



industrial asphalts (ceylon) PLC

21st October 2026

Ms. Nilupa Perera
Chief Regulatory Officer
Colombo Stock Exchange
No.04-01, West Block,
World Trade Centre, Colombo 01.

Dear Madam,

**INDUSTRIAL ASPHALTS (CEYLON) PLC
CORPORATE DISCLOSURE**

In terms of Section 7.5(d)(i)(A)(5) of the Listing Rules of the Colombo Stock Exchange, we write to provide below mentioned details in relation to the Disclaimer of Opinion contained in the Audited Financial Statements of Industrial Asphalts (Ceylon) PLC for the year ended 31st March 2026.

a) Disclaimer of Opinion and Transfer of Company's Securities to the Watch List –

The Securities of the Company had been transferred to the Watch List of the CSE with effect from 20th October 2026 due to the Disclaimer of Opinion contained in the Independent Auditor's Report in the Audited Financial Statements for the year ended 31st March 2026.

The main two (2) bases for the Disclaimer of Opinion are the fair valuation of the investment property and the advance given to the Key Management Personnel (KMP) during the year. We wish to draw your attention to the following facts in relation to the investment property valuation and the advance paid to the KMP during the year.

a1. Disagreement with Investment Property Valuation by KPMG Real Estate & Valuation Services (Pvt) Ltd –

The external auditors, B.R. De Silva & Co., had disagreements with the investment property valuation report for 31st March 2026 which was valued by **KPMG Real Estate &**

Valuation Services (Pvt) Ltd, despite detailed explanation and further written clarification provided by the KPMG Real Estate team

Subsequent to publishing the Annual Report 2026, KPMG Real Estate & Valuation Services (Pvt) Ltd has provided written clarification that they have clearly provided the methodology, market analysis and principal assumptions applied in arriving at the fair value. The Board of Directors are not in agreement to the disclaimer of opinion and the reasons for disagreement was not mentioned by the auditors, B R De Silva & Co.

a2. Disputing the Legal Opinion by expert legal firm –

The Board Audit Committee obtained an independent legal opinion from an **expert legal firm** confirming the validity of the advance payment made to Key Management Personnel during the year, which was subsequently settled in full. The auditors, B.R. De Silva & Co., have rejected the expert legal opinion given by the legal firm which caused a basis for Disclaimer of Opinion stating that their internal expert has rejected it. The Board obtained a second legal opinion which was consistent with the legal opinion given by expert legal firm.

Deferred Tax impact on revaluation of Investment Property –

The Company had been following the policy of recognizing the investment property revaluation surplus over the years when arriving at the deferred tax impact on the temporary difference. The external auditors, B.R. De Silva & Co., had a different view during FY 2025/26, which caused a basis for Disclaimer of Opinion in the Independent Auditor's Report.

b) Remedial action proposed to be taken by the Company to resolve the matters giving rise to the Disclaimer of Opinion –

The Board of Directors will continue to seek clarification from the auditors, B R De Silva & Co., with the reasons for disputing the KPMG Valuation and the reason for not agreeing to the expert legal opinion together with the profiles of their internal experts who disputed these reports.

The Board of Directors would take necessary steps to ensure an independent audit opinion is obtained from an audit firm to present the true and fair view of the financial statements based on the CSE Listing Rules to transfer the company out of the watch list and the AGM date will be notified in due course to take this process forward.

c) Time period within which the remedial action will be taken by the Company –

The Board intends to resolve the matters giving rise to the Disclaimer of Opinion within a maximum time period of six months as set out in Section 7.5(d)(i)(A) of the CSE Listing Rules.

d) Additional Statements as per section 7.5(d)(i)(A)(5)(d) of the CSE Listing Rules –

- i. In the event of any deviation from the proposed remedial action, the extent of the deviation shall be communicated to the investors by way of a subsequent announcement to the Market via the Exchange within one (01) Market Day from the date of obtaining the approval of the Board of Directors of the Company for such deviation;
- ii. In the event the matters giving rise to the disclaimer of opinion are not resolved within a period of six (06) months from the date of transferring the Securities of the Company to the Watch List, the trading of Securities of the Company shall be suspended. In the event the trading suspension continues for a period in excess of twelve (12) months, the Securities of the Company shall be delisted by the Board of Directors of the CSE in terms of Section 14 of the Listing Rules.
- iii. In the event the matters giving rise to the disclaimer of opinion are resolved, such fact shall be announced to the Market via the CSE in the form of a declaration by the Board of Directors of the Company which shall be accompanied with a confirmation issued by the Audit Committee of the Company stating that the matters giving rise to the disclaimer of opinion have been resolved.

Yours faithfully,

For and on behalf of

INDUSTRIAL ASPHALTS (CEYLON) PLC



NINECAP CORPORATE SOLUTIONS (PVT) LTD

SECRETARIES