land - Market comparable method

*Building - Depreciated replacement method

		Significant unobservable inputs	
Property	Method of valuation	Estimated value per vehicle	Correlation to fair value
Motor vehicles			
Motor cars	- Market comparable method	Rs. 10,000,000 to Rs.21,000,000	Positive
Cab	- Market comparable method	Rs. 2,400,000	Positive
Van	- Market comparable method	Rs. 14,000,000	Positive

Market comparison technique : The valuation model considers market prices for similar items when they are available.

13.6 Sensitivity analyse for market value changes impact on revalued property, plant and equipments in the group

For the fair values of revalued lands, buildings and motor vehicles reasonably possible changes in key unobservable inputs at the reporting date, holding all other variables constant, would have resulted in the following impact on the revaluation surplus recognised in equity through Other Comprehensive Income (OCI):

Property	Method of valuation	Change in input	Other Comprehensive Income	
			Increase	Decrease
Land	- Market comparable method	+5%	95,725,000	-
		-5%	-	(95,725,000)
Building	- Depreciated replacement cost method	+5%	105,265,000	-
		-5%	-	(105,265,000)
Motor Vehicles	- Market comparable method	+5%	3,305,000	-
		-5%	-	3,305,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March,

14 INVESTMENT PROPERTY

For the year ended 31st March,	Group		Company	
	2025	2024	2025	2024
Balance at the beginning of the year	252,200,000	-	475,440,000	211,500,000
Reclassification from property plant and equipment	-	252,200,000	-	252,200,000
Change in fair value during the year	17,800,000	-	69,570,000	11,740,000
Balance at the end of the year	270,000,000	252,200,000	545,010,000	475,440,000

Details of investment properties - company

	Land	Buildings	Total
Balance at the beginning of the year	314,000,000	161,440,000	475,440,000
Change in fair value during the year	50,000,000	19,570,000	69,570,000
Balance at the end of the year	364,000,000	181,010,000	545,010,000

Details of investment properties - group

	Land	Buildings	Total
Balance at the beginning of the year	204,000,000	48,200,000	252,200,000
Change in fair value during the year	16,000,000	1,800,000	17,800,000
Balance at the end of the year	220,000,000	50,000,000	270,000,000

The Company has rented out part of the land and building at Anuaradhapura and Ekala respectively to other companies in the Group for operation purposes and reclassified to property, plant and equipment in the Group. The Borrella property has classified under investment property in the company and group. The income generated from these investment properties are disclosed under Note no 7 as 'Rent income' and there are no any direct operating expenses identified related to generating rental income.

14.1 Measurement of fair value

a) Fair value measurement hierarchy - Company

31st March 2025	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Assets measured at fair value:				
Land and buildings	-	-	545,010,000	545,010,000
	-	-	545,010,000	545,010,000

Fair value measurement hierarchy - Group

31st March 2024	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Assets measured at fair value:				
Land and buildings	-	-	475,440,000	475,440,000
	-	-	475,440,000	475,440,000

b) Valuation technique and significant unobservable inputs

Property	Method of valuation	Significant unobservable inputs		
		Estimated price per perch	Estimated price per square foot	Correlation to fair value
Bawa Place, Borrellia	- Market comparable method/ depreciated replacement cost method	Rs.13,500,000	Rs. 12,000	Positive
Ekala	- Market comparable method/ depreciated replacement cost method	Rs. 1,200,000	Rs. 2,500 - Rs. 25,000	Positive
Anuradhapura	- Market comparable method/ depreciated replacement cost method	Rs. 300,000	Rs. 4,500 - Rs. 10,500	Positive

Market comparison technique : The valuation model considers market prices for similar items when they are available.

14.2 Sensitivity analyse for market value changes on impact on fair value of investment properties in the group

For the fair values investment property, reasonably possible changes in key unobservable inputs at the reporting date, holding all other variables constant, would have resulted in the following impact on the fair value recognised in Profit and Loss (P&L)

Property	Method of valuation	Change in input	Profit and Loss	
			Increase	Decrease
Land	- Market comparable method	+5%	18,200,000	-
		-5%	-	(18,200,000)
Buildings	- Depreciated replacement cost method	+5%	9,050,500	-
		-5%	-	(9,050,500)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March,

15 LEASE ARRANGEMENTS

As at 31st March,	Group		Company	
	2025	2024	2025	2024
15.1 Right of use asset				
Land and buildings - cost/revaluation				
Balance at the beginning of the year	47,999,080	89,219,245	87,178,476	87,178,476
Revaluation	13,161,993	-	319,329	-
Adjustment on revaluation	(9,661,073)	-	(66,497,805)	-
Disposal	-	(41,220,165)	-	-
Balance as at end of the year	51,500,000	47,999,080	21,000,000	87,178,476
Accumulated depreciation				
Balance at the beginning of the year	8,040,413	22,876,884	65,724,695	64,951,586
Depreciation recognised in the statement of profit or loss	1,620,660	3,025,602	773,107	773,109
Adjustment on revaluation	(9,661,073)	-	(66,497,805)	-
Disposal	-	(17,862,073)	-	-
Balance as at end of the year	-	8,040,413	-	65,724,695
Carrying amount	51,500,000	39,958,667	21,000,000	21,453,781

Details of revalued right of use lands - Company & Group

Entity name	Location	Land extent	Revalued date	Revalued date
AgStar PLC	Polonnaruwa	320 perch	21,000,000	31st March 2025
Mahaweli Agro Trading (Pvt) Ltd	Dehiattakandiya	174 perch	30,500,000	31st March 2025

The fair value measurement hierarchy of these lands, which are measured at fair value, is disclosed in Note 11.5.

15.2 Lease liabilities

For the year ended 31st March,	Group		Company	
	2025	2024	2025	2024
Balance at the beginning of the year	6,882,864	24,665,245	2,083,150	2,078,835
Derecognition during the year	-	(17,256,345)	-	-
	6,882,864	7,408,900	2,083,150	2,078,835
Interest amortised recognised in the Statement of Profit or Loss	652,025	668,664	295,766	291,815
Payment recognised in the Statement of Cash Flows	(582,825)	(1,194,700)	(275,625)	(287,500)
Balance as at end of the year	6,952,132	6,882,864	2,103,291	2,083,150

	Group		Company	
For the year ended 31st March,	2025	2024	2025	2024
Maturity analysis of lease liabilities - contractual undiscounted cashflows				
Less than one year	644,265	582,825	275,625	275,625
One to five years	3,364,648	3,201,229	1,447,720	1,419,469
More than five years	15,791,942	16,599,626	7,546,205	7,850,081
	19,800,855	20,383,680	9,269,550	9,545,175
Lease liabilities included in the statement of financial position				
Current	72,120	69,619	23,061	20,141
Non-current	6,880,012	6,813,665	2,080,230	2,063,009
	6,952,132	6,882,864	2,103,291	2,083,150

15.3 Amounts recognised in profit or loss

	Group		Company	
For the year ended 31st March,	2025	2024	2025	2024
Interest expense on lease liabilities	652,025	668,664	295,766	291,815
Depreciation of right of use asset	1,620,660	3,025,602	773,107	773,109
	2,272,685	3,694,266	1,068,873	1,064,924

16 INTANGIBLE ASSETS

	Group		Company	
For the year ended 31st March,	2025	2024	2025	2024
Gross Value				
Balance at the beginning of the year	114,525,186	115,010,790	6,099,194	6,099,194
Additions	36,252,000	-	17,100,000	-
Disposal	-	(485,604)	-	-
Balance at the end of the year	150,777,186	114,525,186	23,199,194	6,099,194
Amortisation				
Balance at the beginning of the year	7,179,979	5,796,325	5,179,979	3,699,212
Amortisation	2,774,547	1,480,767	1,577,548	1,480,767
Disposal	-	(97,113)	-	-
Balance at the end of the year	9,954,526	7,179,979	6,757,527	5,179,979
Carrying Value	140,822,660	107,345,207	16,441,667	919,215

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March,

16 INTANGIBLE ASSETS CONTD.

Summary of intangible assets - Group	Software and Website	Exclusive Dealership - Tohoku Seed	Goodwill	Total
Gross Value				
Balance at the beginning of the year	8,099,194	50,000,000	56,425,992	114,525,186
Additions during the year	36,252,000	-	-	36,252,000
Balance at the end of the year	44,351,194	50,000,000	56,425,992	150,777,186
Amortisation				
Balance at the beginning of the year	7,179,979	-	-	7,179,979
Amortisation during the year	2,774,547	-	-	2,774,547
Balance at the end of the year	9,954,526	-	-	9,954,526
Carrying Value	34,396,668	50,000,000	56,425,992	140,822,660

(a) Software and website

Software includes ERP system, application and the websites developed for AgStar PLC.

(b) Exclusive Dealership - Tohoku Seed

The AgStar Seeds (Pvt) Ltd, acquired the exclusive dealership of Tohoku Seed in Sri Lanka and thereby the rights to import, distribute and sell the varieties of hybrid vegetable seeds, supplied by Tohoku, to Sri Lanka and rights to do all other activities ancillary and/or consequential thereto, including trials, demonstrations, communications, promotions, marketing, collections, use of Intellectual Property and other material. The management is of the opinion that the aforementioned dealership has an indefinite useful life as their associated brand awareness and recognition and the company intends to utilise the Tohoku dealership for the foreseeable future. There are no legal, regulatory, contractual, competitive, economic or other factors that may limit its useful life and accordingly, the carrying amount of this exclusive dealership is determined after testing for impairment annually.

Recoverable values estimated with reference to the value in use

The recoverable value of Exclusive Dealership - Tohoku Seed were assessed based on value in use. Value in use was determined by discounting future cash flows from the investment. Key assumptions used are given below:

Investee	Significant unobservable inputs	Value of the input
Agstar Seeds (Private) Limited	Average Growth Rate	9% for first 5 years and 4% terminal growth rate
	Margin	Current Margin
	Discount Rate	13% - 15%
	Term	5 years (terminal value thereafter)

The key assumptions used in the estimation of the value in use were as follows.

	2025	2024
Annual sales growth for next five years	9%	9%
Gross margin	40% - 50%	45% - 55%
Discount rate	13% - 15%	13%
Terminal growth rate	4%	7%

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately Rs.22.4Mn. (2024: Rs.80Mn). Management has identified that a reasonably possible changes in below key assumptions could cause the carrying amount to exceed the recoverable amount.

Sensitivity analysis

The following present sensitivity analysis to assess the impact of possible changes in key assumptions used in the value in use calculation.

Key Assumption	2025	2024
Discount rate		
1% increase	(6,348,343)	(15,178,423)
1% decrease	10,804,129	14,849,146
Terminal growth rate		
1% increase	6,601,688	12,451,562
1% decrease	(5,301,183)	(9,930,365)
In percent	Change required for carrying amount to equal recoverable amount	
	2025	
Discount rate	13 - 15	
Terminal growth rate	(10)	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March,

16.1 Goodwill on acquisition (Unimpaired)

Goodwill has arisen from the acquisition of Prith Seeds (Private) Limited.

The recoverable amount of CGU is determined based on value-in-use calculations. This calculation use discounted cash flow projections based on financial budgets approved by management covering five year periods. A long-term growth rate into perpetuity is applied immediately at the end of the five year forecast period and is based on the lower of the nominal GDP growth rate forecasts for the country of operations and the long-term compound annual EBITDA growth rate estimated by management.

Recoverable values estimated with reference to the value in use

The recoverable value of Prith Seeds (Private) Limited were assessed based on value in use. Value in use was determined by discounting future cash flows from the investment. Key assumptions used are given below:

Investee	Significant unobservable inputs	Value of the input
Prith Seeds (Private) Limited	Average Growth Rate	5% for first 5 years and 4% terminal growth rate
	Margin	Current Margin
	Discount Rate	13% - 15%
	Term	5 years (terminal value thereafter)

The key assumptions used in the estimation of the value in use were as follows.

	2025	2024
Annual sales growth for next five years	5%	10%
Gross margin	40% - 50%	35% - 45%
Discount rate	13% - 15%	13%
Terminal growth rate	4%	7%

The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

As at 31st March,	Change required for carrying amount to equal recoverable amount
	2025
Discount rate	17.6%
Average growth rate	-2.7%

17 INVESTMENTS IN SUBSIDIARIES

As at 31st March,	Company/ Group holding		No of shares		Cost as at 31st March	
	2025	2024	2025	2024	2025	2024
AgStar Cropcare (Pvt) Ltd	100%	100%	5,000,000	5,000,000	37,999,990	37,999,990
AgStar Seeds (Pvt) Ltd	100%	100%	5,000,000	5,000,000	500,000	500,000
AgStar Grains (Pvt) Ltd	100%	100%	34,000,000	34,000,000	340,000,000	340,000,000
Mahaweli Agro Trading (Pvt) Ltd	100%	100%	19,550,000	19,550,000	172,700,000	172,700,000
AgStar Exports (Pvt) Ltd	100%	100%	4,500,000	4,500,000	45,000,000	45,000,000
Prith Seeds (Pvt) Ltd	100%	100%	10,000	10,000	80,229,098	80,229,098
			68,060,000	68,060,000	676,429,088	676,429,088
Provision for fall in value of investments (Note 17.1)					(445,695,097)	(445,695,097)
Investments - Shares					230,733,991	230,733,991

- 17.1** The Company has made provisions against the investments in Mahaweli Agro Trading (Pvt) Limited, AgStar Grains (Pvt) Limited and AgStar Exports (Pvt) Limited of Rs.86.35 million (2024 - Rs.86.5 million), Rs.340 million (2024 - Rs.340 million) and Rs. 19.4 million (2024 - Rs.19.4 million) respectively based on their net asset values as at 31st March 2025.

18 INVENTORIES

As at 31st March,	Note	Group		Company	
		2025	2024	2025	2024
Raw materials and consumables		3,778,641,727	3,269,832,927	3,222,021,032	2,909,110,089
Finished goods		555,293,201	319,353,725	297,429,040	94,884,737
Spare parts		21,453,540	11,720,522	21,453,540	11,720,522
		4,355,388,468	3,600,907,174	3,540,903,612	3,015,715,348
Provision for impairment of inventories	18.1	(26,151,518)	(5,783,200)	(1,945,111)	(1,139,669)
		4,329,236,950	3,595,123,974	3,538,958,501	3,014,575,679

During the year ended 31st March 2025, inventories amounting to Rs.7,646,347,946 for the company and Rs.8,740,605,068 for the Group (2024: Rs.5,345,803,174 for the company and Rs.6,652,505,022 for the Group) were recognised as an expense and included under 'Cost of sales'.

As at 31st March,	Group		Company	
	2025	2024	2025	2024
18.1 Provision for impairment of inventories				
Balance at the beginning of the year	5,783,200	3,047,062	1,139,669	-
Provision during the year	20,368,317	2,736,138	805,441	1,139,669
Balance at end of the year	26,151,517	5,783,200	1,945,111	1,139,669

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For the year ended 31st March,

19 TRADE AND OTHER RECEIVABLES

As at 31st March,	Note	Group		Company	
		2025	2024	2025	2024
Trade receivables		2,164,226,823	959,478,024	1,841,737,916	780,200,121
Tax receivables	19.1	397,848,175	13,768,099	353,519,152	4,755,761
Other receivables		48,002	2,932,924	48,002	2,932,924
Deposits and prepayments		135,848,387	39,751,625	112,107,962	35,600,056
Prepayments to suppliers	19.3	5,295,551	74,305,447	-	36,186,295
Advances		3,245,179	3,488,621	-	3,488,621
Interest receivable		2,871,781	8,606,957	2,871,781	8,606,957
		2,709,383,898	1,102,331,697	2,310,284,813	871,770,735
Provision for impairment of other receivables	19.2	(188,870,070)	(51,641,469)	(149,708,139)	(30,945,815)
Total of trade and other receivables		2,520,513,828	1,050,690,228	2,160,576,674	840,824,920

19.1 Tax recoverable

For the year ended 31st March,	Group		Company	
	2025	2024	2025	2024
Withholding tax receivables	10,151,693	5,487,637	9,666,871	4,755,761
Value added tax receivables	387,696,482	8,280,462	343,852,281	-
Total tax receivables	397,848,175	13,768,099	353,519,152	4,755,761

19.2 Provision for impairment of trade receivables

Balance at the beginning of the year	51,641,469	48,281,303	30,945,815	18,406,239
Provision/ (reversal) during the year	137,228,601	3,360,166	118,762,324	12,539,576
Balance at end of the year	188,870,070	51,641,469	149,708,139	30,945,815

19.3 Deposits and Prepayments

Deposits and Prepayment consist of loan stock fertiliser receivable, prepayments and refundable deposits.

20 SUBSIDY RECEIVABLE

	Group		Company	
For the year ended 31st March,	2025	2024	2025	2024
Balance at the beginning of the year	389,513,396	389,513,395	351,939,808	351,939,808
Balance at end of the year	389,513,396	389,513,395	351,939,808	351,939,808

21 RELATED PARTY RECEIVABLES AND PAYABLES

		Group		Company	
	Note	2025	2024	2025	2024
21.1 Amounts due from related companies					
AgStar Cropcare (Pvt) Ltd		-	-	117,482,260	9,810,492
AgStar Seeds (Pvt) Ltd		-	-	47,798,419	60,482,068
AgStar Grains (Pvt) Ltd		-	-	241,814,028	238,722,218
AgStar Exports (Pvt) Ltd		-	-	-	688,467
Prith Seeds (Pvt) Ltd		-	-	21,517,698	-
		-	-	428,612,405	309,703,245
Provision for impairment of receivable from AgStar Grains (Pvt) Ltd		-	-	(88,273,000)	(88,273,000)
		-	-	340,339,405	221,430,245
21.2 Amounts due to related companies					
Prith Seeds (Pvt) Ltd		-	-	-	209,219
AgStar Exports (Pvt) Ltd		-	-	12,783,303	-
Mahaweli Agro Trading (Pvt) Ltd		-	-	161,481,275	172,608,671
Brown & Company PLC		17,623,254	-	17,623,254	-
Balance at end of the year		17,623,254	-	191,887,832	172,817,890

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March,

22 CASH AND CASH EQUIVALENTS

As at 31st March,	Note	Group		Company	
		2025	2024	2025	2024
Short term deposits	22.1	463,014,022	455,849,159	463,014,022	455,849,159
Cash in hand		2,077,804	1,461,722	905,892	829,262
Cash at Bank		1,648,431,487	191,853,225	1,611,800,020	125,607,301
Cash and cash equivalents in the statements of financial position		2,113,523,313	649,164,106	2,075,719,934	582,285,722
Bank overdraft for cash management purposes		(9,257,363)	(11,936,886)	-	(11,797,629)
Cash and cash equivalents classified as held for sale -net	11.2	2,949,584	869,674	-	-
Cash and cash equivalents for the purpose of cash flow statements		2,107,215,534	638,096,894	2,075,719,934	570,488,093

22.1 Short term deposits

	Group		Company	
	2025	2024	2025	2024
Fixed deposits - HNB	-	35,500,981	-	35,500,981
Fixed deposits - Peoples's Bank	24,052,820	21,678,009	24,052,820	21,678,009
Commercial Papers	438,961,202	398,670,169	438,961,202	398,670,168
	463,014,022	455,849,159	463,014,022	455,849,159

Security details on bank overdraft facilities

Bank	Currency	Facility Value	Facility Period	Nature of assets pledge
Commercial Bank of Ceylon PLC	LKR	25m	1 Year	General terms & conditions
Hatton National Bank PLC	LKR	25m	1 Year	General terms & conditions
DFCC Bank	LKR	25m	1 Year	General terms & conditions

23 STATED CAPITAL

As at 31st March,	Group / Company	
	2025	2024
Stated Capital	2,007,856,833	2,007,856,833
Issue and fully paid	-	-
Number of Ordinary shares	487,500,000	487,500,000

24 EMPLOYEE BENEFITS

24.1 Movement in net defined benefit obligation

	Group		Company	
As at 31st March,	2025	2024	2025	2024
Balance at the beginning of the year	49,525,712	47,009,072	49,368,044	46,898,408
Include in profit or loss				
Past service cost	-	-	-	-
Current service cost	4,095,516	6,583,296	4,095,516	6,565,777
Interest cost	6,417,846	4,371,110	6,417,846	4,356,724
	10,513,362	10,954,406	10,513,362	10,922,501
Include in other comprehensive income				
Actuarial loss/(gain)	(3,164,314)	5,852,901	(3,164,314)	5,837,802
	56,874,760	63,816,379	56,717,092	63,658,711
Other				
Benefits paid	(10,367,367)	(14,290,667)	(10,209,699)	(14,290,667)
Balance at end of the year	46,507,393	49,525,712	46,507,393	49,368,044

The provision for retirement benefit obligations for the year is based on the actuarial valuation carried out by professionally qualified actuaries, Messrs. Actuarial & Management Consultant (Pvt) Ltd, as at 31st March 2025. The actuarial present value of the promised retirement benefit as at 31st March 2025 amounted to Rs.46,507,393/- (2024- Rs.49,525,712/-) for the Group. The liability is not externally funded.

24.2 Defined benefit obligation - The following were the principal actuarial assumptions at the reporting date.

	2025	2024
Actuarial assumptions		
Discount rate	12%	13%
Future salary growth	11%	11%
Retirement age	60 years	60 years
Mortality	A 1967/70 mortality table issued by the Institute of Actuaries, London.	

It is also assumed that the Company will continue in business as a going concern

The weighted average duration of the Retirement Benefit Obligation at the end of the reporting period is 3.9 years. (2024 - 3.8 years)

LKAS 19 requires the risk discount rate to be based on the market yield of high quality corporate bonds (AA and above) of similar duration to the liability. Assumptions regarding valuation of the retirement benefits based on published statistics. The discount rate has been changed compared to previous year, in order to reflect the current market conditions.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March,

24 EMPLOYEE BENEFITS CONTD.

24.3 Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible changes at the reporting date in the key assumptions employed with all other variables held constant in the employment benefit liability measurement. The sensitivity of the statement of financial position is the effect of the assumed changes in discount rate and future salary growth rate on the employment benefit obligation for the year.

	Group		Company	
	2025	2024	2025	2024
Discount Rate				
1% increase	(1,593,748)	(1,648,662)	(1,593,748)	(1,613,111)
1% decrease	1,682,723	1,758,672	1,682,723	1,712,310
Future Salary Growth Rate				
1% increase	1,858,626	2,899,140	1,858,626	2,852,305
1% decrease	(1,787,266)	(2,642,506)	(1,787,266)	(2,606,112)

Although the analysis does not take accounts of the distribution of full cash flows expected under the plan, it does provide approximation of sensitivity of the assumption given.

24.4 Maturity Analysis of the payment

The following payments are expected on employee benefit liabilities in future years

	Group		Company	
	2025	2024	2025	2024
Less than one year	6,266,950	11,690,748	6,266,950	11,690,748
Between 1-2 years	4,417,364	5,733,464	4,417,364	5,733,464
Between 3-5 years	27,802,036	10,435,463	27,802,036	10,435,462
Beyond 5 years	8,021,043	21,666,037	8,021,043	21,508,370
Total expected payments	46,507,393	49,525,712	46,507,393	49,368,044
Weighted average duration (years) of define benefit obligation	3.9	3.8	3.9	3.8

25 DEFERRED TAX (ASSETS)/LIABILITIES

25.1 Deferred tax assets

	Group		Company	
As at 31st March,	2025	2024	2025	2024
Movement in deferred tax assets				
Balance at the beginning of the year	14,252,167	8,293,353	-	-
Origination/(reversal) of temporary differences				
Recognised in of profit or loss				
Continuing operations	(695,447)	5,954,284	-	-
(Reversal) of temporary differences				
Recognised in other comprehensive income				
Deferred tax on actuarial gain/(loss)	-	4,530	-	-
Balance at the end of the year	13,556,720	14,252,167	-	-
Composition of deferred tax assets				
Property, plant and equipment	(2,830,503)	(2,101,333)	-	-
Right-of-use assets	-	(3,622,037)	-	-
	(2,830,503)	(5,723,370)	-	-
Retirement benefit obligation	-	47,300	-	-
Lease liabilities	-	3,708,516	-	-
Tax losses carried forward	-	10,860,025	-	-
Impairment of inventories	6,907,490	855,983	-	-
Impairment of trade receivables	9,479,733	4,503,713	-	-
	16,387,223	19,975,537	-	-
	13,556,720	14,252,167	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March,

25 DEFERRED TAX (ASSETS)/LIABILITIES CONTD.

25.2 Deferred tax liabilities

	Group		Company	
As at 31st March,	2025	2024	2025	2024
Movement in deferred tax liabilities				
Balance at the beginning of the year	604,269,277	713,342,495	556,534,443	644,606,645
Reversal of temporary differences				
Recognised in statement of profit or loss				
Continuing operations	(11,299,504)	(110,858,230)	(13,786,140)	(93,217,316)
Origination/(reversal) of temporary differences				
Recognised in other comprehensive income				
Deferred tax on revaluation surplus	412,264,739	6,896,455	398,694,193	6,896,455
Deferred tax on actuarial loss/(gain)	949,294	(1,751,341)	949,294	(1,751,341)
Disposal	-	(3,360,102)	-	-
Balance at the end of the year	1,006,183,806	604,269,277	942,391,790	556,534,443
Composition of deferred tax liabilities				
Property, plant and equipment	(891,257,526)	(544,625,710)	(832,667,970)	(499,217,412)
Investment property	(163,503,000)	(75,600,000)	(163,503,000)	(75,600,000)
Right-of-use assets	(15,450,000)	(11,987,604)	(6,300,000)	(6,436,134)
	(1,070,210,526)	(632,213,314)	(1,002,470,970)	(581,253,546)
Retirement benefit obligation	13,952,218	14,810,413	13,952,218	14,810,413
Lease liabilities	2,085,639	2,064,879	630,987	624,945
Unrealised foreign currency exchange loss	-	119,366	-	-
Impairment of inventories	807,571	-	583,533	-
Impairment of trade receivables	47,181,292	10,949,379	44,912,442	9,283,745
	64,026,720	27,944,037	60,079,180	24,719,103
	(1,006,183,806)	(604,269,277)	(942,391,790)	(556,534,443)

Based on the provision in the new Inland Revenue Act No.24 of 2017, the Company and the Group have recognised deferred tax on revaluation gain on land.

The applicable deferred tax rate for the year 2024/25 is 30%, in line with the standard corporate income tax rate.

25.3 Unrecognised deferred tax assets of the Company

Deferred tax assets have not been recognised in company respect of the temporary differences arising from tax losses.

	Temporary differences		Deferred tax asset	
	2025	2024	2025	2024
Agstar PLC	275,008,767	1,139,669	82,502,630	341,901

25.4 Unrecognised deferred tax assets of the Group

Deferred tax assets have not been recognised in group respect of the temporary differences arising from tax losses of the following subsidiaries as it is not probable that sufficient future taxable profit will be available against which the Group can use the benefits there from.

	Temporary differences		Deferred tax asset	
	2025	2024	2025	2024
Agstar PLC	275,008,767	1,139,669	82,502,630	341,901
AgStar Exports (Pvt) Ltd	9,212,007	32,677,542	2,763,602	9,803,262
Crop Care (Pvt) Ltd	15,335,947	1,392,368	4,600,784	417,710
Mahaweli Agro Trading (Pvt) Ltd	10,594,383	1,158,353	3,178,315	347,506
Agstar Seeds (Pvt) Ltd	54,548,158	-	16,364,447	-
Agstar Grains (Pvt) Ltd	143,372,683	141,862,379	-	-
	508,071,945	178,230,311	109,409,778	10,910,379

Agstar Grains (Pvt) Ltd is discontinued operation and it was not considered for deferred tax.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March,

26 TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2025	2024	2025	2024
Trade payables		435,181,872	5,016,173	193,941,790	3,029,100
Other payables	26.1	212,069,922	207,380,204	157,611,745	159,632,346
Total of trade and other payables		647,251,794	212,396,377	351,553,535	162,661,446

26.1 Other Payable

Other payables includes sundry creditors and accrued expenses.

27 LOANS AND BORROWINGS

	Note	Group		Company	
		2025	2024	2025	2024
Current liabilities					
Long term loans	27.1	-	37,600,000	-	37,600,000
Short term loans	27.2	4,520,690,607	643,659,654	4,471,849,927	643,659,654
		4,520,690,607	681,259,654	4,471,849,927	681,259,654

27.1 Long term loan movement during the year

	Group		Company	
	2025	2024	2025	2024
As at 31st March,				
Balance at the beginning of the year	37,600,000	151,000,000	37,600,000	151,000,000
Obtained during the year	-	-	-	-
Repayment during the year	(37,600,000)	(113,400,000)	(37,600,000)	(113,400,000)
Balance at the end of the year	-	37,600,000	-	37,600,000
Loans and borrowings included in the statement of financial position				
Current	-	37,600,000	-	37,600,000
Non-current	-	-	-	-
	-	37,600,000	-	37,600,000

27.2 Short term loan movement during the year

	Group		Company	
	2025	2024	2025	2024
Balance at the beginning of the year	643,659,654	-	643,659,654	-
Obtained during the year	9,517,531,119	2,056,665,574	9,111,795,327	2,056,665,574
Repayment during the year	(5,640,500,166)	(1,413,005,920)	(5,283,605,054)	(1,413,005,920)
Balance at the end of the year	4,520,690,607	643,659,654	4,471,849,927	643,659,654

The terms and conditions of Group's outstanding loans are as follows,

Bank	Currency	Interest Rate	Term	Group		Company	
				2025	2024	2025	2024
Hatton National Bank PLC	LKR	AWPLR+1%	On demand	309,588,650	-	309,588,650	-
Commercial Bank of Ceylon PLC	LKR	AWPLR+1.25%	On demand	1,038,815,419	-	1,038,815,419	-
DFCC Bank	LKR	AWPLR+1%	On demand	2,151,806,559	-	2,151,806,559	-
Bank of Ceylon	LKR	AWPLR+1%	On demand	1,020,479,979	225,626,313	971,639,299	225,626,313
People's Bank	LKR	AWPLR+1%	On demand	-	418,033,341	-	418,033,341
				4,520,690,607	643,659,654	4,471,849,927	643,659,654

Loan - Undiscounted Contractual Cash Flows

As at the reporting date, the Company has outstanding short-term loans that are repayable on demand. Given the nature of these borrowings, the carrying amount of these loans approximates their undiscounted contractual cash flows, as repayment could be required at any time and no interest or significant additional costs are expected to accrue beyond the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March,

28 INCOME TAX PAYABLE/ RECEIVABLE

	Group		Company	
	2025	2024	2025	2024
Balance at the beginning of the year	329,811,873	615,854,492	315,279,698	538,984,296
Taxation on profits for the year	1,192,590	86,514,721	-	55,654,196
Under/(over) provision in respect of previous year	6,638,555	36,577,328	11,502,143	36,577,328
ESC Set-Off	(183,916)	(10,194,314)	-	(10,194,317)
WHT credit set-off	(4,605,530)	(457,222)	(4,605,530)	(257,550)
Tax paid during the year	(333,361,689)	(398,483,132)	(322,176,311)	(305,484,255)
Balance at the end of the year	(508,117)	329,811,873	-	315,279,698

29 RELATED PARTY DISCLOSURES

(a) Identification of related parties

The Company has a related party relationship with its subsidiaries and other group Companies and with its Directors.

(b) Transactions with key management personnel

Key management personnel comprise all the members of the Board of Directors of the Company having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

(c) Loans to directors

No loans have been granted to the Directors of the Company.

(d) Key management personnel compensation

No compensation was paid to directors during the period under review, other than what is mentioned in Note 9.

(e) Related party transactions

The following transactions were carried out with related parties during the year ended 31st March 2025.

29 RELATED PARTY DISCLOSURES CONTD.

29.1 Recurrent related party transactions

The Group entered into the recurrent related party transactions for the year ended 31st March 2025 as follows:

Transactions with subsidiaries and other related parties - Company

Company	Relationship	Nature of transaction	Transactions during the year	Balance due (to)/ from as at 31/3/2025	Balance due (to)/ from as at 31/3/2024
AgStar Cropcare (Pvt) Ltd	Subsidiary	Settlements of related party receivable	(83,999,970)		
		Rent Expense	4,816,800		
		Funds transferred	43,500,000		
		Cropcare purchases	(4,386,825)		
		Fertiliser Sales	32,281,340		
		Packing material transferred	(2,725,984)		
		Expenses incurred by parent	31,713,865		
		Salaries and allowance	83,612,709		
		Set off against customer deposits	(3,551,898)		
		Subsidiary Interest Income	6,411,731	117,482,260	9,810,492
AgStar Exports (Pvt) Ltd	Subsidiary	Settlements of related party receivable	(21,235,985)		
		Expenses incurred by parent company	1,011,749		
		Salaries and allowance	6,752,466	(12,783,303)	688,467
AgStar Grains (Pvt) Ltd	Subsidiary	Solar Power Income	13,805,784		
		Funds transferred	(10,870,303)		
		Expenses incurred by parent	156,329	241,814,028	238,722,218
		Provision made	-	(88,273,000)	(88,273,000)
AgStar Seeds (Pvt) Ltd	Subsidiary	Settlements of related party receivable	(64,775,000)		
		Rent Expense	5,485,200		
		Expenses incurred by parent	10,154,242		
		Subsidiary Interest Income	7,150,686		
		Salaries and allowance	29,301,223	47,798,419	60,482,068
Mahaweli Agro Trading (Pvt) Ltd	Subsidiary	Expenses incurred by parent	1,710,990		
		Salaries and allowance	21,479,509		
		Funds transferred	(1,534,359)		
		Subsidiary Interest (Expense)	(18,830,522)		
		Solar Power Income	8,301,778	(161,481,275)	(172,608,671)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March,

Company	Relationship	Nature of transaction	Transactions during the year	Balance due (to)/ from as at 31/3/2025	Balance due (to)/ from as at 31/3/2024
Prith Seeds (Pvt) Ltd	Subsidiary	Salaries and allowance	16,031,044		
		Rent Expense	720,000		
		Settlements of related party receivable	100,238		
		Funds transferred	(5,000,000)		
		Subsidiary Interest Income	747,705		
		Expenses incurred by parent	9,127,930	21,517,698	(209,219)
Brown & Company PLC	Immediate Parent	Expenses incurred by parent	(17,623,254)	(17,623,254)	-
LOLC Holdings PLC	Ultimate Parent	Loan disbursement	1,000,000,000		
		Loan settlement	(1,010,855,647)		
		Interest income	10,855,647	-	-

Transactions with subsidiaries and other related parties - Group

Company	Relationship	Nature of transaction	Transactions during the year	Balance due (to)/ from as at 31/3/2025	Balance due (to)/ from as at 31/3/2024
Brown & Company PLC	Immediate Parent	Expenses incurred by parent	(17,623,254)	(17,623,254)	-
LOLC Holdings PLC	Ultimate Parent	Loan disbursement	1,000,000,000		
		Loan settlement	(1,010,855,647)		
		Interest income	10,855,647	-	-

- (f) The receivables from related companies and payables to related companies on sale, purchase of goods and services are unsecured, interest free and have no fixed repayment terms.
- (g) The subsidiary companies utilise certain facilities of the Company free of charge and part of the accounting and administrative functions of the subsidiary companies are also performed by the Company for which no charges are made.
- (h) Terms and Conditions for recurrent transactions with related parties
- All related party transactions are carried out in the ordinary course of business. All related party outstanding balances at the year-end are unsecured and are to be settled in cash. The Group does not have any material commitments to related parties.

29.2 Non-recurrent related party transactions

The Company has not entered into any non-recurrent related party transactions during the year, which exceeds 10% of the equity or 5% of the total assets, whichever is lower, as per the Colombo Stock Exchange Section Listing rule 9.3.2.

30 COMMITMENTS

There are no material capital or financial commitments outstanding as at the date of the statement of financial position, which require adjustment to or disclosure in the financial statements.

31 CONTINGENT LIABILITIES

There were no any material contingent liabilities outstanding as at the reporting date that require adjustments in the financial statements.

31.1 Corporate guarantee issued by AgStar PLC

Name of the Company	Type of the facility	Name of the bank	Amount (Rs.)
AgStar Seeds (Pvt) Ltd	LC/IDL	Commercial	48,000,000
	Overdraft	Commercial	19,000,000
	LC/IDL	HNB	20,000,000
	Overdraft	HNB	5,000,000
AgStar Cropcare (Pvt) Ltd	LC/IDL	Commercial	60,000,000
	Overdraft	Commercial	19,000,000
	LC/IDL	HNB	100,000,000
	LC/IDL	DFCC	120,000,000
	LC/IDL	NDB	50,000,000

31.2 Bank Guarantees

Name of the Company	Name of the bank	Amount (Rs.)
Lanka Phosphate Limited	Commercial	3,000,000

32 EVENTS OCCURRING AFTER THE REPORTING DATE

There were no material events occurred after the reporting date that require adjustments to, or disclosure in the financial statements except below.

- The Company has entered into an agreement to dispose of its entire shareholding in Agstar Export (Pvt) Ltd, a wholly-owned subsidiary, for a consideration of Rs. 35.3 million on 14th August 2025.

33 FINANCIAL INSTRUMENTS

- (a) The following tables shows the carrying amounts of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March,

33. FINANCIAL INSTRUMENTS CONTD.

33.1 Accounting classification and fair value

Company	Note	Financial assets at amortised cost	Other financial liabilities	Total carrying amount
As at 31st March 2025				
Financial assets not measured at fair value				
Trade and other receivables *	19	1,694,949,560	-	1,694,949,560
Subsidy receivable	20	351,939,808	-	351,939,808
Amounts due from related companies	21.1	340,339,405	-	340,339,405
Cash and cash equivalents	22	2,075,719,934	-	2,075,719,934
		4,462,948,707	-	4,462,948,707
Financial liabilities not measured at fair value				
Trade and other payables	26	-	351,553,535	351,553,535
Loans and borrowings	27	-	4,471,849,927	4,471,849,927
Lease liability	15.2	-	2,103,291	2,103,291
Amounts due to related companies	21.2	-	191,887,832	191,887,832
		-	5,017,394,585	5,017,394,585
As at 31st March 2024				
Financial assets not measured at fair value				
Trade and other receivables *	19	760,794,187	-	760,794,187
Subsidy receivable	20	351,939,808	-	351,939,808
Amounts due from related companies	21.1	221,430,245	-	221,430,245
Cash and cash equivalents	22	582,285,722	-	582,285,722
		1,916,449,962	-	1,916,449,962
Financial liabilities not measured at fair value				
Trade and other payables	26	-	162,661,446	162,661,446
Loans and borrowings	27	-	681,259,654	681,259,654
Lease liability		-	2,083,150	2,083,150
Amounts due to related companies	21.2	-	172,817,890	172,817,890
Bank overdraft	22	-	11,797,629	11,797,629
		-	1,030,619,769	1,030,619,769

* Tax recoverable, non refundable deposits and prepayments amounting to Rs.465,627,114 (2024 - Rs. 80,030,733) have been excluded as they are not financial instruments

The fair value of the loan and receivables and other financial liabilities is not significantly different from the carrying amount stated above.

33.2 Accounting classification and fair value

Trade and other receivables and trade and other payables classified as held for sales are not included in the table below. Their carrying amount is a reasonable approximation of fair value.

Group	Note	Financial assets at amortised cost	Other financial liabilities	Total carrying amount
As at 31st March 2025				
Financial assets not measured at fair value				
Trade and other receivables*	19	1,978,276,536	-	1,978,276,536
Subsidy receivable	20	389,513,396	-	389,513,396
Cash and cash equivalents	22	2,116,472,897	-	2,116,472,897
		4,484,262,829	-	4,484,262,829
Financial liabilities not measured at fair value				
Trade and other payables	26	-	647,251,794	647,251,794
Loans and borrowings	27	-	4,520,690,607	4,520,690,607
Amounts due from related companies	21.2	-	17,623,254	17,623,254
Lease Liability	15.2	-	6,952,132	6,952,132
Bank overdraft	22	-	9,257,363	9,257,363
		-	5,201,775,150	5,201,775,150
As at 31st March 2024				
Financial assets not measured at fair value				
Trade and other receivables*	19	919,376,436	-	919,376,436
Subsidy receivable	20	389,513,395	-	389,513,395
Cash and cash equivalents	22	650,033,780	-	650,033,780
		1,958,923,611	-	1,958,923,611
Financial liabilities not measured at fair value				
Trade and other payables	26	-	212,396,377	212,396,377
Loans and borrowings	27	-	681,259,654	681,259,654
Lease Liability	15.2	-	6,882,864	6,882,864
Bank overdraft	22	-	11,936,886	11,936,886
		-	912,475,781	912,475,781

* Tax recoverable, non refundable deposits and prepayments amounting to Rs.542,237,290 (2024 - Rs. 131,313,792) have been excluded as they are not financial instruments

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March,

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

- Liquidity risk
- Credit risk
- Market risk

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The group is responsible for develop and monitor the group's risk management policies. The group risk management policies are established to identify and analysis the risk faced by the Group, to set appropriate risk limits and controls and monitor risks and adherence to limits.

Risk management policies and system are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain disciplined and constructive controls environment in which all employees understand their roles and obligations.

The Group audit committee overseas how management, monitors compliance with the Group's risk management policies and procedures, and review the adequacy of the risk management framework in relation to the risks faced by the Group.

34.1 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meets its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Group's reputation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

Group	As at 31st March 2025					Total
	Carrying value	Less than 3 months	3 - 6 months	6 -12 months	More than 12 months	
Non-derivative financial liabilities						
Trade and other payables	647,251,794	647,251,794	-	-	-	647,251,794
Loans and borrowings	4,520,690,607	4,520,690,607	-	-	-	4,520,690,607
Amounts due from related companies	17,623,254	17,623,254	-	-	-	17,623,254
Lease liabilities	6,952,132	-	-	644,265	19,156,590	19,800,855
Bank overdraft	9,257,363	9,257,363	-	-	-	9,257,363
	5,201,775,150	5,194,823,018	-	644,265	19,156,590	5,214,623,873

Group	As at 31st March 2024					Total
	Carrying value	Less than 3 months	3 - 6 months	6 -12 months	More than 12 months	
Non-derivative financial liabilities						
Trade and other payables	212,396,377	212,396,377	-	-	-	212,396,377
Loans and borrowings	681,259,654	679,135,203	9,493,313	-	-	688,628,515
Lease liabilities	6,882,864	-	-	652,090	12,848,726	20,383,680
Bank overdraft	11,936,886	11,936,886	-	-	-	11,936,886
	912,475,781	903,468,466	9,493,313	652,090	12,848,726	933,345,458

Company	As at 31st March 2025					
	Carrying value	Less than 3 months	3 - 6 months	6 -12 months	More than 12 months	Total
Non-derivative financial liabilities						
Trade and other payables	351,553,535	351,553,535	-	-	-	351,553,535
Amounts due to related companies	191,887,832	191,887,832	-	-	-	191,887,832
Loans and borrowings	4,471,849,927	4,471,849,927	-	-	-	4,471,849,927
Lease liabilities	2,103,291	-	-	275,625	8,993,925	9,269,550
	5,017,394,585	5,015,291,294	-	275,625	8,993,925	5,024,560,844

Loan – Undiscounted Contractual Cash Flows

As at the reporting date, the Company has outstanding short-term loans that are repayable on demand. Given the nature of these borrowings, the carrying amount of these loans approximates their undiscounted contractual cash flows, as repayment could be required at any time and no interest or significant additional costs are expected to accrue beyond the reporting date.

Company	As at 31st March 2024					Total
	Carrying value	Less than 3 months	3 - 6 months	6 -12 months	More than 12 months	
Non-derivative financial liabilities						
Trade and other payables	162,661,446	162,661,446	-	-	-	162,661,446
Amounts due to related companies	172,817,890	172,817,890	-	-	-	172,817,890
Loans and borrowings	681,259,654	679,135,203	9,493,313	-	-	688,628,515
Lease liabilities	2,083,150	-	-	295,766	7,166,259	9,545,175
Bank overdraft	11,797,629	11,797,629	-	-	-	11,797,629
	1,030,619,769	1,026,412,168	9,493,313	295,766	7,166,259	1,045,450,655

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March,

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTD.

34.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arise principally from the Group's receivable from customers.

The finance division manages the risk arising from investments made in financial institutions in accordance with the policy direction provided by the Board. The transactions are carried out only with a limited number of institutions all of which have stable credit ratings from internationally recognised rating providers.

The Carrying amount of financial assets represents the maximum credit exposure. Impairment losses on financial assets recognised in profit and loss were as follows,

	Group		Company	
	2025	2024	2025	2024
Impairment loss on trade receivables	(137,228,601)	(3,360,180)	(118,762,324)	(12,539,577)

The Group's exposure to credit risk influenced mainly by the individual characteristics of each customer. However, management also consider the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customer operate.

The Group limits its exposure to credit risk from trade receivable by establishing a maximum period of one and two months for customers. The Group does not require collateral in respect of trade and other receivables.

Cash and cash equivalents

The Group held cash and cash equivalents of Rs. 2,114 Mn at 31 March 2025 (2024 - Rs. 649 Mn) which represents its maximum credit exposure on these assets.

Details of the counter parties in which the Company has cash and cash equivalent are as follows,

Bank	Rating		Rating
People's Bank	AA-(Ika)	Bank of Ceylon	AA-(Ika)
Hatton National Bank PLC	AA-(Ika)	MCB Bank	AA(Ika)
LOLC Holdings PLC	A+ (Ika)	DFCC Bank	A (Ika)
National Development Bank PLC	A (Ika)	Public Bank	A- (Ika)
Sampath Bank PLC	AA-(Ika)	Nations Trust Bank PLC	A (Ika)
Commercial Bank of Ceylon PLC	AA-(Ika)		
Seylan Bank PLC	A+ (Ika)		

(a) Exposure to credit risk

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

	Note	Group 2025	Group 2024	Company 2025	Company 2024
Trade and other receivables *	19	2,160,576,674	919,376,436	1,694,949,560	760,794,187
Subsidy receivable	20	389,513,396	389,513,395	351,939,808	351,939,808
Amounts due from related companies	21.1	-	-	340,339,405	221,430,245
Cash and cash equivalents	22	2,111,445,509	647,702,384	2,074,814,042	581,456,460
		4,661,535,579	1,956,592,215	4,462,042,815	1,915,620,700
The ageing of trade receivables and impairment as at the reporting date were as:					
Gross value					
Not past due		-	7,508,435	-	675,269
Past due 1-60 days		1,093,286,173	741,480,822	1,052,564,830	600,630,552
Past due 61-120 days		520,372,441	150,482,026	452,013,205	131,750,366
Past due more than 120 days		550,568,209	60,006,741	337,159,882	47,143,934
		2,164,226,823	959,478,024	1,841,737,917	780,200,121
Impairment loss					
Past due 1-60 days		-	2,463,651	-	1,988,414
Past due 61-120 days		746,462	844,752	-	688,406
Past due more than 120 days		188,123,608	48,333,066	149,708,139	28,268,995
		188,870,070	51,641,469	149,708,139	30,945,815
Net trade receivables		1,975,356,753	907,836,555	1,692,029,778	749,254,306

* Tax recoverable, non refundable deposits and prepayments of the Company and Group amounting to Rs. 465,627,114 (2024 - Rs. 80,030,733) and Rs. 542,237,292 (2024 - Rs. 131,313,792) respectively have been excluded as they are not financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March,

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTD.

34.2 Market risk

Market risk is the risk that changes in market prices will affect the Group's income or the value of its holding financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return. The Group uses derivative to manage market risks. All such transactions are carried out within the guidance set by the Group.

Market risk comprise of the following types of risk:

- (a) Currency risk
- (b) Interest rate risk
- (c) Equity price risk

(a) Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowing are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily LKR. The currencies in which these transactions are primarily denominated is US dollar.

Exposure to currency risk

The following significant exchange rates has been applied,

	Highest Level		Lowest Level		Year end rate	
	Buying	Selling	Buying	Selling	Buying	Selling
USD/LKR	301.38	310.64	285.92	294.49	292.07	300.58

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group mainly borrows in the short term to fund its working capital requirement which are linked to floating interest rates. The Group utilises various financial instruments to manage exposures to interest rate risks.

At the reporting date, the Group's interest-bearing financial instruments were as follows:

	Group		Company	
	2025	2024	2025	2024
Variable rate instruments				
Long term loans	-	37,600,000	-	37,600,000
Import demand loans	4,520,690,607	643,659,654	4,471,849,927	643,659,654
Bank overdraft	9,257,363	11,936,886	-	11,797,629

The finance division continuously monitors the interest rate environment to advise Strategic Business Units (SBUs) on the most suitable strategy with regard to borrowings. The Group's borrowings are usually negotiated during troughs in the interest rate cycle in order to extend the favourable impact to future reporting periods.

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings as follows:

Year	Increase/ decrease in base point	Group	Company
		Effect on profit before tax	Effect on profit before tax
		Rs.	Rs.
2025	+100	(45,206,906)	(44,718,499)
	-100	45,206,906	44,718,499
2024	+700	(47,688,176)	(47,688,176)
	-700	47,688,176	47,688,176

(c) Equity price risk

The Group has adopted that its investment in subsidiaries companies are recorded at cost as per LKAS 27 standard and therefore scoped out from SLFRS 09 - Financial Instruments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March,

35 CAPITAL MANAGEMENT

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders.

The board of directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

As at 31st March	Group		Company	
	2025	2024	2025	2024
Total liabilities	5,194,895,138	1,235,473,989	5,015,314,355	1,343,836,458
Less: Cash and cash equivalents	(2,113,523,313)	(649,164,106)	(2,075,719,934)	(582,285,722)
Net debts	3,081,371,825	586,309,883	2,939,594,421	761,550,737
Total equity	8,036,423,659	7,358,340,793	7,208,150,164	6,519,432,575
Net debt to equity ratio	0.38	0.08	0.41	0.12

DECADE AT A GLANCE

For the year ended 31st March,

31st March	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Rs.'000										
OPERATING RESULTS										
Group Revenue	9,522,313	7,666,127	7,458,205	5,992,282	3,611,145	1,734,841	2,478,165	3,317,020	2,784,899	1,728,683
Net Finance Expense	(159,889)	82,064	(620,096)	(830,717)	(34,880)	(54,327)	(6,307)	(34,790)	(38,460)	2,912
Profit Before Tax	(368,222)	177,277	2,347,695	797,401	576,453	205,496	321,024	156,039	244,104	363,440
Tax Expense	2,586	(12,081)	(688,524)	(190,674)	(84,078)	(63,977)	(75,805)	(65,731)	(76,717)	(126,023)
Profit After Tax (continuing Operations)	(365,636)	165,196	1,659,171	606,727	492,375	141,519	245,219	90,308	167,387	237,417
Gain /(loss) from discontinued operations, net of tax	(975)	(5,509)	(295)	136	(17,244)	(3,530)	(18,850)	(63,717)	(189,853)	(290,293)
Attributable To:										
Equity Holders of the parent	(366,611)	159,686	1,668,886	618,916	476,259	137,989	226,369	26,591	(22,466)	(52,876)
Non Controlling Interest	-	-	(10,011)	(12,053)	(1,128)	-	-	-	-	-
	(366,611)	159,686	1,658,875	606,863	475,131	137,989	226,369	26,591	(22,466)	(52,876)
FINANCIAL POSITION										
Stated Capital	2,007,857	2,007,857	2,007,857	2,007,857	1,204,094	1,204,094	1,204,094	1,204,094	1,204,094	1,204,094
Reserves	6,028,567	5,350,484	5,178,803	3,639,493	2,441,833	1,820,564	1,681,855	1,430,353	1,198,298	1,283,362
	8,036,424	7,358,341	7,186,660	5,647,350	3,645,927	3,024,658	2,885,949	2,634,447	2,402,392	2,487,456
Non Controlling Interest	-	-	20,634	30,645	42,698	-	-	-	-	-
Net Assets	8,036,424	7,358,341	7,186,660	5,647,350	3,645,927	3,024,658	2,885,949	2,634,447	2,402,392	2,487,456
Non Current Liabilities	1,059,571	600,609	813,665	764,714	448,483	379,366	286,998	191,621	66,436	178,314
	9,095,995	8,018,949	8,020,959	6,442,709	4,137,108	3,404,024	3,172,947	2,826,068	2,468,828	2,665,770
Represented By:										
Property Plant & Equipment (PPE)	4,319,620	3,016,197	3,285,915	3,299,488	2,403,080	1,650,869	1,527,367	1,417,703	1,029,492	1,041,158
Non Current Assets (Excluding PPE)	475,879	413,756	1,031,639	190,851	126,952	79,595	56,626	57,205	212,451	150,056
- Current Assets	9,495,716	5,824,832	4,632,619	6,292,468	5,919,747	4,178,890	3,765,141	3,483,081	3,140,495	4,292,951
- Current Liabilities	(5,195,220)	(1,235,844)	(929,214)	(3,340,098)	(4,312,671)	(2,505,330)	(2,176,187)	(2,131,921)	(1,913,610)	(2,818,394)
Net Current Assets	4,300,496	4,588,987	3,703,405	2,952,370	1,607,076	1,673,560	1,588,954	1,351,160	1,226,884	1,474,557
	9,095,995	8,018,949	8,020,959	6,442,709	4,137,108	3,404,024	3,172,947	2,826,068	2,468,828	2,665,770
KEY INDICATORS										
Annual Revenue growth (%)	24.21	2.79	24.46	65.94	108.15	(29.99)	(25.29)	19.11	61.10	(17.68)
Basic earning per share (Rs.)	(0.75)	0.33	4.10	1.52	1.47	0.42	0.70	0.08	(0.07)	(0.16)
Net Profit to net revenue (%)	(3.84)	2.08	22.25	10.13	13.16	7.95	9.13	0.80	(0.81)	(3.06)
Dividend per share - proposed (Rs.)	-	-	-	-	0.20	-	0.20	0.10	-	0.20
Return on Equity (%)	(4.56)	2.17	23.22	10.96	13.06	4.56	7.84	0.95	(0.94)	(2.13)
Net Assets per share (Rs.)	16.48	15.09	14.74	11.58	11.22	9.31	8.88	8.59	7.39	7.65
Debt to Equity Ratio (%)	0.56	0.08	0.02	6.89	21.67	49.81	34.69	0.61	16.71	58.44
Current ratio(Times)	1.83	4.71	4.99	1.88	1.37	1.67	1.73	1.63	1.64	1.52

OTHER DIRECTORSHIPS OF BOARD MEMBERS

Name of Director	Nature of Directorship	Name of Company
I. C. Nanayakkara	Executive Chairman	Brown & Company PLC
	Executive Chairman	L O L C Holdings PLC
	Executive Chairman	Browns Investments PLC
	Non-Executive Director	LOLC Capital (Pvt) Ltd
	Non-Executive Director	Ceylon Graphene Technologies (Pvt) Ltd
	Non-Executive Director	Fortigrains Private Limited
	Non-Executive Director	Grey Reach Investment Limited
	Non-Executive Director	LOLC Advanced Technologies (Pvt) Ltd
	Non-Executive Director	Fortune Holdings SG
	Non-Executive Director	Fina Trust Microfinance Bank Ltd
	Non-Executive Chairman	Sierra Cables PLC
I Gunawardena	Executive Deputy Chairman	Agstar PLC
		Agstar Grains (Pvt) Ltd
		Agstar CropCare (Pvt) Ltd
		Agstar Seeds (Pvt) Ltd
		Prith Seeds (Pvt) Ltd
		Royal Seeds Company (Pvt) Ltd
		Mahaweli Agro Trading (Pvt) Ltd
P. Weerasinghe	Non-Executive Director	L O L C Geo Technologies (Private) Limited
	Non-Executive Director	Browns Properties (Pvt) Ltd
	Non-Executive Director	Browns Teas (Pvt) Ltd
	Non-Executive Director	B.G Air Services (Pvt) Ltd
	Non-Executive Director	Browns Metal & Sands (Pvt) Ltd
	Non-Executive Director	FLPC Management (Pvt) Ltd
	Non-Executive Director	Browns Piling (Private) Ltd
	Non-Executive Director	Iconic Trust (Pvt) Ltd
	Non-Executive Director	Agstar PLC
	Non-Executive Director	Sierra Cables PLC
	Non-Executive Director	Sansun Boutique (Pvt) Limited
	Non-Executive Director	Browns Developments Limited
	Non-Executive Director	Agstar Grains (Pvt) Ltd
	Non-Executive Director	Agstar CropCare (Pvt) Ltd
	Non-Executive Director	Agstar Seeds (Pvt) Ltd
	Non-Executive Director	Prith Seeds (Pvt) Ltd
	Non-Executive Director	Royal Seeds Company (Pvt) Ltd
	Non-Executive Director	Mahaweli Agro Trading (Pvt) Ltd

Name of Director	Nature of Directorship	Name of Company
Mr. T. Sanakan	Executive Director	Brown & Company PLC
	Non-Executive Director	Associated Battery Manufactures (Ceylon) Ltd
	Non-Executive Director	Browns Pharma Ltd
	Non-Executive Director	B. I. Holdings (Pvt) Ltd
	Non-Executive Director	Browns Health Care Negombo (Pvt) Ltd
	Non-Executive Director	Snowcem Products Lanka (Pvt) Ltd
	Non-Executive Director	Klevenberg (Pvt) Ltd
	Non-Executive Director	Browns Leisure (Pvt) Ltd
	Non-Executive Director	Excel Global Holdings (Pvt) Ltd
	Non-Executive Director	Excel Restaurants (Pvt) Ltd
	Non-Executive Director	Browns Group Motels Limited
	Non-Executive Director	C F T Engineering Ltd
	Non-Executive Director	Browns Group Industries (Pvt) Ltd
	Non-Executive Director	The Hatton Transport & Agency Company (Pvt) Ltd
	Non-Executive Director	Walker & Greig (Pvt) Ltd
	Non-Executive Director	Sifang Lanka (Pvt) Ltd
	Non-Executive Director	Browns Group Industrial Park (Pvt) Ltd
	Non-Executive Director	Browns Thermal Engineering (Pvt) Ltd
	Non-Executive Director	S.F.L. Services (Pvt) Ltd
	Non-Executive Director	Ajax Engineers (Pvt) Ltd
	Non-Executive Director	Browns Agri Solutions (Pvt) Ltd
	Non-Executive Director	Browns Industrial Park Ltd
	Non-Executive Director	Engineering Services (Pvt) Ltd
	Non-Executive Director	Masons Mixture Ltd
	Non-Executive Director	Browns Property Holdings (Pvt) Ltd
K Sivanesan	Senior Independent Director	Browns Investments PLC
	Independent Director	LOLC Holdings PLC
	Independent Director	LOLC Life Assurance Limited
	Non-Executive Director	Waharaka Energy (Pvt) Ltd

OTHER DIRECTORSHIPS OF BOARD MEMBERS

Name of Director	Nature of Directorship	Name of Company
M. Gunawardena	Non-Executive Director	L O L C Advanced Technologies (Pvt) Ltd
	Non-Executive Director	Ceylon Graphene Technologies (Pvt) Ltd
	Non-Executive Director	Associated Battery Manufacturers (Ceylon) Ltd
	Non-Executive Director	Browns Pharma Ltd
	Non-Executive Director	Browns Agri Solutions (Pvt) Ltd
	Non-Executive Director	B I Commodities and Logistics (Pvt) Ltd
	Non-Executive Director	Fortigrains Private Limited
	Non-Executive Director	L O L C Geo Technologies (Private) Limited
	Non-Executive Director	Fortigrains Lanka (Pvt) Ltd
	Non-Executive Director	L O L C Eco Technologies (Pvt) Ltd
	Non-Executive Director	Tropical Island Commodities (Private) Limited
	Non-Executive Director	Sri Spice (Private) Limited
	Non-Executive Director	Hapugastenne Plantations PLC
	Non-Executive Director	Udapussellawa Plantations PLC
	Non-Executive Director	Ceylon Nano Diagnostics (Pvt) Ltd
	Non-Executive Director	LOLC Advanced Technologies Australia Pty Ltd
	Non-Executive Director	Pussellawa Plantations Limited
	Non-Executive Director	Maturata Plantations Ltd
S. Jayasuriya	Senior Independent Director	CBC Finance PLC

NOTICE OF ANNUAL GENERAL MEETING

AGSTAR PLC

REG NO. PV1618 PBPQ

NOTICE IS HEREBY GIVEN THAT THE 23RD ANNUAL GENERAL MEETING of the Company will be held on 25th September 2025 at 10.00 a.m at as an on-line audio-visual meeting with arrangements for the on-line meeting platform made at LOLC Holdings PLC, No.100/1, Sri Jayawardenapura Mawatha, Rajagiriya.

The business to be brought before the meeting will be:

1. To receive and consider the Report of the Directors and Statement of Accounts of the Company for the Financial Year ended 31st March 2025 with the Auditors' Report thereon.
2. To elect Mr. T.Sanakan as a Director who retires by rotation in terms of Article 23(2) of the Articles of Association of the Company.
3. To elect Mr. Sarath Jayasuriya as a Director who retires by rotation in terms of Article 23(2) of the Articles of Association of the Company.
4. To elect Mr K. Sivanesan as a Director who retires by rotation in terms of Article 23(2) of the Articles of Association of the Company.
5. To re-elect Mr. I.C.Nanayakkara as a Director who retires by rotation in terms of Article 23(6) of the Articles of Association of the Company.

6. To re-elect Mr. Manju Gunawardena as a Director who retires by rotation in terms of Article 23(6) of the Articles of Association of the Company.
7. To re-appoint M/s. KPMG, Chartered Accountants as the auditors for the ensuing financial year at a remuneration to be fixed by the Directors.
8. To approve in terms of Companies (Donations) Act No. 26 of 1951 the making of donations by the Directors as determined by them for the current Financial Year and until the next Annual General Meeting of the Company.

Special Business

9. To resolve by way of a Special Resolution amendments to the Articles of Association :

By including Article 23(4) (a to g) to reflect the requirements mandated under section 9.9 of the listing rules

23 (4) ALTERNATE DIRECTORS

- a) An Alternate Director shall only be appointed in exceptional circumstances by any Director giving notice in writing left at the Office of the Company and approved by the Board to be an Alternate Director of the Company to act in their place during their absence, subject to applicable laws, rules and regulations. Any such appointment shall not exceed a period of one year from the date of appointment. and the following provisions of this Article shall apply to any person so appointed.

- b) A person appointed to be an Alternate Director shall not in respect of such appointment be entitled to receive any remuneration from the Company nor be required to hold any share qualification but the Board may repay the Alternate Director such reasonable expenses as they may incur in attending and returning from meetings of the Board which they are entitled to attend or as they may otherwise properly incur in or about the business of the Company or may pay such allowances as they may think proper in respect of these expenses.
- c). An alternate Director shall (on them giving an address for such notices to be served) be entitled to receive notices of all meetings of the Board and to attend and vote as Director at any such meeting at which the Director appointing them is not personally present and generally to perform all the functions of their appointor as a Director in the absence of such appointor.
- d) An Alternate Director may be appointed for a specified period or until the happening of a specified event subject to sub-clause 105 but they shall ipso facto cease to be an Alternate Director in any of the following events, that is to say:-
 - (i) upon the return of their appointor including a return to Sri Lanka;
 - (ii) if their appointor ceases for any reason to be a Director; provided that if any Director retires by rotation but is

NOTICE OF ANNUAL GENERAL MEETING

re-elected at the meeting at which such retirement took effect, any appointment made by them pursuant to this Article which was in force immediately prior to their retirement shall continue to operate after their re-election as if they had not so retired;

(iii) if the appointment of the Alternate Director is revoked by their appointor, by notice in writing left at the office;

(iv) if the Board resolves that the appointment of the Alternate Director be terminated.

(v) If they become prohibited by law from acting as alternate Director including

a) being convicted of any offense punishable by imprisonment; or

b) convicted of any offense involving dishonest or fraudulent acts whether in Sri Lanka or elsewhere.

(vi) If they resign by writing under their hand left at the Office.

(vii) If they cease to hold office in terms of Section 207 of the Act

(viii) If they becomes disqualified from being a Director in terms of Section 202 of the Act.

e) A Director shall not vote on the question of the approval of an Alternate Director to act for them or on the question of the termination of the appointment of such an Alternate Director under sub-paragraph (iv) of the foregoing sub-clause of this Article, and if they do so their

vote shall not be counted; nor for the purpose of any resolution for either of these purposes shall they be counted in the quorum present at the meeting.

f) If an Alternate Director is appointed for a non-executive director, such alternate should not be an executive of the Company. Similarly, if an alternate director is appointed for an independent director, the person so appointed shall meet the criteria for independence under applicable laws, rules and regulations.

g) The attendance of any Alternate Director at any meeting subject to article 109 above, including Board committee meetings, shall be counted for the purpose of quorum and renumbering of the remaining articles thereof.

By order of the Board,
AGSTAR PLC



**L O L C Corporate Services
(Private) Limited**
Secretaries
15th August 2025

Colombo

FORM OF PROXY

AGSTAR PLC

Reg No. PV1618BPBQ

I/ We of

being a member/members of the above named Company hereby appoint;

..... of
..... whom failing

I. C. Nanayakkara	or failing him
R. S. Indika Gunawardhana	or failing him
P Weerasingha	or failing him
M S Gunawardena	or failing him
T. Sanakan	or failing him
Sarath Jayasuriya	or failing him
K. Sivnesan	or failing him

as my/our proxy to represent me/us and vote on my/our behalf at the Twenty Third Annual General Meeting of the Company to be held as an online meeting on 25th September 2025 at 10.00 a.m and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid Meeting.

		For	Against
1.	To elect Mr T.Sanakan as a Director who retires in terms of Article 23(2) of the Articles of Association of the Company.	☐	☐
2.	To elect Mr K Sivanesan as a Director who retires in terms of Article 23(2) of the Articles of Association of the Company.	☐	☐
3.	To elect Mr. Sarath Jayasuriya as a Director who retires in terms of Article 23(2) of the Articles of Association of the Company.	☐	☐
4.	To re-elect Mr. I.C.Nanayakkara as a Director who retires by rotation in terms of Article 23(6) of the Articles of Association of the Company.	☐	☐
5.	To re-elect Manju Gunawardena as a Director who retires by rotation in terms of Article 23(6) of the Articles of Association of the Company.	☐	☐
6.	To re-appoint as auditors M/s KPMG, Chartered Accountants for the ensuing financial year at a remuneration to be fixed by the Directors.	☐	☐
7.	To authorise Directors to make donations.	☐	☐
8.	SPECIAL BUSINESS To resolve by way of a Special Resolution amendments to the Articles of Association : By including Article 23 (4) (a-g) to reflect the requirements mandated under Section 9.9 of the Listing Rules on Alternate Directors and renumber the remaining articles thereof.	☐	☐

dated this day of Two Thousand and Twenty-Five.

.....
Signature of Shareholder

FORM OF PROXY

Notes:

- 1 Please return the completed Form of Proxy after filling in legibly your full name and address, signing on the space provided and filling in the date of signature.
- 2 The Proxy shall:
 - a) in the case of an individual, be under the hand of the shareholder or his or her attorney, and if signed by an attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Form of Proxy, if it has not already been registered with the Company.
 - b) if the shareholder is a company or a corporation, be either under its common seal or under the hand of an officer or attorney authorised by such organisation in that behalf in accordance with its Articles of Association or Constitution.
- 3 Please indicate with an 'X' how the proxy should vote on each Resolution. If no indication is given, the proxy shall exercise his/her discretion and vote as he/she thinks fit.
- 4 The completed Form of Proxy should be deposited at LOLC Corporate Services (Private) Limited, Secretaries to AgStar PLC, 4th Floor, No. 34, Sir Mohamed Macan Markar Mawatha, Colombo 03 or scanned and emailed to corporateservices@lolc.com with the email subject titled "AGSTAR AGM PROXY" not less than 48 hours before the time appointed for the holding of the Meeting.

CORPORATE INFORMATION

The Company	AgStar PLC	Nomination & Governance Committee	Mr.K Sivanesan(Chairman) Mr.Sarath Jayasuriya Mr.Manju Gunawardena
Legal Form	A Public Quoted Company incorporated in Sri Lanka on 25th June 2002	Subsidiaries	AgStar Seeds (Pvt) Limited AgStar Cropcare (Pvt) Limited AgStar Grains (Pvt) Limited Mahaweli Agro Trading (Pvt) Limited Prith Seeds (Pvt) Limited Royal Seeds (Pvt) Limited
Company Registration	No. PV1618 PB/PQ	Secretaries	LOLC Corporate Services (Private) Ltd 100/1, Sri Jayawardenapura Mawatha, Rajagiriya Tel : +94 115 063 000 Fax : +94 112 865 602
Registered Office	AgStar PLC No.93, Minuwangoda Road, Ekala, Ja-Ela. Tel: +94 11 4812424 Fax: +94 11 4810706 E-mail: info@agstaragri.com Website: www.agstaragri.lk	Registrars	SSP Corporate Services (Private) Limited 101, Inner Flower Road, Colombo 03 Tel : +94 112 573 894 Fax : +94 112 573 609
Board of Directors	Mr. Ishara Nanayakkara Chairman/ Non - Executive Director Mr. R. S. Indika Gunawardhana Executive Deputy Chairman Mr. Manju Gunawardana Non-Executive Director Mr.T.Sanakan Executive Director Mr. P. Weerasingha Executive Director Mr.Sarath Jayasuriya Independent Non-Executive Director K. Sivanesan Independent Non-Executive Directors	Auditors	KPMG P O Box 186 32A, Sir Mohamed Macan Markar Mawatha, Colombo 03 Tel : +94 115 426 426 Fax : +94 112 445 872 +94 112 446 058
Audit Committee	Mr. Sarath Jayasuriya (Chairman) Mr. K. Sivanesan Mr. Manju Gunawardana	Bankers	Bank of Ceylon Commercial Bank of Ceylon PLC DFCC Vardhana Bank PLC Hatton National Bank PLC MCB Bank Limited Nation Trust Bank PLC NDB Bank PLC Peoples' Bank Public Bank Sampath Bank PLC Seylan Bank PLC
Talent Development & Remuneration Committee	Mr. K. Sivanesan (Chairman) Mr. Sarath Jayasuriya Mr. Manju Gunawardana	Legal Consultants	Paul Ratnayake Associates 59, Gregory's Road, Colombo 07 Sudath Perera Associates 5,9th Lane, Nawala Road, Nawala
Related Party Transactions Review Committee	Mr. Sarath Jayasuriya (Chairman) Mr. K. Sivanesan Mr. Manju Gunawardana		

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