Millennium City | Creating homes for life.

The Heights

MILLENNIUM HOUSING DEVELOPERS PLC

66/9B, Green Path, Colombo 07.

ENABLING ASPIRATIONS

Millennium Housing Developers PLC
Annual Report 2025/2026



Contents

COMPANY OVERVIEW

About This Report / 2
About Us / 3
Financial Highlights / 5
Chairman's Message / 8
Executive Director's Message / 11

GOVERNANCE AND ACCOUNTABILITY

Board of Directors / 15
Senior Management / 18
Corporate Governance / 19
Composition of Board of Directors / 35
Annual Report of the Board of Directors on the Affairs of the Company / 37
Director's Statement on Internal Control Over Financial Reporting / 40
Statement of Directors' Responsibilities / 42
Audit Committee Report / 43
Remuneration Committee Report / 45
Nomination and Governance Committee Report / 46
Related Party Transactions Review Committee / 47
Risk Management / 51
Responsibility Statement of Executive Director and Finance Manager / 54

FINANCIAL REPORTS

Financial Calendar 2026/2027 / 58
Independent Auditor's Report / 59
Statement of Profit or Loss and Other Comprehensive Income / 63
Statement of Financial Position / 64
Statement of Changes in Equity / 66
Statement of Cash Flows / 67
Notes to the Financial Statements / 69

ANNEXES

Shareholders & Investors Information / 112
Ten Year Summary / 114
Notice of Meeting / 116
Form of Proxy / 119
Corporate Information (Inner Back Cover)

Enabling Aspirations

Building homes is our business. Enabling aspirations is our purpose.

At Millennium Housing Developers PLC, we believe that the true value of a home lies not in its walls, but in the possibilities it unlocks. A home provides confidence to plan ahead, security to invest in the future, and the freedom to pursue life's greatest ambitions.

This year, we continued to create developments that respond to the evolving needs of modern homeowners, creating spaces that balance functionality, sustainability, and enduring quality. Every decision we made was guided by a simple belief: that thoughtfully designed communities can become catalysts for progress, opportunity, and personal achievement.

As aspirations continue to evolve, so do we, through innovation, responsible development, and an unwavering focus on people, while remaining committed to creating places where dreams take root, ambitions are realised, and futures are built with confidence.

This is how we enable aspirations in the present and for the future.



About This Report

We are pleased to present the Annual Report of Millennium Housing Developers PLC for the financial year 2025/26, providing a comprehensive overview of the Group's operational, financial, governance, and sustainability performance during the year under review. The Report reflects the Company's continued commitment to transparency, accountability, and value creation while providing stakeholders with a balanced assessment of its strategic direction, operating environment, performance, and future outlook.

Established on **28 July 1998**, Millennium Housing Developers PLC is Sri Lanka's first private property developer to be listed on the Colombo Stock Exchange and continues to operate as a leading developer of residential land, housing, apartments, and integrated township projects. During the year under review, the Company remained focused on delivering long-term value through prudent financial management, disciplined project execution, and its strategic commitment to "Enabling Aspirations."

Scope and Boundary

This Report presents the performance of Millennium Housing Developers PLC for the period from 1 April 2025 to 31 March 2026, covering both financial and non-financial information relating to the Company's strategy, operations, governance, risk management, and financial performance.

The reporting boundary remains unchanged from the previous financial year and encompasses Millennium Housing Developers PLC together with its wholly owned subsidiaries: Millennium Housing Limited (MHL), Millennium Villa Housing Development Limited (MVHDL), Millennium Housing Construction Limited (MHCL), MC Urban Developers Limited (MCUDL), and MC Universal Limited (MCUL). Collectively referred to as the Millennium Group, the Report reflects the activities, operations, and performance of the parent Company and its subsidiaries.

There were no acquisitions, disposals, or changes to the Group structure during the year under review, and the Company's principal activities remained unchanged.

Compliance and Governance

The Financial Statements have been prepared in accordance with Sri Lanka Financial Reporting Standards and the Provision of the Companies Act No. 7 of 2007.

The Company remains committed to maintain high standards of corporate governance and this report has been in accordance with the applicable governance requirements of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice for Corporate Governance (2023) issued by the Institute of Chartered Accountants of Sri Lanka. During the year, the Company strengthened its governance framework through Board and senior leadership changes, including the appointment of new Directors and a Chief Executive Officer, further reinforcing its commitment to effective leadership, accountability, and sound governance practices. Further details are provided in the Corporate Governance Report.

Contact for Enquiries

For any questions or clarifications concerning regarding this Annual Report may be directed to:
Millennium Housing Developers PLC
No. 66/9B, Green Path,
Colombo 07, Sri Lanka.



About Us

Millennium Housing Developers PLC has been transforming Sri Lanka's property landscape for more than twenty-five years, pioneering the concept of integrated mega-township developments and creating vibrant communities that have become benchmarks within the industry. As the first private property developer listed on the Colombo Stock Exchange (CSE), the Company continues to build on a legacy of innovation, quality, and trust, delivering housing solutions that cater to the evolving aspirations of Sri Lankan homeowners.

The Company's principal activities continue to encompass the sale of land following infrastructure development, the construction and sale of houses, apartments, flats, housing units, and condominiums, together with the development of residential communities that offer long-term value. During the year under review, Millennium Housing recalibrated its business model through a strategic "Smart Scaling" approach, placing greater emphasis on fast-moving, lower-risk land development projects while selectively progressing high-value vertical developments. This strategic shift has strengthened liquidity, enhanced financial resilience, and enabled the Company to respond more effectively to changing market conditions, while continuing to deliver premium housing solutions at accessible price points.

Guided by its commitment to "Enabling Aspirations," Millennium Housing continues to make quality homeownership attainable without compromising on the standards of design, construction, and lifestyle that have defined the Company's reputation for decades. By leveraging efficient construction methodologies, a resilient supply chain, and flexible payment structures, the Company remains committed to delivering exceptional value while making luxury living more accessible to a broader segment of society.



Operationally, the Company remained focused on the continued development of the River View Project in Katunayake, where construction activities progressed steadily alongside the successful sale of developed land plots. In parallel, preliminary approvals and planning activities commenced for the Nawala-Koswatta Development, laying the foundation for the Company's next phase of growth. As at 31 March 2026, these projects formed the Company's active development portfolio and reflected its disciplined approach to sustainable expansion.

Since its establishment in 1998, Millennium Housing has achieved several significant milestones that have shaped its position within Sri Lanka's property sector. These include pioneering the country's mega-township concept through Millennium City, becoming the first private property developer listed on the Colombo Stock Exchange in 2014, successfully delivering quality homes to more than 4,000 families across landmark developments in Ja-Ela, Athurugiriya, Homagama, Piliyandala, and Seeduwa, and expanding into vertical residential developments through projects such as The Heights Edmonton and Heights Nawala.

Today, Millennium Housing continues to distinguish itself through its unique proposition of Accessible Excellence - combining premium quality, intelligent planning, financial prudence, and customer-centric innovation to create communities that enhance lifestyles while remaining within reach of aspiring homeowners. Building on the strong foundation established through its "Elevated Living" philosophy, the Company continues to uphold uncompromising standards of construction quality, thoughtful design, and community development, ensuring that every project empowers individuals and families to realise their dream of homeownership.

About Us

OUR VISION

To create a landmark in the industry by crafting Innovative, unique, Eco-friendly, and Residential neighbourhood solutions in vertical and horizontal living



OUR MISSION

To provide housing solutions to middle-class, upper middle, and elite-class customer segments while preserving individuality and presenting a wider choice from standard housing to luxury apartments together with all facilities in flexible terms by the leader in mega-township developments, a competent, proactive and diligent organisation which is financially viable.

OBJECTIVES

- Provide quality houses to our customers
- Maximise customer satisfaction
- Enhance shareholder value
- Maintain dynamic, satisfied, and motivated staff who are directed towards our mission
- Satisfy our obligation towards society at large
- Contribute to the development of the country

CORE VALUES

- Honour and integrity
- Entrepreneurship
- Professionalism
- Teamwork
- Passion and pride
- Sense of purpose

Financial Highlights

		2026	2025	Change
Earnings Highlights and Ratios				
Revenue	LKR '000	195,053	759,737	(74.33)
Gross profit	LKR '000	60,017	221,641	(72.92)
Results from operating activities	LKR '000	41,039	131,800	(68.88)
Profit / (loss) before tax	LKR '000	11,323	80,432	(85.92)
Profit / (loss) after tax	LKR '000	(1,911)	48,022	(103.98)
Gross profit margin	%	30.77	29.17	5.47
Operating profit / (loss) margin	%	21.04	17.35	21.22
Net profit / (loss) margin	%	(0.98)	6.32	(115.50)
Earnings/ (loss) per share	LKR	(0.01)	0.36	(103.98)
Interest cover	No. of Times	1.20	1.69	(28.99)
Financial Position Highlights & Ratios				
Equity attributable to owners	LKR '000	697,869	696,726	0.16
Total assets	LKR '000	1,463,103	1,738,346	(15.83)
Total borrowings	LKR '000	286,966	476,829	(39.82)
Debt to equity	%	41	68	(39.92)
Gearing	%	29	41	(28.29)
Current assets	LKR '000	1,218,549	1,514,017	(19.52)
Current liabilities	LKR '000	702,404	955,158	(26.46)
Inventory	LKR '000	1,103,243	1,145,000	(3.65)
Current asset ratio	No. of Times	1.73	1.59	0.09
Quick asset ratio	No. of Times	0.16	0.39	(59.00)
Net assets per share	LKR	5.18	5.17	0.20
Shares in issue	No. Mn	134.68	134.68	-
Market / Shareholder Information				
Market value per share as at 31st March	LKR	8.9	3.40	
Market capitalisation as at 31st March	LKR'000	1,198,664	457,916	
Price earnings/(loss) ratio	No. of Times	(627.24)	9.40	

195Mn

Revenue

60Mn

Gross Profit



Enabling Aspirations Through Lifelong Quality



Chairman's Message



The year under review marked a defining milestone in our corporate journey. Guided by our theme, "Enabling Aspirations", we remained steadfast in our commitment to making quality housing more accessible to Sri Lankans while strengthening the long-term resilience of our business.

Dear Shareholders,
It is my privilege, on behalf of the Board of Directors, to present the Annual Report of Millennium Housing Developers PLC for the financial year ended 31 March 2026.

The year under review marked a defining milestone in our corporate journey. Guided by our theme, **"Enabling Aspirations"**, we remained steadfast in our commitment to make quality housing more accessible to Sri Lankans while strengthening the long-term resilience of our business. We believe that homeownership is more than the acquisition of property—it is the foundation upon which individuals, families and communities build their futures. This philosophy continues to shape our strategic direction and our approach to value creation.

A Year of Transformation

The 2025/26 financial year was characterised by decisive action, disciplined execution and significant progress. Through a comprehensive programme of financial restructuring and prudent capital management, the Company successfully transitioned from a period of consolidation to one of renewed financial strength.

Among the most significant milestones achieved during the year was the successful deleveraging of our balance sheet. Through the strategic divestment of selected non-core assets in previous year, we fully settled some of our major legacy banking obligations, substantially reducing finance costs and strengthening our financial position. This achievement has not only enhanced our liquidity and financial flexibility but has also established a solid platform from which the Company can pursue its future growth ambitions with confidence Equally encouraging was our return to standalone profitability, reflecting the effectiveness of our strategic initiatives and the commitment demonstrated by our management team in navigating a complex operating environment.

Navigating a Dynamic Operating Environment

Sri Lanka's real estate sector continued to operate amidst evolving economic conditions during the year, influenced by fluctuations in interest rates, inflationary pressures and changing market dynamics. While these conditions presented challenges across the industry, they also reinforced the importance of maintaining a disciplined, agile and forward-looking business strategy.

Recognising these realities, Millennium Housing Developers PLC refined its operating model to achieve an appropriate balance between stability and growth. We will continue to expand our land development portfolio, which provides relatively shorter development cycles and healthy liquidity, while selectively advancing higher-value residential developments that support our long-term strategic objectives. This balanced approach enables us to respond effectively to market conditions while remaining focused on delivering sustainable value to all stakeholders.

Positioning for Future Growth
The Board is encouraged by the steady progress achieved across our development portfolio during the year. Our River View development in Katunayake continued to progress as planned, reflecting our commitment to delivering quality residential developments that meet evolving customer expectations. Simultaneously, we have continued to strengthen our project pipeline by advancing the planning and approval processes for future developments.

A key strategic priority for the Company is the proposed high-rise residential development in Nawala, which is currently progressing through the necessary preparatory stages in collaboration with a related party. This landmark project represents an important milestone in our growth strategy and reflects our long-term vision of delivering premium urban living solutions that remain accessible to a broader segment of the market. We believe this development will further strengthen the Company's market position while creating sustainable value for our shareholders.

Among the most significant milestones achieved during the year was the successful deleveraging of our balance sheet. Through the strategic divestment of selected non-core assets in previous year, we fully settled some of our major legacy banking obligations, substantially reducing finance costs and strengthening our financial position.

Chairman's Message

Governance and Responsible Stewardship

Strong governance remains fundamental to the Board's stewardship responsibilities.

During the year, we continued to strengthen our governance framework by enhancing our risk management processes, reinforcing internal controls and promoting greater operational transparency. These initiatives support effective decision-making while ensuring that the Company remains resilient in an increasingly dynamic business environment.

The successful strengthening of our financial position, combined with disciplined governance and prudent capital allocation, has enabled the Company to enhance shareholder value while laying the foundation for sustainable long-term growth.

Looking Ahead

As we look to the future, we do so with renewed confidence.

Having strengthened our financial foundation and established a clear strategic direction, we are well positioned to capitalise on emerging opportunities within Sri Lanka's evolving real estate sector. While remaining mindful of external economic uncertainties, we are confident that our disciplined approach, experienced leadership and unwavering commitment to quality will enable us to continue creating lasting value for all our stakeholders.

Our purpose remains unchanged—to enable aspirations by delivering thoughtfully planned developments that combine quality, affordability and long-term value, while contributing meaningfully to the growth of the communities we serve.

Appreciation

On behalf of the Board, I extend my sincere appreciation to our Executive Director, management team and employees for their professionalism, dedication and resilience throughout the year. Their collective efforts have been instrumental in delivering the progress achieved during this transformative period.

I also wish to thank our financiers, business partners and regulatory authorities for their continued confidence and support. Finally, I express my heartfelt gratitude to our shareholders for your trust and unwavering belief in our vision, and to our valued customers, whose aspirations continue to inspire everything we do.

Together, we remain committed to building stronger communities, creating enduring value and enabling aspirations for generations to come.



Mr. U. H. Dharmadasa
Chairman
Millennium Housing Developers PLC

Executive Director's Message



Our objective throughout the year extended beyond navigating immediate challenges. We sought to reshape the Company's operating model to create a stronger, more efficient and more responsive organisation

Dear Valued Stakeholders,
The financial year 2025/26 marked an important phase in the evolution of Millennium Housing Developers PLC. While the operating environment remained characterised by economic uncertainty, changing market conditions and evolving customer expectations, the Company responded with agility, discipline and a clear strategic focus. Guided by our theme, "Enabling Aspirations," we concentrated our efforts on strengthening operational performance, enhancing financial resilience and positioning the business for sustainable long-term growth.

Our objective throughout the year extended beyond navigating immediate challenges. We sought to reshape the Company's operating model to create a stronger, more efficient and more responsive organisation capable of delivering value consistently to our customers, shareholders and all other stakeholders.

Executive Director's Message

Delivering a Successful Strategic Turnaround

The successful execution of our turnaround strategy represents the defining achievement of the year.

Through disciplined portfolio optimisation and prudent financial management, we restored the Company to profitability while fundamentally strengthening its financial position. Strategic divestments of selected assets in previous year, including the Moragahahena and Nawala-Koswatta properties, enabled us to generate the liquidity required to fully settle some of our principal external banking facilities.

This achievement has significantly reduced our finance costs, strengthened our balance sheet and enhanced our financial flexibility. More importantly, it has created the capacity to redirect capital towards growth opportunities that are closely aligned with our long-term strategic priorities.

The successful completion of this programme marks the conclusion of an important chapter in the Company's transformation and provides a robust foundation for future expansion.

Aligning Our Portfolio with Market Demand

During the year, we continued to refine our development strategy in response to changing market dynamics.

Recognising the need for greater agility and shorter investment cycles, we increased our focus on strategically located land developments while maintaining a measured pipeline of carefully selected residential projects. This balanced portfolio enables the Company to generate healthier cash flows, optimise capital deployment and respond more effectively to evolving customer demand.

Demand for well-planned residential land developments remained resilient throughout the year, particularly in suburban locations offering accessibility, convenience and long-term investment value. Our development strategy has been carefully aligned to meet these market preferences while maintaining the quality standards that define the Millennium Housing brand.

Advancing Our Development Portfolio

The River View development in Katunayake remained our principal area of operational activity during the year. Construction and land development progressed steadily, with continued customer interest reinforcing the attractiveness of the project and the strength of its location.

We also advanced preparatory work relating to our Nawala development, completing key planning and pre-approval activities that will support the next phase of execution. This project represents an important component of our future growth strategy and reflects our ambition to expand our presence within Sri Lanka's urban residential market.

In parallel, we commenced planning for several new land development projects across the Colombo and Gampaha districts. Supported by our strengthened financial position, these developments will broaden our portfolio while enhancing our ability to respond to demand across multiple customer segments.

Driving Operational Excellence

Operational efficiency remained a key management priority throughout the year.

We continued to strengthen internal processes through the adoption of lean construction principles, improved resource planning and enhanced project management disciplines. Standard operating procedures were further refined to improve consistency, accountability and execution across the organisation.

These initiatives have strengthened our ability to deliver projects more efficiently while maintaining the quality, safety and customer satisfaction standards expected of the Company.

At the same time, we remained closely attuned to changes in customer preferences. The increasing demand for secure, well-connected suburban communities with flexible purchasing options influenced both our product offering and project selection, ensuring that our developments remain aligned with market expectations.

Positioned for the Next Phase of Growth

As we look ahead, our priorities are firmly centred on disciplined expansion.

The planned launch of our landmark high-rise residential development in Nawala represents a significant milestone in the Company's growth journey and will further diversify our development portfolio. Alongside this flagship project, we will continue to accelerate our land development programme while pursuing opportunities that deliver sustainable returns without compromising our disciplined investment approach.

Although the external environment continues to evolve, we believe the Company is now operating from a position of considerably greater financial strength, operational capability and strategic clarity. These attributes provide confidence in our ability to deliver consistent performance while creating long-term value for our stakeholders.

Appreciation

The achievements of the year reflect the collective commitment of many individuals.

I extend my sincere appreciation to our Chairman and the Board of Directors for their strategic guidance and continued confidence. I also thank our employees for their dedication, professionalism and resilience in executing the Company's transformation during a period of significant change.

My gratitude also extends to our customers, business partners, financiers and shareholders for their continued trust and support. Your confidence has been instrumental in enabling the progress we have achieved, and it inspires us to continue building communities that create lasting value while enabling the aspirations of those we serve.



Mr. K. C. C. Perera
Executive Director
Millennium Housing Developers PLC

Governance and Accountability



Board of Directors



Mr. U. Harshith Dharmadasa
Chairman/Non-Executive Director

Mr. U. Harshith Dharmadasa has served as Chairman of the Company since 2011 and brings 25 years of executive management experience. He is an Associate Member of the Institute of Certified Professional Managers. He previously served as a Director of the Export Development Board of Sri Lanka and Sathosa Retail Ltd. During 2003/04 and has extensive experience across the trading, manufacturing and construction sectors. He currently serves as Managing Director of Ceyoka (Pvt) Ltd., Nawaloka Trading (Pvt) Ltd., Nawaloka Agri (Pvt) Ltd., Ceyoka Engineering (Pvt) Ltd., Nawaloka MEP Concepts (Pvt) Ltd., Koala (Pvt) Ltd., East West Marketing (Pvt) Ltd., Nawaloka Steel Industries (Pvt) Ltd. and Ceylon Nutrinut Holding (Pvt) Ltd.

He also serves as a Director of Nawaloka College of Higher Studies (Pvt) Ltd., Nawaloka Guardian International (Pvt) Ltd., Nawaloka Medicare (Pvt) Ltd. and JDC Printing Technologies (Pvt) Ltd.



Mr. K. C. Chandana Perera
Executive Director

Mr. K. C. Chandana Perera has served as a Executive Director of the Company since 2015 and brings over 33 years of senior management experience. He began his career at John Keells Holdings in 1985, where he held several positions, including Manager of Walkers Tours, Director of Mack International Freight and Country Manager of DHL Worldwide Express. He subsequently served as Country Manager for Aramex International in Vietnam and Regional General Manager for Aramex, overseeing the North Indian region across nine states. From 2008 to 2011, he served as Country Manager - Hayleys Advantis, Freight Operations, India.

Mr. Perera holds an MBA from the University of Western Sydney and currently serves as Director/ General Manager of Ceyoka (Pvt) Ltd., Nawaloka Trading (Pvt) Ltd., Ceyoka Health (Pvt) Ltd., Ceyoka Engineering (Pvt) Ltd., Nawaloka Agri (Pvt) Ltd., Nawaloka MEP Concepts (Pvt) Ltd., Ceyoka Exports (Pvt) Ltd. and Koala (Pvt) Ltd. He also serves as Tea & Herb Co (Pvt) Ltd.

Board of Directors



Mr. Melwin Perera
Non-Executive Independent Director

Mr. Melwin Perera has served as a Director since 2025. A distinguished finance professional with over 25 years of experience across diverse industries. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA), an Associate Member of the Association of Chartered Certified Accountants, UK (ACCA), a Fellow Member of the Institute of Certified Management Accountants of Sri Lanka (FCMA), and a Fellow Member of the Association of Accounting Technicians of Sri Lanka (FMAAT).

He also holds an MBA from the Postgraduate Institute of Management (PIM), University of Sri Jayewardenepura. Mr. Perera has held key positions at the John Keells Group, Stafford Motors Group and Ernst & Young, gaining experience across consumer foods, automobiles, hospitality, manufacturing, plantations, information technology, national airlines, catering, retail and other service industries. He has also provided advisory services to small and medium-sized enterprises (SMEs).

For over 15 years, he has served as a member of the Review Panel of the Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB). He currently serves as Managing Partner of Mel-Bern Chartered Accountants, Chief Consultant at ACCO Consultants and Executive Director at Trading Circle International (Pvt) Ltd., drawing on his extensive experience in finance and consulting.



Mr. N. A. D. D. P. K. Gunasekera
Non-Executive Independent Director

Mr. N. A. D. D. P. K. Gunasekera has served as a Director since 2025. He is a former banker with over 41 years of banking experience. He joined Bank of Ceylon in 1980 and rose to the position of General Manager/CEO in 2020. He holds a Special Degree in Business Management from the University of Sri Jayewardenepura and possesses extensive expertise in branch operations, treasury management, international banking, corporate banking and executive leadership.
His career included international postings at BOC London and BOC Chennai, as well as senior management roles including Deputy General Manager - Corporate & Offshore Banking and Deputy General Manager - International, Treasury, Investment & Overseas Branches. Following his retirement from Bank of Ceylon in 2021, he was appointed as Chairman of MBSL Insurance Company Ltd.



Eng. Dr. Anura Walpola
Non-Executive Independent Director

Eng. Dr. Anura Walpola has served as a Director since 2025. He is a highly experienced engineering professional with more than three decades of senior management experience in the engineering sector. Over the course of his career, he has served with leading private-sector organisations in Sri Lanka and overseas, in addition to holding senior positions within government-sector institutions. He currently serves as a management consultant to several engineering companies in Sri Lanka.



Mr. Jayaprakash Rudra
Non-Executive Non-Independent Director

Appointed to the Board on 6 May 2015, he is a well-established businessman with extensive experience in the property development sector. He has served as a Director in multiple companies and brings a wealth of knowledge to the table. After resigning on 3 January 2022, he rejoined Millennium Housing Developers PLC on 27 March 2023, further enhancing the team with his expertise.

Senior Management



Rohan De Silva
Chief Executive Officer

Rohan De Silva appointed as a Chief Executive Officer since 2025. He is a qualified Civil Engineer and Chartered Professional Manager with a professional career spanning over 30 years, beginning in 1994. He brings three decades of extensive experience and expertise across a wide spectrum of construction disciplines, having successfully led and delivered diverse projects both locally and globally. His hands-on experience encompasses industrial buildings, high-rise structures and skyscrapers, luxury hotels, and complex architectural developments. He has held a range of senior leadership positions, including Project Manager, Deputy General Manager, General Manager, and Director – Construction, across several reputed construction firms in Sri Lanka and overseas, delivering projects which meet the highest standards of quality, efficiency, and innovation. He has also served as a Senior Project Manager with leading architectural consultancy firms, where his technical acumen and managerial contribution were instrumental in the successful completion of several landmark projects. His professional prowess, proven track record, strategic managerial input, and diverse industry knowledge, render him as a prominent asset in driving Millennium Housing Developers PLC in its trajectory towards continued growth, success and excellence.



Indika Mallawaarachchi
Manager – Client Service



Shanika Harshani
Manager – Sales



Wasam Nanayakkara
Manager - Sales



Lakmali Gunasekara
Manager - Finance



Nisansala Perera
Manager - Administration



Gehan De Mel
Manager - Projects

Corporate Governance

Introduction

Corporate governance refers to the framework of principles, policies, processes and practices through which a company is directed, managed and controlled. It establishes clear responsibilities and accountability among the Board of Directors, management, shareholders and other stakeholders. The Company strives to uphold sound governance practices in its day-to-day activities through strategies and processes designed to promote ethical conduct and a strong corporate culture.

The Board of Directors is responsible for ensuring the competent and ethical management of the Company's operations. The Board believes that effective corporate governance creates value for all stakeholders, including shareholders, customers, suppliers, employees, and the wider community.

The Company remains committed to maintaining the highest standards of transparency, integrity, and accountability in all aspects of governance. Accordingly, MHD PLC places significant emphasis on ensuring compliance with the following laws, regulations, and governance best practices:

a. Companies Act No. 7 of 2007;
b. Listing Rules issued by the Colombo Stock Exchange (CSE);
c. Rules and regulations issued by the Securities and Exchange Commission of Sri Lanka (SEC);
d. Code of Best Practice on Corporate Governance issued by CA Sri Lanka;
e. Other applicable laws, regulations, and regulatory requirements;

Board's Responsibility

The Board is ultimately responsible for the governance and strategic direction of the Company, including overseeing its performance, risk management, internal controls, financial reporting and compliance, while ensuring responsible stewardship and creating sustainable long-term value for shareholders and other stakeholders.

The Board sub-committees regularly report to the Board on the implementation of policies and standards and review the Company's performance and progress on a monthly, quarterly, and annual basis.

The Board reviews and approves the annual budget, analyses actual performance against budgeted targets, approves capital expenditure, and evaluates significant investment and project proposals.

Details of the Board meetings held during the year under review and the attendance of Directors at those meetings are presented in the table below.

Name of the Director	Nature of relationship			Participation for the Board Meetings
	Executive and Non-Independent	Non-Executive and Non-Independent	Non-Executive and Independent	
Mr. Ugitha Harshith Dharmadasa		Y		8/9
Mr. Kankanige Cyril Chandana Perera	Y			9/9
Mr. Gihan De Zoysa (Note 1)			Y	1/3
Mr. J.P. Rudra		Y		4/9
Mr. Liyanage Melwin Perera			Y	9/9
Mr. N.N.D.D.K. Gunasekera (Note 3)			Y	5/5
Dr. Anura Walpola (Note 2)			Y	4/6
Mr. Saman Srilal (Note 4)			Y	0/1

Note 1: Mr. Gihan De Zoysa resigned w.e.f 01.08.2025.
Note 2: Dr. Anura Walpola joined w.e.f 11.09.2025.
Note 3: Mr. N.N.D.D.K. Gunasekera joined w.e.f 15.09.2025
Note 4: Mr. Saman Srilal resigned w.e.f 02.06.2025.

Board Skills, Expertise and Access to Independent Professional

The Company maintains a well-balanced Board comprising professionals with diverse expertise and experience, including a member of a recognised professional accounting body, an experienced property development consultant, a seasoned banker, and a civil engineer. This diversity of skills and knowledge enhances the quality of Board deliberations and contributes effectively to the strategic direction and overall management of the Company.

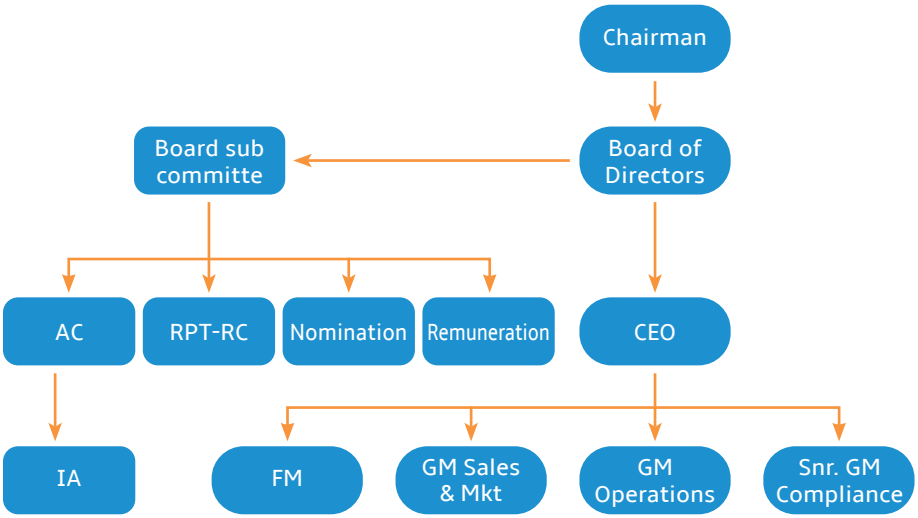
Corporate Governance

The Board has access to independent professional advice, at the Company's expense, whenever it considers such advice necessary to assist in the discharge of its duties and responsibilities and to support the achievement of the Company's objectives.

The Board of Directors is committed to ensuring transparency and accountability through the timely and accurate disclosure of both financial and non-financial information.

Profiles of the Directors are provided on pages 15 to 17 of this Annual Report.

Governance Structure of The Company



Board Sub-Committees

In compliance with Listing Rule 9.3.1, the Company has established Board sub-committees to support the effective discharge of the Board's responsibilities and to strengthen the corporate governance framework.

The following Board sub-committees are currently in operation:

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

Each Committee operates under an approved Charter that clearly defines its Terms of Reference (TORs), authority, composition, and responsibilities. Minutes of Committee meetings are duly maintained, and the Board is kept informed of Committee deliberations and recommendations through the regular circulation of Board papers and meeting minutes.

Internal Control

The Board has endeavoured to ensure that effective internal control systems are in place to safeguard the Company's assets and maintain proper accounting records.

An Internal Audit function has been established to monitor compliance with the Company's internal control systems, policies, processes, and procedures. Any issues identified relating to internal controls, productivity, efficiency, or operational effectiveness are reviewed and discussed at monthly management review meetings and Board meetings with the relevant operational managers, and appropriate corrective actions are taken where necessary.

Compliance with Legal Requirements

The Company remains highly conscious of its responsibilities towards its stakeholders, regulatory authorities, the Government, and the general public. It is committed to conducting its business operations with integrity, accountability, transparency, and ethical standards at all times.

The Board of Directors, together with the Administration, human resources, and finance divisions, continuously monitors the Company's operations

and regulatory obligations to ensure compliance with applicable laws, regulations, and industry requirements. Through these collective efforts, the Company strives to maintain effective governance practices and operational efficiency while safeguarding the interests of all stakeholders.

The Board confirms that, to the best of its knowledge, the Company has complied with all applicable statutory and regulatory requirements during the financial year under review.

Compliance with the Code of Best Practices and CSE Listing Rules on Corporate Governance

During the year under review, the Company complied with the applicable provisions of the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka and the corporate governance requirements prescribed under Section 9 of the Listing Rules of the Colombo Stock Exchange.

The Board of Directors continuously reviews and strengthens the Company's governance framework to ensure compliance with regulatory requirements and the adoption of evolving governance best practices. The Board is satisfied that the Company has substantially complied with the applicable corporate governance requirements, except where specifically disclosed in this report.

The detailed compliance status of the Company with the provisions of the Code of Best Practice on Corporate Governance and the corporate governance requirements set out in Section 9 of the Colombo Stock Exchange Listing Rules is presented in the following table.

Rule #	Subject	Applicable requirement	Compliance status	Company extent of adoption/ reference
9.2.1	Showing the policies in the Company website	The Company shall establish 12 policies indicated in this section.	Complied	Required 12 policies are shown in the Company website.
9.8.1	Composition of the Board	The Board shall consist of a minimum of five (5) Directors.	Partially Complied.	Complied other than in August 2025.
9.19.1.(a)	Non-Executive Directors in the Board	2 or (1/3) of the total Directors whichever is higher shall be Non-Executive Directors.	Complied	April & May in 2025; 5/6 June & July in 2025; 4/5 August 2025; 3/4 September to Dec 2025 and January to March 2026 5/6
9.19.2.(a)	Independent Directors	Two or one-third of Non-Executive Directors, whichever is higher, should be independent	Partially Complied	August 2025 ; 1 Other months ; More than 2 Independent Directors.
9.19.3(a)	Disclosure relating to Directors	The Board shall make a determination annually as to the independence or non-independence of each Non-Executive Director based on such declaration and other information available to the Board and shall set out in the Annual Report the names of Directors determined to be 'independent'.	Complied	Refer to Page No 38 of the Annual Report.

Corporate Governance

Rule #	Subject	Applicable requirement	Compliance status	Company extent of adoption/ reference
9.19.3(b)	Disclosure relating to Directors	The basis for the Board to determine a Director is independent, if criteria specified for independence is not met	Complied	Refer page 15 to 17
9.19.3(c)	Disclosure relating to Directors	A brief résumé of each Director	Complied	Refer Directors' profiles on pages 15 and 17
9.19.3(d)	Disclosure relating to Directors	Forthwith provide a brief résumé of new Director's appointment to the Board with details specified in 9.10.4 (a) and (b)	Complied at the time of new appointment	A brief résumé of new Directors and the appointments were submitted to the Colombo Stock Exchange when such appointments were made
9.19.5	Remuneration Committee	A listed company shall have a Remuneration Committee.	Partially Complied	Complied other than in the period from 1st August 2025 to 15th September 2025. Refer page 45
9.19.5 (a)	Composition of Remuneration Committee	Shall comprise Non-Executive Directors, at which a majority of whom shall be independent	Partially Complied	Complied other than in the period from 1st August 2025 to 15th September 2025. Refer page 45
9.19.5(b)	Functions of Remuneration Committee	The Remuneration Committee shall recommend the remuneration of the Chief Executive Officer and Executive Directors	Complied	Remuneration Committee report on page 45 of the Annual Report which sets out the functions of the Committee
9.19.5 (c)	Disclosure relating to Remuneration Committee	a. Names of Directors of the Committee and Statement of Remuneration Policy	Complied	Refer page 45
		b. Aggregate remuneration paid to Executive and Non-Executive Directors		Emoluments on page 79
9.19.6	Audit Committee	Company shall have an Audit Committee	Partially Complied	Complied other than in the period from 1st August 2025 to 15th September 2025. Refer page 43 The Names of the members of the Audit Committee stated on page 43 to 44.

Rule #	Subject	Applicable requirement	Compliance status	Company extent of adoption/ reference
9.19.6 (a)	Composition of Audit Committee	Shall comprise Non-Executive Directors, a majority of whom shall be independent	Partially Complied	Complied other than in the period from 1st August 2025 to 15th September 2025. All are Independent and Non-Executive Directors
		A Non-Executive Director shall be appointed as the Chairman of the Committee	Complied	Chairman of the Audit Committee is an Independent Non-Executive Director.
		The Chairman of the Audit Committee or one member should be a member of a professional accounting body	Complied	Chairman of the Audit Committee is a member of CA Sri Lanka.
9.19.6 (b)	Audit Committee functions	Functions of the Audit Committee	Complied	Refer pages 43 to 44 for the functions of Audit Committee
9.19.6 (c)	Disclosure in the Annual Report relating to Audit Committee	a. Names of Directors comprising the Audit Committee	Complied	Refer pages 43 to 44 for the functions of Audit Committee
		b. The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination	Complied	Refer pages 43 to 44 for the functions of Audit Committee
		c. The Annual Report shall contain a report of the Audit Committee setting out the manner of compliance with their functions	Complied	Refer pages 43 to 44 for the functions of Audit Committee

Corporate Governance

Compliance with the Code of Best Practice on Corporate Governance Issued by the Institute of Chartered Accountants of Sri Lanka in 2023

Corporate governance principle	CA Sri Lanka code reference	Adoption status	Level of compliance by the MHD PLC

A : Directors

A1: The Board

Presence of an effective Board to direct, lead, and control the Company.

Meetings | A.1.1 | Adopted

During the financial year 2025/2026, 9 Board meetings were held towards reviewing the contemporary organisational strategy.

Decisions relevant to the organisation's strategy were made as and when required.

All meetings are called well in advance and Directors are expected to participate at the meetings.

Attendance of the Board of Directors:

Name of Director	No. of meetings held in his period	Meetings attended	Attendance %
Mr. U. H. Dharmadasa	9	8	88.89%
Mr. K. C. C. Perera	9	9	100%
Mr. Gihan De Zoysa (Note 1)	3	1	33.33%
Mr. Jayaprakash Rudra	9	4	44.44%
Mr. Saman Srilal (Note 2)	1	0	0.00%
Mr. Liyanage Melwin Perera	9	9	100%
Mr. N.N.D.D.K Gunasekera (Note 4)	5	5	100%
Dr. Anura Walpola (Note 3)	6	4	66.67%

Note (1)
Mr. Gihan De Zoysa ; Resigned from the Board Remuneration Committee and Nomination Committee w.e.f. 01.08.2025.

Note (2)
Mr Saman Srilal; Resigned on w.e.f. 02.06.2025.

Note (3)
Dr Anura Walpola Joined to the Board on 11.09.2025.

Note (4)
Mr N.N.D.D.K Gunasekera Joined to the Board on 15.09.2025

Corporate governance principle	CA Sri Lanka code reference	Adoption status	Level of compliance by the MHD PLC
Board responsibilities	A.1.2	Adopted	The Board is responsible for the following: a. Setting strategic direction and monitoring its effective implementation. b. The Non-Executive Directors collaborating with the Executive Directors to evaluate the systems of risk management, internal control and compliance. c. Appointing the External Auditors of the Company. d. The Non-Executive Directors are provided with the opportunity to criticise and question the actions of the Board especially related to the integrity of the financial reporting process. e. The Non-Executive Directors ensure that the strategies fall under the scope of ethical standards.
Rules and regulations	A.1.3	Adopted	The Board collectively must act in accordance with the rules and regulations of the country which were applicable to the Company. The following rules and regulations were adhered to in relevance to corporate governance by the Company: a. Companies Act No. 07 of 2007. b. Listing Rules of Colombo Stock Exchange (CSE). c. The Code of Best Practice on Corporate Governance as published by the SEC (Securities and Exchange Commission of Sri Lanka) and The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). d. Accounting Policies as per Sri Lanka Accounting and Auditing Standards and Monitoring Board (SLAASMB).
Company secretaries	A.1.4	Adopted	All Directors have direct access to the Company Secretaries which is a firm consisting of members of the legal profession and qualified Company Secretaries. The Company Secretaries ensure the effective circulation of information among Executive and Non-Executive Directors. The Company Secretaries facilitate the Board meetings and the Annual General Meeting.
Independent judgement	A.1.5	Adopted	Directors are encouraged to exercise their independent professional judgment towards the decision-making process. The Board will create a forum to discuss the suggestions and select the best solution for the Company.
Adequate time and effort	A.1.6	Adopted	Every director should dedicate adequate time and effort to matters of the board and the company, to ensure that the duties and responsibilities owed to the company are satisfactorily discharged. It must be recognised that directors have to dedicate sufficient time before a meeting to review board papers and call for additional information and clarification, and after a meeting to follow up on issues consequent to the meeting. This should be supplemented by a time allocation for familiarisation with business operations, risks and controls.
Resolution	A.1.7	Adopted	One-third of the Directors may call for a resolution.

Corporate Governance

Corporate governance principle	CA Sri Lanka code reference	Adoption status	Level of compliance by the MHD PLC
Training	A.1.8	Adopted	New Directors are provided with adequate inductions and grooming for their Director roles. All Directors have well recognised the need for continuous training and expansion of knowledge and skills required to effectively perform their duties.
A.2 The Chairman and Chief Executive Officer			
The Code requires clear division of responsibilities of the Chairman and Chief Executive Officer			
Division of responsibilities of the Chairman and Chief Executive Officer	A.2.1	Adopted	Chairman and CEO positions are held by two separate individuals.
A.3 Chairman's Role			
The Chairman's role for good corporate governance.			
The Chairman is responsible for having an effective Board. The Chairman should ensure effective discharge of Board functions.	A.3.1	Adopted	The Chairman is responsible for leadership of the Board. The Chairman facilitates the effective contribution and performance of all Board members whilst identifying any development needs of the Board. He plays the role as a mediator of communication among the shareholders and the Management towards resolving issues of concern. Further, the Chairman ensures that the balance of power between Executive Directors and Non-Executive Directors is adequate.
A.4 Financial Acumen			
The Board is to ensure the availability within it of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.			
Availability of sufficient financial acumen	A.4	Adopted	The Board is consistently endowed with sufficient financial acumen as one of the Board members has sound financial knowledge and holds fellowships of respective professional accounting bodies.
A.5 Board Balance			
It is preferred that the Board has a balance of Executive Directors and Non-Executive Directors such that no individual or small group of individuals can dominate the Board's decision-making.			

<table>
<tr><th>Corporate governance principle</th><th>CA Sri Lanka code reference</th><th>Adoption status</th><th>Level of compliance by the MHD PLC</th></tr>
<tr><td>Adequate number of Non-Executive Directors</td><td>A.5.1</td><td>Adopted</td><td>
<table>
<tr><th>Month</th><th>Non-Executive Directors</th></tr>
<tr><td>April 2025</td><td>05</td></tr>
<tr><td>May 2025</td><td>05</td></tr>
<tr><td>June 2025</td><td>04</td></tr>
<tr><td>July 2025</td><td>04</td></tr>
<tr><td>August 2025</td><td>03</td></tr>
<tr><td>September 2025</td><td>05</td></tr>
<tr><td>October 2025</td><td>05</td></tr>
<tr><td>November 2025</td><td>05</td></tr>
<tr><td>December 2025</td><td>05</td></tr>
<tr><td>January 2026</td><td>05</td></tr>
<tr><td>February 2026</td><td>05</td></tr>
<tr><td>March 2026</td><td>05</td></tr>
</table>

The Board composition varies due to the resignations and new arrivals within the Financial year.

Since at all the time majority of directors are Non - Executive directors, The company has ensured that no additional powers are vested by an individual or small group of individuals to dominate the Board. Furthermore, the composition of Non-Executive Directors exceeds the required 1/3 proportion of the Board.
</td></tr>
<tr><td>Adequate number of Independent Non-Executive Directors</td><td>A.5.2</td><td>Partially Adopted</td><td>
<table>
<tr><th>Month</th><th>Non - Executive Directors</th><th>Independent Directors</th></tr>
<tr><td>April 2025</td><td>05</td><td>03</td></tr>
<tr><td>May 2025</td><td>05</td><td>03</td></tr>
<tr><td>June 2025</td><td>04</td><td>02</td></tr>
<tr><td>July 2025</td><td>04</td><td>02</td></tr>
<tr><td>August 2025</td><td>03</td><td>01</td></tr>
<tr><td>September 2025</td><td>05</td><td>03</td></tr>
<tr><td>October 2025</td><td>05</td><td>03</td></tr>
<tr><td>November 2025</td><td>05</td><td>03</td></tr>
<tr><td>December 2025</td><td>05</td><td>03</td></tr>
<tr><td>January 2026</td><td>05</td><td>03</td></tr>
<tr><td>February 2026</td><td>05</td><td>03</td></tr>
<tr><td>March 2026</td><td>05</td><td>03</td></tr>
</table>
</td></tr>
</table>

Corporate Governance

Corporate governance principle	CA Sri Lanka code reference	Adoption status	Level of compliance by the MHD PLC
Independence of Non-Executive Directors	A.5.3	Adopted	Other than one Non-Executive Director all the other Non-Executive Directors are free from any material relationships with the Company ensuring their independence is not compromised.
Signed declaration of independence by the Non-Executive Directors	A.5.4	Adopted	Other than one Non-Executive Director, all the other Non-Executive Directors have made written submissions to declare their level of independence
Determination of independence of the Director	A.5.5	Adopted	The Board has determined the Independence and Non-Independence of the Non-Executive Directors based on the declaration and all other available information. The circumstances have arisen for the determination of independence The following Non-Executive Directors have been declared as the Independent Non-Executive Directors: 1. Mr. Liyanage Melwin Perera 2. Mr. Gihan De Zoysa only up to 01.08.2025. 3. Mr. Saman Srilal only up to 02.06.2025. 4. Mr. N.N.D.D.K Gunasekera from 15.09.2025. 5. Dr. Anura Walpola from 11.09.2025.
Alternate Director	A.5.6	N/A	During the course of the year there had not been any appointments of Alternate Directors.
Senior Independent Director	A.5.7	Not Adopted yet.	To be adopted.
Senior Independent Director's (SID) meetings with other Directors	A.5.8	Not Adopted yet.	To be adopted.
Meeting with the Chairman and Non-Executive Directors	A.5.9	Adopted	The Chairman meets with the Non-Executive Directors whenever there was a requirement arisen.
Recording of concerns in Board minutes	A.5.10	Adopted	All concerns arisen had been resolved unanimously, resulting in the requirement for recording such concerns in minutes being limited.
A.6 Supply of Information			
The Board should be fully equipped with timely information to discharge their duties.			
Timely information	A.6.1	Adopted	The Management has provided the Board with the required information to discharge their duties effectively. Additional information is provided by the Management as and when required.
Board papers	A.6.2	Adopted	The Board papers are sent seven days in advance of the Board meeting for initial preparation.

Corporate governance principle	CA Sri Lanka code reference	Adoption status	Level of compliance by the MHD PLC
A.7 Appointments to the Board			
Presence of a formal and transparent procedure for the appointment of new Directors to the Board.			
Nomination Committee	A.7.1	Adopted	The Nomination Committee makes recommendations to the Board for all new appointments.
Assessment of Board composition	A.7.2	Adopted	The Board as a whole annually assesses the composition of the Board to ascertain whether combined knowledge and experience of the Board match with the strategic demands faced by the Company. New Board members will be appointed as and when the need arises.
	A.7.3	Adopted	The Board has disclosed the appointments of new Directors to the shareholders with the material information.
A.8 Re-election			
All Directors should be required to submit themselves for re-election at regular intervals and at least once in every three years.			
Appointment of Non-Executive Directors	A.8.1	Adopted	Re-election procedure of the Board of Directors has been performed as per the Articles of Association of the Company.
Election of the Directors	A.8.2	Adopted	The Directors were appointed at the Annual General Meeting.
Resignation of Director	A.8.3	Adopted	Reasons for resignation were communicated to the Board in writing.
A.9 Appraisal of Board Performance			
The Board should appraise their own performance to ensure that the Board responsibilities are satisfactorily discharged.			
Appraisal of Board performance	A.9.1	Adopted	The Board's performance is assessed annually against preset targets relating to self-evaluation of individual performance and collective performance of the Board as a whole.
Appraisal of self performance	A.9.2	Adopted	Please refer above comment. (A.9.1)
Performance criteria	A.9.3	Adopted	Please refer above comment. (A.9.1)
A.10 Disclosure of information in respect of Directors			
The shareholders are to be kept advised of relevant details in respect of Directors.			
Disclosure in Annual Report	A.10.1	Adopted	Please refer pages 15 to 17 for the profiles of the Directors.
A.11 Appraisal of the Chief Executive Officer			
The Board should be required to evaluate annually the performance of the Chief Executive Officer			
Targets	A.11.1	Adopted	In each financial year, the Board has set short-term, medium-term and long-term targets with the consultation of the Chief Executive Officer along with its objectives. This includes financial and non-financial targets.
Evaluation of the targets	A.11.2	Adopted	There is an ongoing process of evaluating the performance of the Chief Executive Officer in achieving the set targets.

Corporate Governance

Corporate governance principle	CA Sri Lanka code reference	Adoption status	Level of compliance by the MHD PLC
B. DIRECTORS' REMUNERATION			
B.1 Remuneration procedure			
Establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors			
Remuneration Procedure	B.1	Adopted	Companies should establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. To avoid potential conflicts of interest, no director should be involved in deciding his/her own remuneration.
Remuneration Committee.	B.2	Adopted	The Company has established a Remuneration Committee to make recommendations to the Board within the agreed Terms of Reference for compensating the Executive Directors. Refer page 45 The Remuneration Committee.
B.2 The level and make-up of remuneration			
Ensure adequate level of remuneration to retain and motivate the Directors both Executive and Non-Executive to operate the Company effectively. Further, a proportion of the Executive Directors' remuneration should be structured to link rewards to the achievement of corporate objectives.			
Remuneration for Executive Directors	B.2.1	Adopted	The Company is mindful of adequate remuneration to the Executive Directors to retain and motivate them. The remuneration package has been designed to enhance the value of the shareholders through achieving the Company's short-term, medium-term, and the long - term objectives.
Composition of Remuneration Committee.	B.2.2	Adopted	Remuneration committee should consist exclusively of non-executive directors with a minimum of three non- executive directors of whom the majority should be independent. The Chairman should be an independent non-executive director and should be appointed by the board.
Comparison of remuneration across the Group	B.2.3	Adopted	Consistent reviews are made in relevance to information related to Executive remuneration to ensure that the Company is on a par with the market/industry rates as well as it is aligned to the strategic objectives of the Company.
Performance-based remuneration to the Executive Directors	B.2.4	Adopted	The Company provides compensation which is linked to the performance of the allocated responsibilities of the Executives.
Executive share option schemes	B.2.5	N/A	The Company has not offered any share option schemes during the financial year under review.
Deciding the performance-related remuneration	B.2.6	Adopted	The Company has taken into consideration the guidelines given in Schedule D in decisions pertaining to performance-related remuneration.
Early termination of Director	B.2.7	N/A	Not applicable to the Board except to the CEO whose terms of employment are governed by a contract of service.

Corporate governance principle	CA Sri Lanka code reference	Adoption status	Level of compliance by the MHD PLC
Early termination of Director not included in the contract	B.2.8	N/A	Refer above comment.
Remuneration to the Non-Executive Directors	B.2.9	Adopted	Non-Executive Directors receive a fee in line with the market price. No share option scheme has been offered to the Non-Executive Directors.
B.3 Disclosure of Remuneration			
Disclosure of the remuneration policy in the Annual Report			
Disclosure of remuneration	B.3.1	Adopted	The Remuneration Committee is headed by a Non-Executive and independent Director. Please refer to the remuneration committee report on page 45 for further information. Remuneration policy focuses on the compensation to employees for the services provided and to retain employees with skills required to effectively manage the operations.
C. RELATIONS WITH SHAREHOLDERS			
C.1 Constructive Use and Conduct of General Meetings			
The Board to use the Annual General Meeting to communicate with the shareholders and encourage their participation.			
Use of proxy votes	C.1.1	Adopted	The Company has a mechanism to record the proxy votes and proxy votes lodged for each resolution.
Separate resolutions	C.1.2	Adopted	The Company proposes separate resolutions for each substantial item towards providing shareholders the opportunity to cast their votes separately in relevance to the above items.
Proxy appointments are properly recorded	C.1.3	Adopted	All proxy appointments received are properly recorded.
Availability of the Chairmen of Audit, Remuneration and Nomination Committees	C.1.4	Adopted	The Chairmen of Audit, Remuneration and Nomination Committees are made available by the Company to clarify any queries, especially at the time of the Annual General Meeting. Refer pages 43 to 50 – Board Sub-committees.
Notice of Meeting	C.1.5	Adopted	Voting procedures at the General Meetings have been communicated to the shareholders. All queries are clarified at the Annual General Meeting.
C.3 Major Transactions			
Disclosure of all material transactions to the shareholders which would materially alter/vary the Company's net assets base or in the case of a company with subsidiaries, the consolidated Group net assets base.			
Shareholder matters	C.3.1	Adopted	All material transactions have been disclosed to the shareholders.

Corporate Governance

Corporate governance principle	CA Sri Lanka code reference	Adoption status	Level of compliance by the MHD PLC
D. ACCOUNTABILITY AND AUDIT			
D.1 Financial reporting			
To present a balanced and understandable assessment of the Company's financial position, performance, and prospects.			
Statutory reporting	D.1.1	Adopted	Adhering to the statutory and legal requirements, the Company has published the following reports to disclose relevant information to the stakeholders: Quarterly Financial Statements Annual Reports The Company has strictly complied with the requirements of the Companies Act No. 07 of 2007 as not and amended hereto. The Financial Statements are prepared based on the Sri Lanka Accounting Standards (SLFRS and LKAS).
Balanced and understandable information	D.1.2	Adopted	Refer pages 08 to 13
CEO's and CFO's declaration on financial statements	D.1.3	Adopted	Refer pages 54 to 55
Directors Report in the Annual Report.	D.1.4	Adopted	Refer pages 37 to 39
Statement of Directors & Auditors responsibility for the Financial Statements.	D.1.5	Adopted	Refer page 42
Declaration by the Board that the business is a going concern.	D.1.6	Adopted	Refer page 39
Summon an Extraordinary General Meeting to notify loss of capital	D.1.7	Adopted	Likelihood of such circumstances is remote; if such a situation arises an Extraordinary General Meeting would be summoned to inform the shareholders.
D.2 Risk Management & Internal controls			
The Board should maintain a sound system of internal controls to safeguard the shareholders' investments and the Company assets.			
Review of the internal control system	D.2.1	Adopted	The Board continuously evaluates the effectiveness of the internal control system in the Company to safeguard the shareholder investment. The Board of Directors is satisfied with the presence of the level of internal controls in business operations. Refer page 40 – Internal Controls and Internal Audit.
Need for internal audit function	D.2.2	Adopted	The Company maintains an in-house Internal Audit function that provides independent assurance on the effectiveness of internal controls, risk management and governance processes.

Corporate governance principle	CA Sri Lanka code reference	Adoption status	Level of compliance by the MHD PLC
Regular reviews of internal controls	D.2.3	Adopted	Our internal audit function carries out regular reviews, spot audits to identify the effectiveness of the internal controls established.
D.3 Audit Committee			
The Board is required to establish formal and transparent arrangements for considering as to how they should select and apply accounting policies, financial reporting and internal control principles and maintaining appropriate relationship with the Company's Auditors.			
Composition of Audit Committee	D.3.1	Adopted	The Audit Committee comprised three Independent Non-Executive Directors: Mr. Liyanage Melwin Perera – Chairman (Independent Non-Executive Director) Mr. N.N.D.D.K Gunasekera (Independent Non-Executive Director) Member Dr. Anura Walpola (Independent Non-Executive Director) – Member
Duties of Audit Committee	D.3.2	Adopted	The Audit Committee continuously evaluates the independence, effectiveness, and objectivity of the Auditors. Further, the Committee evaluates the nature of the non-audit services carried out by the Auditors.
Terms of Reference of the Audit Committee	D.3.3	Adopted	The Audit Committee is guided by the Committee Charter which is reviewed annually. The Committee assists the Board to oversee the following aspects: Preparation, presentation, and adequacy of disclosures in the Financial Statements. Compliance with financial reporting requirements, information requirements of the Companies Act No. 07 of 2007 and other financial reporting related regulations and requirements. Ensuring that the internal control system of the Company is effective. Ability to continue as a going concern in the foreseeable future. Assessing the independence and performance of the Company's External Auditors.
Disclosure	D.3.4	Adopted	Refer page 43 and 44.
D.5 Related Party Transactions Review Committee			
Applicability LKAS 24	D.5.1	Adopted	Related Party Transactions are defined as LKAS 24
Composition of Related Party Transactions Review Committee	D.5.2	Adopted	The Related Party Transactions Review Committee (RPTRC) consists of three Non-Executive Directors who are Independent. The Chairman of the Committee is Mr. Liyanage Melwin who is a Non-Executive Independent Director
Terms of Reference of the Related Party Transactions Review Committee	D.5.3	Adopted	The Related Party Transactions Review Committee has a written Terms of Reference covering its purpose, duties and responsibilities.
D.6 Code of Business Conduct and Ethics			
The Company to develop a Code of Ethics for Directors and members of the Senior Management team and promptly disclose if there are any waivers of the Code, for Directors and others.			

Corporate Governance

Corporate governance principle	CA Sri Lanka code reference	Adoption status	Level of compliance by the MHD PLC
Code of Business Conduct and Ethics	D.6.1	Adopted	The Company has developed a Code of Business Conduct and Ethics focusing on the following important areas: a. Integrity b. Objectivity c. Professional competence and due care d. Confidentiality e. Fair dealing f. Encouraging the reporting of any illegal or unethical behaviour g. Conflict of interest h. Bribery and corruption i. Entertainment and gifts j. Integrity of Financial Statements » Corporate opportunities k. Protection and proper use of the Company assets l. Compliance with rules and regulations All our Directors and Senior Executives have declared their commitment to operate adhering to these principles.
Affirmation of the Code of Business Conduct and Ethics.	D.6.2	Adopted	Refer the Chairman's and Executive Director's messages on pages 08 to 13.
D.7 Corporate Governance Disclosures			
The Directors are required to disclose the extent to which the Company adheres to established principles and practices of good corporate governance.			
Disclosure of corporate governance	D.7.1	Adopted	The Report on pages 19 to 34 provides a detailed disclosure on our corporate governance practices.
E. INSTITUTIONAL INVESTORS			
E.1 Shareholder voting The institutional sharehold			
The institutional shareholders are required to make considerable use of their votes and should be encouraged to ensure that their voting intentions are translated into practice.			
Dialogue with the shareholders	E.1.1	Adopted	The Annual General Meeting provides a platform for effective communication with the shareholders. All concerns of the shareholders are recorded in the minutes of the meeting and addressed thereafter. The Board reviews the minutes of the meetings and ensures that the shareholders' issues are resolved systematically.
E.2 Evaluation of Governance Disclosures			
The Company should encourage institutional investors to provide due diligence to all relevant factors in the board structure and composition.			
F. OTHER INVESTORS			
F.1 Investing/Divesting Decision			
Individual shareholders	F.1	Adopted	Individual shareholders are encouraged to carry out adequate analysis or seek out independent advice for matters related to investing/divesting decisions.
F.2 Shareholder voting			
Individual shareholder voting	F.2	Adopted	Individual shareholders are encouraged to participate at General Meetings and exercise their voting rights.

Composition of Board of Directors

The Board of Directors of Millennium Housing Developers PLC during the financial year 2025/2026 comprised the following members. The table below reflects the composition of the Board during the year, including appointments and resignations that occurred within the reporting period.

Name of Director	Period	Executive /non-independent	Non-executive / independent	Non-executive / non-independent
Mr. Ugitha Harshith Dharmadasa	Whole year	-	-	Y
Mr. Kankanige Cyril Chandana Perera	Whole year	Y	-	-
Mr. Jayaprakash Rudra	Whole year	-	-	Y
Mr. Liyanage Melwin Anthony Perera	Whole year	-	Y	-
Mr. Gihan De Zoysa	01.04.2025 to 01.08.2025	-	Y	
Mr. Saman Srilal	01.04.2025 to 02.06.2025	-	Y	-
Dr. Anura Walpola	11.09.2025 to 31.03.2026	-	Y	-
Mr. N.A.D.D. Pushpa Kumara Gunasekera	15.09.2025 to 31.03.2026	-	Y	-

Board position as at 31 March 2026

- Mr. Ugitha Harshith Dharmadasa - Chairman, Non-Executive, Non-Independent Director
- Mr. Kankanige Cyril Chandana Perera - Executive, Non-Independent Director
- Mr. Jayaprakash Rudra - Non-Executive, Non-Independent Director
- Mr. Liyanage Melwin Anthony Perera - Non-Executive, Independent Director
- Dr. Anura Walpola - Non-Executive, Independent Director
- Mr. N.A.D.D. Pushpa Kumara Gunasekera - Non-Executive, Independent Director.

Board Sub-Committee Composition

The composition of the Board Sub-Committees, including Chairmen and members during the financial year, is set out below.

Committee	Chairman	Members	Applicable regulation
Audit Committee (AC) The Audit Committee was not in operation from 2 June 2025 to 15 September 2025, as the Committee did not meet the minimum composition requirements prescribed under the CSE Listing Rules. The Committee was reconstituted on 15 September 2025.	1. Mr. Saman Srilal - Non-Executive, Independent /CA Member (up to 02.06.2025) 2. Mr. Liyanage Melwin Anthony Perera - Non-Executive, Independent / CA Member (from 15.09.2025 to 31.03.2026)	1. Mr. Gihan De Zoysa - Non-Executive, Independent (up to 01.08.2025) 2. Mr. N.A.D.D. Pushpa Kumara Gunasekera - Non-Executive, Independent (from 15.09.2025 to 31.03.2026) 3. Dr. Anura Walpola - Non-Executive, Independent (from 15.09.2025 to 31.03.2026)	CSE Listing Rule No 9.13.3

Composition of Board of Directors

Committee	Chairman	Members	Applicable regulation
Related Party Transactions Review Committee (RPT-RC) The Related Party Transactions Review Committee was not operational from 2 June 2025 to 15 September 2025, as the Committee did not meet the minimum composition requirements prescribed under the CSE Listing Rules. The Committee was reconstituted on 15 September 2025.	1. Mr. Saman Srilal - Non-Executive, Independent /CA Member (up to 02.06.2025) 2. Mr. Liyanage Melwin Anthony Perera - Non-Executive, Independent / CA Member (from 15.09.2025 to 31.03.2026)	1. Mr. Gihan De Zoysa - Non-Executive, Independent (up to 02.06.2025) 2. Mr. N.A.D.D. Pushpa Kumara Gunasekera - Non-Executive, Independent (from 15.09.2025 to 31.03.2026) 3. Dr. Anura Walpola - Non-Executive, Independent (from 15.09.2025 to 31.03.2026)	CSE Listing Rule No 9.14.2
Remuneration Committee The Remuneration Committee was not operational from 2 June 2025 to 15 September 2025, as the Committee did not meet the minimum composition requirements prescribed under the CSE Listing Rules. The Committee was reconstituted on 15 September 2025.	1. Mr. Gihan De Zoysa - Non-Executive, Independent (from 01.04.2025 to 02.06.2025) 2. Dr. Anura Walpola - Non-Executive, Independent (from 15.09.2025 to 31.03.2026)	1. Mr. Melwin Perera - Non-Executive Independent (from 15.09.2025 to 31.03.2026) 2. Mr. J. Rudra - Non-Executive, Non-Independent (from 01.04.2025 to 02.06.2025) and (from 15.09.2025 to 31.03.2026)	CSE Listing Rule No 9.12.6
Nomination and Governance Committee The Nomination and Governance Committee was not operational from 2 June 2025 to 15 September 2025, as the Committee did not meet the minimum composition requirements prescribed under the CSE Listing Rules. The Committee was reconstituted on 15 September 2025.	1. Mr. Gihan De Zoysa - Non-Executive, Independent (from 01.04.2025 to 01.08.2025) 2. Dr. Anura Walpola - Non-Executive, Independent (from 15.09.2025 to 31.03.2026)	1. Mr. Melwin Perera - Non-Executive Independent (from 15.09.2025 to 31.03.2026) 2. Mr. J. Rudra - Non-Executive, Non-Independent (from 01.04.2025 to 02.06.2025) and (from 15.09.2025 to 31.03.2026)	CSE Listing Rule No 9.11.4

Directors of Subsidiary Companies

Name of the Subsidiary	Board of Directors.
Millennium Housing Limited	a) Mr. Ugitha Harshith Dharmadasa b) Mr. Kankanige Cyril Chandana Perera
Millennium Villa Housing Development Limited	a) Mr. Ugitha Harshith Dharmadasa b) Mr. Kankanige Cyril Chandana Perera
MC Urban Developers Limited	a) Mr. Kankanige Cyril Chandana Perera b) Mr. Rajeve Perera c) Mr.Ugitha Harshith Dharmadasa
MC Universal Limited	a) Mr. Ugitha Harshith Dharmadasa b) Mr. Kankanige Cyril Chandana Perera
Millennium Housing Construction Limited	a) Mr. Kankanige Cyril Chandana Perera

Annual Report of the Board of Directors on the Affairs of the Company

The Board of Directors of Millennium Housing Developers PLC ("the Company") is pleased to present its Annual Report on the affairs of the Company, together with the Audited Consolidated Financial Statements of the Group, for the financial year ended 31 March 2026.

This Report has been prepared in compliance with the requirements of:

1. The Companies Act No. 07 of 2007;
2. The Listing Rules of the Colombo Stock Exchange (CSE); and
3. The Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

The Audited Consolidated Financial Statements of the Group for the year ended 31 March 2026 were reviewed and approved by the Board of Directors on 31s August 2026 (per Note 2.3).

Principal Activities

The principal activities of the Company include:

a. Sales of houses and land following infrastructure development.
b. Construction of houses, apartments, flats, housing units, and condominiums.

Equitable treatment for Stakeholders
The Directors affirm the Company's commitment to ensuring fair and equitable treatment of all stakeholders, including shareholders and valued customers.

Review of the Year

The Chairman's and Executive Director's reviews provide comprehensive insights into the Company's performance, key developments, and operational activities during the year. Despite challenging conditions in the construction industry, the Company demonstrated effective operational management and maintained efficiency throughout the period.

Financial Statements of the Company and the Group

The Financial Statements for both the Company and the Group are presented on pages 63 to 109 of this Annual Report.

Summarised Financial Results of the Group

Year ended 31st March	Group		Company	
	2026	2025	2026	2025
Revenue in Rs. '000	195,053	759,737	195,053	214,737
Gross Profit	60,017	221,641	60,017	88,564
Net profit or (loss) for the Year in Rs. '000	(1,911)	48,022	18,125	8,818
Stated Capital in Rs. '000	293,802	293,802	293,802	293,802
Number of Shares	134,681,320	134,681,320	134,681,320	134,681,320

Auditors' Report

The Independent Auditors' Report on the Financial Statements of the Company and the Group appears on pages 59 to 62.

Accounting Policies

The accounting policies applied in the preparation of these Financial Statements are set out on pages 69 to 78 and have been applied consistently throughout the periods presented.

Directorates

Name of Director	Executive/Non-Executive Independent status
Mr. U. Harshith Dharmadasa Chairman	Non-Executive, Non-Independent Director
Mr. K. C. Chandana Perera	Executive, Non-Independent Director
Mr. J.P.Rudra	Non-Executive, Non-Independent Director
Mr. Liyanage Melwin Perera	Non-Executive, Independent Director
Dr. Anura Walpola (Note 1)	Non-Executive, Independent Director
Mr. N.A.D.D.K Gunasekera (Note 2)	Non-Executive, Independent Director
Mr. Gihan De Zoysa (Note 3)	Non-Executive, Independent Director
Mr. Saman Srilal (Note 4)	Non-Executive, Independent Director

Note 1: Joined on 11 September 2025.
Note 2: Joined on 15 September 2025.
Note 3: Resigned on 1 August 2025.
Note 4: Resigned on 2 June 2025.

Annual Report of the Board of Directors on the Affairs of the Company

Board Composition During FY2025/2026

Other than during June and July 2025, when the Board comprised five members, and August 2025, when it comprised four members, the Board consisted of six members throughout the remainder of the Financial Year 2025/2026.

Profiles of the Board of Directors are provided on pages 15 to 17 of this Annual Report.

Directors' Shareholdings

Individual shareholdings of the Directors as of 31st March 2026 are as follows:

No	Director's Name	Number of Shares	As a %
01	Mr. U.H. Dharmadasa / DFCC Bank PLC Mr. U.H. Dharmadasa	29,384,672	21.82%
02	Mr. K.C.C. Perera	1,300,000	0.97
03	Mr. Liyanage Melwin Perera	-	-
04	Mr. N.A.D.D.K Gunasekera	-	-
05	Dr. Anura Walpola	-	-
06	Mr. Gihan De Zoysa (resigned on 01.08.2025)	-	-
07	Mr. J.P. Rudra	-	-
08	Mr. Saman Srilal (resigned on 02.06.2025)	-	-

Directors' Interest in Contracts with the Company

The Directors had no direct or indirect interest in any contracts or proposed contracts with the Company, other than those disclosed in Note 27 to the Financial Statements. Such interests have been duly declared at Board meetings in accordance with the applicable statutory requirements.

Directors' Remuneration

Remuneration paid to Executive and Non-Executive Directors during the financial year is disclosed in Note 7.2 to the Financial Statements.

Directors' Responsibility and Financial Reporting

The Directors are responsible for the preparation of the Financial Statements to present a true and fair view of the Company's financial position and performance, in accordance with the Sri Lanka Accounting Standards, the Companies Act No. 07 of 2007, and the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

Directors' Meetings

Details of meetings of the Board of Directors, Audit Committee, Remuneration Committee, and Related Party Transactions Review Committee held during the year, together with Directors' attendance, are disclosed in the Corporate Governance Report, Audit Committee Report, and Remuneration Committee Report.

Internal Control System

The Directors acknowledge their responsibility for the Group's internal control system. Further details are provided in the Directors' Statement of Internal Controls on page 40.

Subsidiaries

The performance and information on subsidiaries are presented on page 87 of the Annual Report.

Segmental Reporting

There are no specific segments identifiable within the Group. Hence, segmental reports are not presented.

After the Reporting Date

There were no material post-balance sheet events requiring adjustments or disclosures in the Financial Statements.

Litigations and Claims

In the opinion of the Directors and the Company's lawyers, pending litigation against the Company will not materially impact the reported financial results or future operations.

Corporate Governance

Corporate governance practices and principles governing the management and operations of the Company are set out on page 19 to 34. The Directors confirm that the Company has complied with the Corporate Governance Rules contained in the Listing Rules of the Colombo Stock Exchange. The Board is supported by the Audit Committee, Remuneration Committee, Nomination Committee, and Related Party Transactions Review Committee, each comprising members with the requisite qualifications, experience, and expertise to effectively discharge their responsibilities.

Committee Compositions

Details of the composition and credentials of the members of the Audit Committee, Related Party Transactions Review Committee, Nomination Committee, and Remuneration Committee are set out in the respective Committee Reports on pages 43, 47, 46, and 45.

Directors' declaration on Compliance

The Directors confirm that the Company has complied with the Corporate Governance requirements set out in Rule 9 of the Listing Rules of the Colombo Stock Exchange. The Company remains committed to maintaining a robust corporate governance framework, enhancing stakeholder value on a sustainable basis, and upholding a comprehensive system of policies and practices. The Board, Management, and employees are guided by the principles of professionalism, integrity, and accountability, supported by a sound system of internal controls. Details of the corporate governance measures adopted by the Company during the year are set out in the Corporate Governance Statement on page 19 to 34.

Statutory Payments

The Directors confirm that all statutory payments and contributions relating to employees and obligations due to the Government have been duly paid or adequately provided for in the Financial Statements.

Revenue

The total revenue of the Group for the year under review was LKR 195 Mn. (LKR Mn 759.7 in 2024/2025). The Company's revenue for the year under review was LKR 195 Mn., (LKR 214.7 Mn in 2024/2025) of which details are disclosed in Note 5 to the Financial Statements.

Profitability

The profit before tax of the Group for the year under review was LKR 11.3 Mn (LKR 80.4 Mn. in 2024/2025) while the Company made a profit before tax of LKR 17.6 Mn. for the year under review (LKR 8.9 Mn. in 2024/2025). Overall group profit has decreased compared to the previous year.

Going Concern

In the 2025/2026 Audit report, the Auditors highlighted uncertainties related to the Going Concern due to the Company's current liabilities have exceeded its current assets by Rs. 80,613,229/- and reported accumulated losses of Rs. 99,197,161/- They noted non-compliance with loan covenants leading to recovery actions by lenders. However, the Company is confident of overcoming this situation since the Company has adequate resources to continue operations into the foreseeable future. The Company's going concern position rests on four mitigating actions: the Heights Grand joint development with Ceyoka (via subsidiary Millennium Housing Limited - fully owned subsidiary), the planned Heights project under MC Universal Limited (pile foundations complete, pending regulatory approval), ongoing negotiations to sell the land securing the defaulted Sampath Bank facility of MC Urban Developers Limited, and a 12-months letter of financial support from related-party shareholder Ceyoka (Private) Limited. Confidence remains in resolving Going Concern doubts within the next Financial Year through proceeds from these sales and increasing sales of existing stock.

Notice of Meeting

In accordance with the guidelines issued by the Colombo Stock Exchange (CSE), the Annual General Meeting will be held on 30th September 2026 via a virtual platform,

By Order of the Board



K.C.C. Perera
Executive Director



Liyanage Melwin Perera
Non-Executive Independent Director



First Corporate Solution Ltd.
Secretaries

31st August 2026

Director's Statement on Internal Control Over Financial Reporting

This Statement is issued in compliance with Section D.1.5 of the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

Board Responsibility

The Board of Directors is responsible for maintaining a sound system of internal control to safeguard shareholders' investments and the assets of the Company. The Board has established an ongoing process for identifying, evaluating, and managing the significant risks faced by the Company and the Group. This process involves the continuous enhancement of the internal control framework and its adaptation to evolving business conditions and regulatory requirements. The Board regularly reviews the effectiveness of the framework to ensure that it remains robust and fit for purpose.

In discharging this responsibility, the Board has acted in accordance with:

- Companies Act No. 7 of 2007;
- Colombo Stock Exchange Listing Rules;
- Rules and regulations of the Securities and Exchange Commission of Sri Lanka;
- Sri Lanka Accounting Standards; and
- Code of Best Practice on Corporate Governance.

The Board is of the opinion that the internal control system in place is adequate and effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes, in accordance with applicable accounting standards and regulatory requirements.

The internal control framework encompasses the design, implementation, and continuous monitoring of controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether arising from fraud or error. It also includes the selection and application of appropriate accounting policies and the development of accounting estimates that are reasonable under the circumstances.

To obtain reasonable assurance that effective internal controls are in place, the Board has implemented the measures outlined below.

Monitoring Committees

The following Board committees support the Board in overseeing the effectiveness of the Internal Control Framework:

- Audit Committee;
- Related Party Transactions Review Committee;
- Nomination and Governance Committee; and
- Remuneration Committee.

In addition, several management committees operate within the Group to further strengthen governance, risk management, and internal control processes.

Key Features of the Internal Control System

The Internal Audit Department of the Group evaluates compliance with established policies and procedures, while also assessing the effectiveness of the internal control framework. Significant findings relating to instances of non-compliance are communicated to the Board through Internal Audit Reports submitted via the Audit Committee. Internal audits are conducted across all Strategic Business Units (SBUs), with the frequency determined based on the assessed level of risk, ensuring the provision of independent and objective assurance to management.

Internal audits are conducted in accordance with the internal audit plan approved by the Audit Committee prior to the commencement of the financial year The Audit Committee (AC) held nine meetings during the financial year in compliance with Section 9.13.3 of the Listing Rules, which requires a minimum of one meeting per quarter. The Committee operates in accordance with its Charter, including the approved Terms of Reference (TOR).

Compliance with Sri Lanka Accounting Standards

The Company has implemented processes that comply with the recognition, measurement, presentation, and disclosure requirements of Sri Lanka Accounting Standards. These processes are subject to continuous monitoring and review to enhance their effectiveness and efficiency.

Risk Management

The internal control system is designed to manage the key risks faced by the Company within an acceptable risk profile and approved risk appetite. However, no system of internal control can eliminate all risks. Accordingly, the system provides reasonable, but not absolute, assurance against material misstatement, financial loss, fraud, or failure to achieve business objectives.

Documented Policies and Procedures

The Company has documented its procedures in a Procedure Manual approved by the Board of Directors to enhance internal control and maintain procedural uniformity. Management assists the Board in implementing Company policies and standard

procedures related to risks and controls by identifying and assessing risks faced by the Company and by designing, operating and monitoring suitable internal controls.

Company and Group Financial Statements

The Financial Statements of the Group and the Company for the year ended 31 March 2026 have been prepared in accordance with Sri Lanka Accounting Standards and the Companies Act No. 7 of 2007.

For ease of comparison and enhanced understanding, corresponding comparative figures and related disclosures are presented alongside each item, where applicable.

The financial information included in this Annual Report is consistent with, and has been derived from, the audited Financial Statements.

Conclusion

The Board, having established and implemented the aforementioned systems and internal controls, acknowledges that such systems are designed to manage, rather than eliminate, the risk of failure in achieving the Company's business objectives. Accordingly, they can provide only reasonable, and not absolute, assurance against material misstatement, error, or loss.

The Board of Directors further confirms that the Company's financial reporting system has been designed to provide reasonable assurance regarding the reliability and integrity of financial reporting.

In addition, the Board confirms that the preparation and presentation of the Financial Statements for external reporting purposes have been carried out in accordance with Sri Lanka Accounting Standards, the requirements of the Companies Act No. 7 of 2007, and the Listing Rules of the Colombo Stock Exchange.



Mr. U. H. Dharmadasa
Chairman



Mr. K. C. C. Perera
Executive Director



Mr. Liyanage Melwin Perera
Chairman of the Audit Committee

31st August 2026

Statement of Directors' Responsibilities

The Directors are responsible for the preparation and presentation of the Financial Statements of Millennium Housing Developers PLC in accordance with the provisions of the Companies Act No. 07 of 2007.

In terms of Sections 150(1), 151, 152(1) and 153 of the Companies Act No. 07 of 2007, the Directors are required to prepare Financial Statements for each financial year that give a true and fair view of:

a. Financial Statements for each Financial year by giving true & fair view of the state of affairs of the Company at 31st March 2026.

b. Financial performance of the Company for the financial year ended on 31st March 2026.

Further, in accordance with Section 148 of the Companies Act No. 07 of 2007, the Board of Directors is responsible for ensuring that proper accounting records are maintained with reasonable accuracy, enabling the determination of the financial position of the Company and facilitating the preparation of Financial Statements in compliance with the applicable laws and regulations.

The Board accepts responsibility for the integrity of the Financial Statements presented. The Directors confirm that, in preparing the Financial Statements, appropriate accounting policies have been selected and applied consistently, and that the form and substance of transactions have been properly reflected. The Financial Statements provide the information required by the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange, and Sri Lanka Accounting Standards.

The Directors are also responsible for safeguarding the assets of the Company and have established appropriate systems of internal control to provide reasonable assurance that assets are protected and that fraud and other irregularities are prevented and detected on a timely basis.

Messrs KPMG were reappointed as the External Auditors of the Company for the financial year 2025/2026 at the Annual General Meeting. The Company provided all necessary information and facilities required for the conduct of the audit.

Accordingly, the Board of Directors confirms that in preparing these Financial Statements:

a. Appropriate accounting policies have been selected and applied consistently;
b. Material departures, if any, have been disclosed and explained;
c. The Financial Statements have been prepared in compliance with all applicable Sri Lanka Accounting Standards;
d. Judgements and estimates made are reasonable and prudent; and
e. The Financial Statements provide all information required by the Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

The Directors have taken reasonable steps to ensure the maintenance of an effective system of internal controls and risk management processes appropriate to the nature and size of the Company's operations.

The responsibilities of the External Auditors in relation to the Financial Statements are set out in the Independent Auditor's Report appearing on pages 59 to 62 of this Annual Report.

The Directors consider that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model, strategy and financial position.

The Board of Directors further confirms that, to the best of its knowledge, all statutory payments due to employees and the Government in respect of the Company and its subsidiaries as at the reporting date have either been paid or adequately provided for in the Financial Statements.

By Order of the Board
For and on behalf of



First Corporate Solutions (Private) Limited
Company Secretaries

31st August 2026

Audit Committee Report

The Audit Committee of MHDL is a key Board sub-Committee that supports the Board in discharging its oversight responsibilities. Its primary responsibility is to assist the Board in overseeing the integrity and reliability of the Company's financial statements, the effectiveness of internal control and risk management frameworks, compliance with applicable legal and regulatory requirements, and the independence, performance and suitability of the External Auditors. The Committee's functions, duties and authority are clearly defined in its Terms of Reference, which are approved by the Board and reviewed annually.

Main Roles and Responsibilities of the Audit Committee

1. Reviewing and Reviewing the Company's quarterly and annual financial statements prior to their release, ensuring compliance with applicable Sri Lanka Accounting Standards, the SEC Act, and the Companies Act No. 7 of 2007.
2. Examining the adequacy and operating effectiveness of the Company's internal control systems, policies, and procedures, including risk management processes and measures implemented to mitigate identified business risks.
3. Assessing and monitoring the independence, objectivity, and performance of the External Auditors to support the integrity and reliability of the external audit process.
4. Recommend to the Board the appointment, re-appointment, or removal of the External Auditors, and review and approve audit fees, remuneration, and the terms of engagement for the external audit.

Composition of the Audit Committee and Meeting Attendance

Name of Director	Directorate	Period of Audit Committee Membership	Status	Position	Meeting Attendance
Mr. Hindara Mulle Saman Srilal	Non-Executive / Independent Director	From 01.04.2025	Resigned on 02.06.2025	Chairman until 02.06.2025	2/2
Mr. Gihan De Zoysa	Non-Executive / Independent Director	From 01.04.2025	Resigned on 01.08.2025	Member	0/2
Mr. Liyanage Melwin Anthony Perera	Non-Executive / Independent Director	From 01.04.2025	Continuing	Chairman with effect from 15.09.2025	9/9
Mr. N. A. D. D. P. K. Gunasekera	Non-Executive / Independent Director	From 15.09.2025	Continuing	Member	7/7
Dr. Anura Walpola	Non-Executive / Independent Director	From 15.09.2025	Continuing	Member	6/7

Notes

1. As the required Committee composition was not in place, the Audit Committee did not function during June, July, and August 2025.
2. The credentials of the Audit Committee members are provided on Pages 15 to 17 of the Annual Report for FY 2025/2026.

Invitees for the Audit Committee Meetings

At the invitation of the Audit Committee Chairman, the Chief Executive Officer (from September 2025), Chief Operating Officer (up to October 2025), Head of Finance Division, and Senior General Manager-Compliance, attended Audit Committee meetings as invitees during their respective periods.

The External Auditors also attended the ninth meeting, held on 20.03.2026.

Audit Committee Report

Compliance with Section D3.1 of the Code of Best Practice on Corporate Governance 2023

Requirement	Status	Compliance
The Committee should comprise a minimum of three Non-Executive Directors.	All members are Non-Executive Directors.	Complied
At least two members of the Audit Committee should be independent.	All members are Independent Directors.	Complied
The Audit Committee should be chaired by an Independent Non-Executive Director.	Both Mr. Hindara Mulle Saman Srilal and Mr. Liyanage Melwin Anthony Perera, who served as Chairman during the year, are Independent Non-Executive Directors.	Complied
At least one member of the Audit Committee should have recent and relevant experience in financial reporting and control.	Both Mr. Hindara Mulle Saman Srilal and Mr. Liyanage Melwin Anthony Perera, who served as Chairman during the year, are members of CA Sri Lanka.	Complied

Mr. Chandra Sarukkali, Senior Partner of Sarukkali Associates (Chartered Accountants) and Internal Auditor of the Company, served as Secretary to the Audit Committee.

Minutes of the Audit Committee

The minutes were duly maintained by the Secretary and submitted to the Board at the immediately succeeding Board meeting

Audit Committee Charter and Terms of Reference

The Audit Committee's Terms of Reference are set out in the Audit Committee Charter approved by the Board of Directors. The Charter is reviewed annually by the Board to ensure that emerging developments and concerns are appropriately addressed.

Activities of the Audit Committee during the Financial Year 2025/2026

1. Reviewed the Internal Audit Plan and Internal Audit Programme submitted by the Internal Auditors and ensured that internal audits were carried out in accordance with the agreed plan.
2. In accordance with Rule 7.5(d)(ii)(A)(4) of the CSE Rules, the Company's securities were transferred to the Watch List with effect from 07 December 2023 because the Audit Report for the year ended 31 March 2023 contained an Emphasis of Matter relating to going concern. Accordingly, the Audit Committee recommended to the Board that market announcements be made on the first market day of each month in accordance with Rule 7.5(d)(ii)(A)(5).
3. Discussed the matters that gave rise to the going concern uncertainties highlighted in the External Audit Report for 2022/2023 and made recommendations to address them.
4. Reviewed the Company's internal control and risk management mechanisms in relation to applicable financial reporting requirements and Sri Lanka Accounting Standards.
5. Reviewed the quarterly and annual financial statements and made appropriate recommendations to the Board, particularly in relation to:
   5.1 The preparation and presentation of the Financial Statements, including the adequacy of disclosures, in accordance with Sri Lanka Accounting Standards.
   5.2 Compliance with the financial reporting requirements of the Companies Act and other applicable regulations.
6. Made recommendations to the Board on the management of risk factors affecting the Company.
7. Assisted Management in pursuing the Company's strategic and operational objectives.
8. Reviewed and discussed Internal Audit Reports in detail and made appropriate recommendations.
9. Reviewed and discussed the Management Letter issued by the External Auditors and the matters arising therefrom.
10. Monitored compliance with Sri Lanka Accounting Standards and other applicable regulatory requirements.
11. Directed the Internal Auditors to remain vigilant in relation to transactions involving significant risk elements.

Selection of Independent Auditors

The Audit Committee has recommended the appointment of the External Auditors for the financial year ending 31 March 2027, subject to shareholder approval at the Annual General Meeting (AGM).

Opinion of the Audit Committee

Based on the work performed during the year, the Audit Committee is of the opinion that the Group's control procedures and control environment provide reasonable assurance over the monitoring of operations, the accuracy and reliability of financial reporting, and the safeguarding of the Group's assets.



Liyanage Melwin Anthony Perera
Chairman of the MHDL Audit Committee

31st August 2026

Remuneration Committee Report

The Report of the Board Remuneration Committee of Millennium Housing Developers PLC has been prepared in accordance with the applicable provisions and recommendations of the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

The Company's Remuneration Committee operates within its approved Terms of Reference and is committed to the principles of accountability and transparency, ensuring that remuneration arrangements appropriately align reward with performance.

Scope of the Committee

The primary role of the Remuneration Committee is to assist the Board of Directors in ensuring that the Company's remuneration arrangements are appropriate, transparent and aligned with employee performance across all levels of the organisation.

Composition of the Remuneration Committee and Attendance at Meetings

The Remuneration Committee comprises Two Independent Non Executive Directors & One Non-Independent Non-Executive Director of the Company.

Name	Position on the Committee	Attendance
Dr. Anura Walpola	Chairman	2/2
Mr. Melwin Perera	Member	2/2
Mr. J. Rudra	Member	1/2

Meetings of the Committee

During the reporting period, the Committee was not functional from 1 August 2025 to 15 September 2025, following the resignation of Director Mr. Gihan De Zoysa and pending the appointment of a new Committee member. Following the appointment, the Committee held two meetings during the year.

The Chairman of the Remuneration Committee possesses extensive experience in business management and has knowledge of prevailing labour regulations in Sri Lanka.

Independence of the Committee

The Chairman of the Remuneration Committee is independent of management and free from any business, personal or other relationship that could interfere with the exercise of independent and unbiased judgement. The Chairman refrains from participating in discussions or decisions relating to his own remuneration.

Performance-Based Remuneration

The Committee evaluated the performance of Heads of Divisions and Senior Management of the Strategic Business Units. Key Performance Indicators (KPIs) are assigned to each Head of Department and members of the Management Team, with performance evaluated quarterly against the agreed KPIs. The KPIs are realigned where necessary to reflect the Company's strategic direction.

The Remuneration Committee also reviewed the succession planning arrangements in place to support business continuity in the event of a disaster or crisis and to facilitate appropriate contingency planning with the minimum critical resources required.

Remuneration Policy

The Company follows a formal and transparent procedure when determining remuneration packages for Key Officers. In doing so, the Committee considers the need to structure remuneration at levels that are sufficient to motivate, attract and retain key employees over the longer term. The Company's remuneration policy was reviewed by the Committee and remained unchanged during the year under review.

Authority

The Committee has the authority to review matters falling within its scope and submit recommendations to the Board, which retains responsibility for final decision-making.

Conclusion

The Committee is satisfied that it discharged the responsibilities entrusted to it by the Board during the year under review and fulfilled the objectives established by the Board.



Dr. Anura Walpola
Chairman – Remuneration Committee

31st August 2026

Nomination and Governance Committee Report

The Report of the Board Nomination and Governance Committee of Millennium Housing Developers PLC has been prepared in accordance with the applicable provisions and recommendations of the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

The Nomination and Governance Committee of Millennium Housing Developers PLC operates under Terms of Reference prepared in accordance with the relevant provisions of the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

Composition of the Nomination and Governance Committee and Attendance at Meetings

The Company's Nomination and Governance Committee comprises Two Independent Non Executive Directors & One Non-Independent Non-Executive Director.

Name	Position on the Committee	Attendance
Dr. Anura Walpola	Chairman	2/2
Mr. Melwin Perera	Member	2/2
Mr. J. Rudra	Member	1/2

The Chairman of the Nomination and Governance Committee possesses extensive experience in business management and has knowledge of prevailing labour regulations in Sri Lanka.

The Company Secretaries, First Corporate Solutions, served as the Secretary to the Nomination and Governance Committee.

Meetings of the Committee

During the reporting period, the Committee was not functional from 1 August 2025 to 15 September 2025 following the resignation of Director Mr. Gihan De Zoysa and pending the appointment of a new member to the Committee. Following the appointment of the new member, the Committee held two meetings during the year.

Responsibilities and Duties of the Committee

The key responsibilities and duties of the Committee include:

- Proposing an appropriate Charter governing the appointment of Directors to the Board and ensuring compliance with such Charter. The Charter addresses matters including the fit-and-proper status of Directors, qualifications, competencies, independence, relevant provisions of the Companies Act and other applicable regulations, and relationships that may give rise to potential conflicts of interest in relation to the business of the Company.
- Considering the appointment and re-appointment of Directors to the Board.
- Advising and making recommendations to the Board on new appointments to the Board.
- Advising and making recommendations to the Board on the selection of the Chairman of the Board in the event of a vacancy.
- Ensuring that appropriate succession plans are in place for all key positions within the Company, including that of the Chief Executive Officer.
- Proposing the maximum number of listed-company Board positions that any Director may hold and ensuring that the relevant disclosures are made in the Company's Annual Report.
- Reviewing the structure, size and composition of the Board, including gender representation and competencies, and making recommendations to the Board on any changes considered necessary.
- Recommending appropriate insurance coverage and indemnity arrangements for Directors and Key Management Personnel.

Minutes of Meetings

The Secretary maintains minutes of each Committee meeting, which are circulated to all members of the Board.



Dr. Anura Walpola
Chairman – Nomination and Governance Committee

31st August 2026

Related Party Transactions Review Committee

The Related Party Transactions Review Committee (RPT-RC) is pleased to submit its Report for the financial year 2025/2026, in accordance with Section 9.14 of the Colombo Stock Exchange Listing Rules and the Code of Best Practice on Corporate Governance (2023) issued by the Institute of Chartered Accountants of Sri Lanka.

The Committee's principal responsibility is to ensure that all Related Party Transactions (RPTs) undertaken by the Company are conducted in a transparent, fair, and independent manner, with due consideration to the best interests of the Company and its shareholders.

- The Committee operates in accordance with the following regulatory requirements and best practices: LKAS 24
- Section D.5 of the Code of Best Practices on Corporate Governance issued by CA Sri Lanka in 2023
- Section 9.14 of the Listing Rules issued by the CSE

Accordingly, the RPT-RC is empowered to review and confirm the transparency of all Related Party Transactions engaged in by the Company.

Related Party Transactions

Related Party Transactions are defined in accordance with the aforementioned regulatory documents. The Company recognises that engaging in related party transactions can offer significant advantages, such as extended credit facilities, assurance of quality, and the realisation of synergy benefits. Furthermore, the Company is committed to ensuring that entering into transactions with related parties does not prejudice the interests of minority shareholders.

Objectives of the RPT-RC

The Committee was formed to assist the Board in reviewing all related party transactions carried out by the Company and is governed by a Charter approved by the Board of Directors.

In compliance with the requirements stipulated under LKAS 24 and other applicable regulatory frameworks, the Company recognises that transactions with related parties are permissible, provided such transactions are conducted in a transparent and equitable manner. The Related Party Transactions Review Committee (RPT-RC) is entrusted with the responsibility of ensuring that related party transactions are undertaken without granting any undue preference or favorable treatment to related parties in either the negotiation process or the execution of contractual obligations.

In fulfilling its oversight responsibilities, the RPT-RC ensures that the related status of a counterparty does not compromise the integrity, fairness, or legitimacy of the transaction.

Authority

The Related Party Transactions Review Committee (RPT-RC) is vested with the authority to obtain and examine comprehensive information pertaining to all related party transactions undertaken by the Company. In instances where such transactions are identified as being inconsistent with applicable laws, regulatory requirements, or internal Company policies and procedures, the Committee is empowered to recommend appropriate remedial and corrective actions to the Board of Directors.

Management is required to ensure the timely submission of complete particulars, supporting documentation, and all relevant information relating to proposed related party transactions to facilitate the Committee's review and evaluation prior to the execution or approval of such transactions.

The approved minutes of the Committee meetings are regularly submitted to the Board of Directors to keep them informed and to obtain their guidance and strategic direction, where necessary.

Composition and Participation of the RPT-RC

The composition of the Company's RPT-RC is determined in compliance with Section 9.14.2 of CSE Listing Rule No. 9. Consequently, the Company's Related Party Transactions Review Committee comprises three Non-Executive Directors appointed by the Board of Directors.

Related Party Transactions Review Committee

The composition of the Committee during the financial year 2025/2026 and the attendance record of each member are presented below.

Name of the Director	Directorate	Joined	Status	Position	Attendance at Meetings
Mr. Hindara Mulle Saman Srilal	Non-Executive/ Independent Director	01.04.2025	Resigned on 02.06.2025	Chairman up to 02.06.2025	2/2
Mr. Gihan De Zoysa	Non-Executive/ Independent Director	01.04.2025	Resigned on 01.08.2025	Member	0/2
Mr. Liyanage Melwin Anthony Perera	Non-Executive/ Independent Director	01.04.2025	Continuing	Chairman w.e.f. 15.09.2025	4/4
Mr. N. A. D. D. P. K. Gunasekera	Non-Executive/ Independent Director	15.09.2025	Continuing	Member	3/3
Dr. Anura Walpola	Non-Executive/ Independent Director	11.09.2025	Continuing	Member	2/3

Notes:

1. Due to the Committee not having the required composition, the RPT-RC did not function during June, July, and August 2025.

2. The credentials of the RPT-RC Committee members are detailed on Page 15 to 17 of the Annual Report for FY 2025/2026.

Secretaries to the RPT-RC Meetings and Participants by Invitation in FY 2025/2026

By invitation of the Chairman of the Related Party Transactions Review Committee (RPT-RC), the Chief Executive Officer (from September 2025), Chief Operating Officer (up to October 2025), Head of the Finance Division, and Senior General Manager – Compliance participated in all RPT-RC meetings.

Sarukkali Associates (Chartered Accountants) acted as the Secretaries to the MHD PLC-RC during FY 2025/2026.

Minutes of the RPT-RC Meetings

Minutes were properly maintained by the Secretary and forwarded to the Board at the immediate next Board meeting.

RPT-RC Charter and Terms of Reference

The Company's RPT-RC Charter is clearly defined and incorporates the Committee's Terms of Reference (TOR). The Board reviews the Charter and TOR annually, implementing necessary improvements to ensure that new developments and concerns are appropriately addressed.

Compliance with the Code of Best Practices on Corporate Governance 2023 and CSE Listing Rule No. 9.14

Relevant Section	Requirement	Status	Compliance
Section D.5.2 of the Code of Best Practices on Corporate Governance 2023 issued by CA Sri Lanka and Section 9.14 of the CSE Listing Rules	a. RPT-RC shall comprise a minimum of three Non-Executive Directors, of whom the majority shall be independent. b. The RPT-RC shall be chaired by an Independent Non-Executive Director.	The RPT-RC did not function during June, July, and August 2025 due to the absence of the required number of Independent Directors. The RPT-RC functioned properly from September 2025 onwards. The RPT-RC was chaired by an Independent Non-Executive Director during the period in which the Committee functioned.	Partially complied with. The Committee did not function during June, July, and August 2025 due to the absence of the required number of Independent Directors and complied fully from September 2025 onwards.
Section D.5.2 of the Code of Best Practices on Corporate Governance 2023 issued by CA Sri Lanka and Section 9.14.4 of the CSE Listing Rules	The Committee shall meet at least once every calendar quarter.	The Committee held meetings in each quarter.	Complied.

The Primary Responsibilities of the Committee are Outlined Below:

a. Define materiality levels in accordance with the requirements of CSE Listing Rule No. 9 and determine whether RPT-RC approval, Board approval, or Shareholder approval is required.

b. Determine whether a transaction is of a recurrent or non-recurrent nature.

c. Acquire the knowledge or expertise necessary to assess all aspects of proposed related party transactions, including obtaining appropriate professional and expert advice from qualified individuals.

d. Monitor all related party transactions of the entity to ensure they are conducted on normal commercial terms and are not prejudicial to the interests of the entity and its minority shareholders.

e. Establish separate guidelines for recurrent and non-recurrent related party transactions of the Company and validate their economic and commercial substance.

f. Review the transfer of resources, services, or obligations between related parties, irrespective of whether a price is charged, as stipulated in Section 9(b)(vii) of LKAS 24.

g. Ensure that no Director of the Company who is a related party to a proposed transaction participates in any discussion regarding that transaction, unless specifically requested to provide information to the Committee.

Related Party Transactions Review Committee

Activities Undertaken by the RPT-RC During the Year

The objective of the RPT-RC is to obtain sufficient and appropriate evidence to assess whether related parties, related party relationships, and related party transactions have been properly identified, accounted for, and disclosed in the financial statements.

a. Reviewing the RPT-RC Charter, including the Terms of Reference, and obtaining Board approval.

b. Developing an understanding of the Company's relationships and transactions with its related parties, including the nature of these relationships and the terms and business purposes of the transactions involving related parties.

c. Determining the materiality levels for both recurrent and non-recurrent related party transactions in accordance with the recommendations of Sections 9.14.6(1)(A) and 9.14.6(1)(B) of the CSE Listing Rules.

d. Evaluating the related party transactions of MHDL to confirm that no preferential treatment is given to related parties at the time of entering into transactions.

e. Ensuring the required disclosures in the Annual Report as recommended under Section 9 of the Continuing Listing Rules of the Colombo Stock Exchange.

Declaration as per Section 9.3.2 of the Listing Rules Issued by the CSE

The Related Party Transactions Review Committee (RPT-RC) confirms that the Company has adhered to the rules and regulations stipulated in Section 9 of the Listing Rules issued by the CSE and that the required information has been disclosed in the Annual Report for FY 2025/2026.



Mr. Liyanage Melwin Anthony Perera
Chairman of the RPT-RC

31st August 2026

Risk Management

Risk Management Philosophy

The Board of Directors of Millennium Housing Developers PLC (MHD) recognises the importance of maintaining a robust and responsive risk management framework capable of addressing an evolving risk landscape. This commitment reflects the Company's proactive approach to identifying and managing risks arising from macroeconomic developments, regulatory changes, industry-specific challenges and operational activities.

During the financial year 2025/26, the Company operated in an environment characterised by gradual economic recovery and renewed confidence in the real estate and construction sectors. Improved market conditions, supported by increased construction activity and strategic business initiatives, created opportunities for growth and expansion. Nevertheless, the Company remained vigilant in monitoring and managing key risks relating to funding, affordability, procurement, project execution, liquidity, regulatory compliance, reputation and environmental sustainability.

Risk is inherent in all business activities and can affect the achievement of the Company's strategic objectives. While certain risks cannot be eliminated entirely, they can be effectively identified, assessed, monitored and mitigated through a structured risk management process. Accordingly, the Board considers a practical and effective risk management framework essential to safeguarding business continuity, supporting informed decision-making, protecting stakeholder interests and enhancing the Company's long-term sustainability and value creation.

Risk Management Process

The Company's risk management process continues to be structured around the following five steps:



1. Identifying Risk Elements

Effective risk management begins with the timely and accurate identification of potential risks. At MHD PLC, risk identification is embedded within day-to-day operations, enabling emerging risks to be recognised and addressed promptly. Identified risks are systematically escalated and reviewed at monthly or quarterly management meetings to support informed decision-making and appropriate oversight. Lower-level risks are managed at the operational level under the direct supervision of the relevant Heads of Department (HODs), enabling timely intervention while maintaining clear accountability.

2. Assessment and Evaluation of Risk Factors

The Company adopts a structured and systematic approach to assessing identified risks. Each risk is evaluated using a standardised process that considers both its potential impact and likelihood of occurrence. Based on this assessment, risks are classified into five categories: Low, Low-Medium, Medium, Medium-High or High. The criteria and methodology used for this classification are illustrated in the Risk Matrix presented under this section.

3. Prioritising Risk Factors

Risk factors are prioritised according to their likelihood of occurrence and potential impact. This process enables management to distinguish critical exposures from lower-priority risks and to allocate resources, controls and mitigation measures accordingly. A structured risk prioritisation framework supports timely decision-making, strengthens organisational resilience and enhances the Company's ability to respond proactively to emerging threats and opportunities.

4. Managing Risk Elements

Risk management involves implementing appropriate controls, policies and response measures to reduce the likelihood or impact of identified risks. Mitigation actions are aligned with the nature and significance of each exposure and are monitored to ensure they remain effective. This approach supports operational resilience, protects organisational objectives and reinforces long-term sustainability.

5. Monitoring the Risk Management Process

The Company maintains a continuous and structured process to monitor the effectiveness of its risk management framework and ensure that identified risks remain within acceptable levels. Management and relevant oversight committees conduct regular reviews to assess the adequacy of existing controls, identify emerging risks and ensure the timely implementation of appropriate mitigation measures. This ongoing monitoring enables the Company to respond proactively to changes in its risk environment and maintain the effectiveness of its risk management practices.

Risk Management

Risk Governance

The Board of Directors retains ultimate responsibility for risk governance and for ensuring the effectiveness of the Company's risk management framework. Risk management activities are carried out through established governance structures and policy frameworks, supported by executive-level oversight.

The Company operates through the Board Audit Committee, Remuneration Committee, Nominations and Governance Committee, and Related Party Transactions Review Committee. These committees support the Board by reviewing significant risk exposures within their respective areas of responsibility, assessing their potential impact and recommending appropriate mitigation measures.

The Company's Procedure Manual, developed in consultation with the Internal Auditors and the Audit Committee, forms an integral part of the internal control framework.

The internal audit continuously monitors compliance with approved policies and procedures and reports identified deviations to management and the relevant Board Committee for review and corrective action.

Risk identification and management are responsibilities shared across the organisation, with employees forming the first line of defence within the Company's risk management framework.

Risk Matrix

The Risk Matrix below presents management's assessment of the relative likelihood and potential impact of the Company's principal risk themes for FY2025/26. The assessment is directional and remains subject to ongoing review through the Company's governance framework and management committee structure.

	Impact				
Likelihood	Insignificant	Low/Minor	Moderate	High/ Significant	Catastrophic
Almost Certain	Low Medium	Medium	Medium High	High	High
Likely	Low	Low Medium	Medium	Medium High	High
Possible	Low	Low Medium	Medium	Medium High	Medium High
Unlikely	Low	Low Medium	Low Medium	Medium	Medium High
Rare	Low	Low	Low Medium	Medium	Medium

Note: Positioning reflects management judgement based on probability, potential financial impact, operational disruption, stakeholder sensitivity and the Company's capacity to respond.

Key Risk Categories and Mitigation

Risk Factor	Possible Impact	Risk Mitigation Technique
Strategic and market risk	A slowdown in demand for land, housing, apartments and related developments could adversely affect revenue, project cash flows and shareholder returns.	The Company continuously monitors changes in the business environment, industry trends, customer preferences, competitor activity and economic conditions. Market risk is managed through diversification across products, services and customer segments, together with strong stakeholder relationships and continued focus on operational efficiency.
Procurement risk	Deterioration in product quality, construction delays and potential damage to customer confidence and goodwill.	Purchases are made from reputed suppliers wherever possible. Supplier performance, material quality, tender procedures and delivery timelines are monitored to maintain construction standards and project discipline.
Liquidity risk	Inability to meet operational funding requirements, supplier payments, debt obligations or project commitments when due.	The Company uses pre-prepared budgets, budgetary control meetings, cash flow monitoring, working capital discipline, collection follow-up, phased project execution and continuous review of funding requirements.

Risk Factor	Possible Impact	Risk Mitigation Technique
Interest rate and funding risk	Higher finance costs may erode profitability and reduce customer affordability.	Management seeks lower-cost funding where available, reviews the mix of short- and long-term borrowings, monitors market interest rates and prioritises debt reduction and disciplined capital allocation.
Credit and collection risk	Customer payment defaults, delayed recoveries and an increase in non-performing advances.	Sales and purchase agreements are prepared with legal consultation. Payment milestones, customer follow-up, credit assessments, documentation and title transfer procedures are closely monitored.
Legal and regulatory risk	Litigation, penalties, delayed approvals, non-compliance with statutory requirements and potential reputational damage.	The Company obtains advice from reputed legal firms, maintains statutory compliance processes, uses independent internal audit reviews and monitors applicable legal and regulatory requirements.
Reputation and customer confidence risk	Loss of customer confidence, difficulty in securing new business and adverse stakeholder perceptions.	The Company maintains a dedicated Customer Service function, conducts regular stakeholder engagement, supports training programmes, monitors complaints and places emphasis on timely delivery, quality and affordability.
Cyber and information security risk	Loss of financial, customer or operational data, disruption to communications and potential reputational harm.	Access controls, data backup procedures, controlled system usage and periodic management reviews of information systems are maintained and will continue to be strengthened as digital engagement increases.
Human capital risk	Loss of key technical, finance, sales, legal and project management talent could affect execution quality and business continuity.	The Company focuses on performance monitoring, staff development, succession planning, training, accountability and maintaining a motivated workforce aligned with its strategic direction.

Emerging Risk Considerations

The Company recognises that the real estate and construction sector is increasingly influenced by sustainability considerations, climate resilience, housing affordability and expectations for transparent governance. As market conditions continue to recover, competition for quality land, reliable contractors and disciplined sources of project funding may intensify. Accordingly, the Company will continue to monitor and assess emerging risks through its established management processes and Board oversight mechanisms.

Climate-related and environmental matters are also receiving increased attention from regulators, investors and other stakeholders. While the Company's direct exposure to these risks is managed at project level through planning processes, regulatory approvals, insurance coverage and design considerations, management remains committed to strengthening its capability to identify, assess, manage and disclose sustainability-related risks and opportunities. This will support alignment with evolving regulatory requirements, reporting frameworks and stakeholder expectations.

Conclusion

The Board is of the opinion that the Company's system of internal controls and risk management is sound and adequate to provide reasonable assurance over the reliability and integrity of financial reporting. Based on the internal control framework and monitoring mechanisms in place, the Board confirms that the financial reporting system has been appropriately designed and operated effectively throughout the year, providing reasonable assurance over the preparation and presentation of the Company's financial statements for external reporting purposes, in accordance with Sri Lanka Accounting Standards and applicable regulatory requirements.

While no system of internal control can provide absolute assurance against material misstatement or loss, the Board is satisfied that the controls and procedures currently in place are adequate to support the reliability of the Company's financial reporting processes.

Responsibility Statement of Executive Director and Finance Manager

Millennium Housing Developers PLC | Financial Year 2025/2026

Compliance with Laws and Regulations

The Financial Statements of Millennium Housing Developers PLC and the Consolidated Financial Statements of the Company and its subsidiaries for the year ended 31 March 2026 have been prepared and presented in compliance with the following applicable laws, regulations, and standards:

1. Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka/SLFRSs/LKASs).
2. The Companies Act No. 07 of 2007.
3. The Listing Rules of the Colombo Stock Exchange (CSE).
4. The Sri Lanka Auditing Standards issued under the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.
5. The Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (2023).

Report of the Independent Auditors

Based on the recommendation of the Audit Committee and with the approval of the Board of Directors, the Financial Statements were audited by KPMG, Chartered Accountants. The Independent Auditor's Report appears on pages 59 to 62 of this Annual Report.

Quarterly Financial Statements

In compliance with the CSE Listing Rule No. 7.4(a)(i), the Company has released the Quarterly Financial Statements for FY 2025/2026 within the applicable regulatory timelines.

Accounting Policies and Estimates

We confirm that the significant accounting policies adopted in the preparation of the Financial Statements are appropriate and have been applied consistently, unless otherwise disclosed in the Notes to the Financial Statements. Significant accounting policies, estimates, and judgements involving a higher degree of complexity and the application of management judgment were reviewed and discussed with the Audit Committee and the External Auditors.

No departures from the prescribed accounting standards were identified. Comparative information has been reclassified wherever necessary to ensure enhanced presentation and consistency.

The Board of Directors and Management collectively acknowledge their responsibility for ensuring the integrity, reliability, and objectivity of these Financial Statements. The estimates and judgements relating to the Financial Statements reflect a true and fair view. The form and substance of transactions reasonably present the Group's financial position and state of affairs. We confirm that to the best of our knowledge, the financial statements and other financial information included in this report, fairly present all material aspects regarding the financial position, results of the operations and cash flow of the Group during the year under review. We also confirm that the Group has adequate resources to continue in operation and have applied the going concern basis in preparing these Financial Statements.

System of Internal Control

The Company has implemented a comprehensive framework of internal controls and accounting procedures designed to safeguard assets and mitigate the risks of fraud and irregularities. These controls are subject to continuous review, evaluation, and enhancement, and are regularly monitored by the Audit Committee to ensure their ongoing effectiveness.

Based on the assessment conducted, the Group's internal control and accounting systems for the financial year under review were determined to be appropriately designed and operating effectively. No significant deficiencies or material weaknesses relating to financial reporting controls were identified. Furthermore, no instances of fraud involving management, employees with significant control responsibilities, or other parties that could materially impact the financial statements were detected during the review period.

In addition, the Company has engaged an independent professional audit firm to conduct periodic internal audits, providing further assurance that established policies and procedures are consistently adhered to across the Group. However, it should be recognised that all systems of internal control and accounting are subject to inherent limitations and, therefore, can provide only reasonable, and not absolute, assurance.

Conclusion

We confirm, to the best of our knowledge,

- The Group has complied with all applicable laws, regulations and guidelines and there is no material litigation against the Group other than those disclosed in note 32 of the Financial Statements.
- The Audit Committee closely monitors the system of internal controls and confirms that it is operating effectively.
- All taxes, duties, levies, statutory payments payable by the Group and the Company, and all employee-related contributions, levies, and taxes as at 31 March 2026 have been paid or, where relevant, adequately provided for.



Mr. K. C. C. Perera
Executive Director



Mrs. U.A.L.R. Gunasekera
Manager Finance

31st August 2026



FINANCIAL REPORTS

Financial Calendar 2026/2027 / 58
Independent Auditor's Report / 59
Statement of Profit or Loss and Other Comprehensive Income / 63
Statement of Financial Position / 64
Statement of Changes in Equity / 66
Statement of Cash Flows / 67
Notes to the Financial Statements / 69

Enabling Aspirations through efficient design



Financial Calendar 2026/2027

27th Annual General Meeting will be held on 30 September 2026.
Unaudited Interim Financial Statements submitted to the Colombo Stock Exchange in terms of Rule 7.4.

	Due Date	Submitted Date
First quarter ended 30 June 2025	15-Aug-2025	15-Aug-2025
Second quarter ended 30 September 2025	15-Nov-2025	10-Nov-2025
Third quarter ended 31 December 2025	15-Feb-2026	10-Feb-2026
Fourth quarter ended 31 March 2026	31-May-2026	29-May-2026

PROPOSED FINANCIAL CALENDAR – 2025/26

- 28th Annual General Meeting to be held on 30th September 2027.
- Unaudited Interim Financial Statements submitted to the Colombo Stock Exchange in terms of Rule 7.4.
- First quarter ended 30th June 2026 – On or before 15th August 2026
- Second quarter ended 30th September 2026 – On or before 15th November 2026
- Third quarter ended 31st December 2026 – On or before 15th February 2027
- Fourth quarter ended 31st March 2026 – On or before 31st May 2027



Independent Auditor's Report

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. 0. Box 186,
Colombo 00300, Sri Lanka.

Tel +94 - 11 542 6426
Fax +94 - 11 244 5872
+94 - 11 244 6058
Internet www.kpmg.com/lk

TO THE SHAREHOLDERS OF MILLENNIUM HOUSING DEVELOPERS PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Millennium Housing Developers PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31st March 2026, and the statement of profit and 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 2026 and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 33 to the consolidated financial statements, which indicates that the Company had accumulated losses as at 31st March 2026 amounting to Rs. 99. 2 Mn and its current liabilities exceeded its current assets by Rs. 80.6 Mn. These events and conditions, along with the matters set forth in Note 33 indicate that a material uncertainty exists that may cast significant doubt on the Company's / Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the 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. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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.

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
H.U.S.T Dayananda FCA
Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA

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

Independent Auditor's Report

Carrying value of inventories

Refer to note 3.7 in material accounting policies and explanatory note 16 to the financial statements.

Risk Description	Our response
The Group and the Company recorded inventories amounting to Rs. 1,103.2 Mn and Rs. 237.3 Mn, respectively, as at 31 March 2026, representing 75% and 38% of the Group's and Company's total assets, respectively. The significance of these balances, together with the industry-specific nature of the inventories, increases the risk of material misstatement. The determination of whether inventories require write-down to net realisable value (NRV) involves significant management judgement, including consideration of the nature and condition of inventories, expected future demand, and quality and grading assessments. Furthermore, the determination of NRV involves significant management estimates, particularly in relation to expected selling prices and applicable allowances, which are based, in part, on historical sales trends and experience. Based on the above factors, we identified the carrying value of the inventories as a key audit matter.	Our audit procedures included: • Obtaining an understanding and assessing the design, implementation and operating effectiveness of management's key internal controls over inventory valuation. • On a sample basis, physically verify the inventories as at reporting date. • Obtaining the surveyor's (In-house) progress report on the work in progress as at 31st March 2026 and inquired the management over the reasonableness of the valuation performed by the surveyor. • Performing, on sample basis, a net realizable value test for the inventories as at the reporting date. • Assessing the reasonableness of provisions recognised for slow-moving and non-moving inventories. • Assessing whether the accounting policies had been consistently applied and the adequacy of the disclosures in respect of the judgement and estimation made in respect of inventory provisioning.

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.

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

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

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

Independent Auditor's Report

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2618.

CHARTERED ACCOUNTANTS
Colombo, Sri Lanka

31st August 2026

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Revenue	5	195,052,500	759,737,252	195,052,500	214,737,252
Cost of sales		(135,035,460)	(538,096,113)	(135,035,460)	(126,173,078)
Gross profit		60,017,040	221,641,139	60,017,040	88,564,174
Other operating income	6	133,304,027	48,101,145	31,271,101	4,897,800
Administrative expenses		(130,553,404)	(126,061,262)	(58,490,732)	(80,289,176)
Impairment charge of trade receivables	17.3	(19,426,637)	-	(11,626,637)	-
Impairment charge/ (reversal) of related party receivables	18.1	1,142,075	(4,638,096)	325,896	5,528,512
Selling and marketing expenses		(3,443,702)	(7,243,199)	(3,443,702)	(7,020,074)
Operating profit	7	41,039,399	131,799,727	18,052,966	11,681,236
Finance income	8.1	4,575,417	26,733,872	1,257,255	26,006,327
Finance costs	8.2	(34,291,652)	(78,101,846)	(1,709,897)	(28,773,903)
Net finance costs	8	(29,716,235)	(51,367,974)	(452,642)	(2,767,576)
Profit before income tax		11,323,164	80,431,753	17,600,324	8,913,660
Income tax expense/ (reversal)	9	(13,234,188)	(32,409,629)	525,055	(95,164)
Profit/(loss) for the year		(1,911,024)	48,022,124	18,125,379	8,818,496
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Re-measurements of defined benefit liability	24	2,503,824	(4,048,034)	2,529,733	(3,785,959)
Related tax on re-measurement of defined benefit liability	23	(757,818)	1,214,410	(758,920)	1,135,788
Net change in fair value of financial assets - FVOCI	15	(771,251)	4,579,929	(771,251)	4,579,929
Other comprehensive income for the year net of tax		974,755	1,746,305	999,562	1,929,758
Total comprehensive income/(expense) for the year		(936,269)	49,768,429	19,124,941	10,748,254
Profit attributable to:					
Owners of the Company		(1,911,024)	48,022,124	18,125,379	8,818,496
		(1,911,024)	48,022,124	18,125,379	8,818,496
Total comprehensive income attributable to:					
Owners of the Company		(936,269)	49,768,429	19,124,941	10,748,254
		(936,269)	49,768,429	19,124,941	10,748,254
(Loss)/earnings per share					
Basic and diluted (loss)/earnings per share	10	(0.01)	0.36	0.13	0.07

The notes form an integral part of these financial statements.
Figures in brackets indicate deductions.

Statement of Financial Position

As at 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Assets					
Property, plant and equipment	11	7,922,424	11,692,052	7,355,383	10,325,899
Investment property	12	225,000,000	200,000,000	-	-
Intangible assets	13	-	-	-	-
Investment in subsidiaries	14	-	-	279,262,144	278,628,770
Financial assets - FVOCI	15	9,968,878	10,740,129	9,968,878	10,740,129
Deferred tax assets	23	1,662,802	1,896,667	1,662,802	1,896,667
Total non-current assets		244,554,104	224,328,848	298,249,207	301,591,465
Inventories	16	1,103,243,340	1,145,000,362	237,256,650	283,670,225
Trade and other receivables	17	36,839,899	80,845,691	29,739,296	40,344,405
Amounts due from related companies	18	18,966,719	7,336,738	12,412,948	50,193,059
Cash and cash equivalents	19	59,498,784	280,834,596	48,691,826	15,820,359
Total current assets		1,218,548,742	1,514,017,387	328,100,720	390,028,048
Total assets		1,463,102,846	1,738,346,235	626,349,927	691,619,513
Equity					
Stated capital	20	293,802,200	293,802,200	293,802,200	293,802,200
Reserves	21	17,019,362	17,790,613	17,019,362	17,790,613
Retained earnings/ (accumulated losses)		387,047,305	385,132,754	(99,197,161)	(121,171,219)
Equity attributable to owners of the Company		697,868,867	696,725,567	211,624,401	190,421,594
Total equity		697,868,867	696,725,567	211,624,401	190,421,594
Loans & borrowings	22	-	31,862,706	-	31,862,706
Deferred tax liabilities	23	56,561,527	47,317,395	-	-
Retirement benefit obligation	24	6,268,472	7,283,032	6,011,577	7,231,439
Total non-current liabilities		62,829,999	86,463,133	6,011,577	39,094,145

As at 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Trade and other payables	25	376,347,828	453,777,290	193,618,517	185,609,569
Loans & borrowings	22	286,966,177	444,966,173	-	157,999,996
Amounts due to related companies	26	20,048,626	20,048,626	206,890,388	118,494,209
Current tax liabilities		5,682,803	1,401,198	-	-
Bank overdraft	19	13,358,546	34,964,247	8,205,044	-
Total current liabilities		702,403,980	955,157,534	408,713,949	462,103,774
Total liabilities		765,233,979	1,041,620,667	414,725,526	501,197,919
Total equity and liabilities		1,463,102,846	1,738,346,235	626,349,927	691,619,513

The notes form an integral part of these financial statements.

Figures in brackets indicate deductions.

It is certified that the financial statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.

U.A.L.R. Gunasekara
Manager Finance

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

Approved and signed for and on behalf of the Board;

U.H. Dharmadasa
Chairman

K.C.C. Perera
Director

31st August 2026
Colombo, Sri Lanka

Statement of Changes in Equity

For the year ended 31st March 2026

Group	Attributable to owners of the Company				
	Stated capital Rs.	Capital redemption reserve Rs.	Fair value reserves Rs.	Retained earnings Rs.	Total equity Rs.
Balance as at 1st April 2024	293,802,200	25,000,000	(11,789,316)	339,944,254	646,957,138
Total comprehensive income for the year					
Profit for the year	-	-	-	48,022,124	48,022,124
Other comprehensive (expense)/income for the year	-	-	4,579,929	(2,833,624)	1,746,305
Total comprehensive income for the year	-	-	4,579,929	45,188,500	49,768,429
Balance as at 31st March 2025	293,802,200	25,000,000	(7,209,387)	385,132,754	696,725,567
Balance as at 1st April 2025	293,802,200	25,000,000	(7,209,387)	385,132,754	696,725,567
Total comprehensive income for the year					
Loss for the year	-	-	-	(1,911,024)	(1,911,024)
Other comprehensive (expense)/income for the year	-	-	(771,251)	1,746,006	974,755
Reversal of unclaimed dividend payable	-	-	-	2,079,569	2,079,569
Total comprehensive (expense)/income for the year	-	-	(771,251)	1,914,551	1,143,300
Balance as at 31st March 2026	293,802,200	25,000,000	(7,980,638)	387,047,305	697,868,867

Company	Stated capital Rs.	Capital redemption reserve Rs.	Fair value reserves Rs.	Accumulated losses Rs.	Total equity Rs.
Balance as at 1st April 2024	293,802,200	25,000,000	(11,789,316)	(127,339,544)	179,673,340
Total comprehensive income for the year					
Loss for the year	-	-	-	8,818,496	8,818,496
Other comprehensive income/(expense) (Net of tax)	-	-	4,579,929	(2,650,171)	1,929,758
Total comprehensive income for the year	-	-	4,579,929	6,168,325	10,748,254
Balance as at 31st March 2025	293,802,200	25,000,000	(7,209,387)	(121,171,219)	190,421,594
Balance as at 1st April 2025	293,802,200	25,000,000	(7,209,387)	(121,171,219)	190,421,594
Total comprehensive income for the year					
Profit for the year	-	-	-	18,125,379	18,125,379
Other comprehensive income/(expense) (Net of tax)	-	-	(771,251)	1,770,813	999,562
Reversal of unclaimed dividend payable	-	-	-	2,077,866	2,077,866
Total comprehensive income/ (expense) for the year	-	-	(771,251)	21,974,058	21,202,807
Balance as at 31st March 2026	293,802,200	25,000,000	(7,980,638)	(99,197,161)	211,624,401

The notes form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31st March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Cash flows from operating activities					
Profit before tax		11,323,164	80,431,753	17,600,324	8,913,660
Adjustments for:					
Depreciation on property, plant and equipment	11	5,259,647	6,499,853	4,460,536	5,326,393
Fair value gain on investment property	12	(25,000,000)	(5,000,000)	-	-
Amortisation on intangible assets	13	-	14,164	-	2,500
Impairment reversal of investment in subsidiaries	14.1	-	-	(633,374)	-
Finance costs	8	34,291,652	78,101,846	1,709,897	28,773,903
Gain on loan restructure	8	-	(25,260,955)	-	(25,260,955)
Retirement benefit obligation expense	24	1,654,264	1,529,058	1,474,871	1,138,446
Provision/(reversal) for due from related parties	18.1	(1,142,075)	4,638,096	(325,896)	(5,528,512)
Provision/(reversal) for other receivables	17.4	960,343	-	-	-
Gain on disposal of property plant and equipments	6	(2,800,000)	(1,115,306)	(2,800,000)	(1,115,306)
Provision / (reversal) for the trade receivables	17.3	19,426,637	-	11,626,637	-
Interest income	8	(4,575,417)	(1,472,917)	(1,257,255)	(745,372)
Written back of other payables	6	(62,536,817)	-	(21,585,545)	-
Provision for slow moving inventory	16.1	(626,778)	221,725	(210,393)	66,485
Write off of other receivables	7	11,470,672	-	667,492	-
Write off trade receivables		-	1,519,840	-	-
Operating profit / (loss) before working capital changes		(12,294,708)	140,107,157	10,727,294	11,571,242
Decrease / (increase) in inventories		42,383,799	501,794,708	46,623,969	101,140,809
Decrease / (increase) in trade and other receivables		11,519,390	(822,985)	(2,317,771)	2,866,281
Decrease / (increase) in amounts due from related companies		(9,859,155)	(372,873)	38,734,757	(14,756,781)
(Decrease) / increase in trade and other payables		(44,286,095)	(25,484,908)	31,672,359	(10,173,458)
(Decrease)/ increase in amounts due to related companies		-	(61,317,979)	88,396,179	35,062,258
Cash generated from / (used in) operating activities		(12,536,769)	553,903,120	213,836,787	125,710,351
Gratuity paid	24	(165,000)	(4,598,657)	(165,000)	(2,892,370)
Interest paid		(2,818,637)	(89,309,287)	(1,709,897)	(44,839,605)
Tax paid		(232,401)	-	-	-
Net cash generated from / (used in) operating activities		(15,752,807)	459,995,176	211,961,890	77,978,376

Statement of Cash Flows

For the year ended 31st March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Cash flows from investing activities					
Acquisition of property, plant and equipment	11	(1,490,019)	(45,805)	(1,490,020)	(45,805)
Proceeds from sale of property, plant and equipment		2,800,000	1,970,309	2,800,000	1,970,309
Interest received	8	4,575,417	1,472,917	1,257,255	745,372
Net cash generated from investing activities		5,885,398	3,397,421	2,567,235	2,669,876
Cash flows from financing activities					
Re-payment of borrowings	22	(189,862,702)	(177,908,230)	(189,862,702)	(55,028,602)
Net cash used in financing activities		(189,862,702)	(177,908,230)	(189,862,702)	(55,028,602)
Net increase / (decrease) in cash and cash equivalents		(199,730,111)	285,484,367	24,666,423	25,619,650
Cash and cash equivalents at the beginning of the year		245,870,349	(39,614,018)	15,820,359	(9,799,291)
Cash and cash equivalents at the end of the year	19	46,140,238	245,870,349	40,486,782	15,820,359

The notes to the financial statements form an integral part of these financial statements.

Figures in brackets indicate deductions.

Notes to the Financial Statements

1. Corporate Information

1.1 Domicile and legal form

Millennium Housing Developers PLC (the Company) is a public listed company incorporated and domiciled in Sri Lanka. The registered office of the Company is situated at No. 66/9B, Green Path, Colombo 7.

The Consolidated Financial Statements of the Group for the year ended 31 March 2026 comprises the financial statements of Company and its subsidiaries (together referred to as "Group").

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

1.2 Principal activities and nature of operation

The principal activities of the Company and its subsidiaries are construction and sale of constructed houses, land sales and selling apartments.

1.3 Parent company and ultimate parent company

The Company does not have an identifiable parent on its own. The Company is the ultimate parent of the Group. Ceyoka (Private) Limited holds more than 28% of stated capital.

2. Basis of preparation

2.1 Statement of compliance

The consolidated financial statements of the Group and the Company have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS and LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

The Sri Lanka Accounting Standards comprise: Sri Lanka Financial Reporting Standards (SLFRSs); Sri Lanka Accounting Standards (LKASs); Statements of Recommended Practice (SoRPs); Statement of Alternative Treatment (SoAT); and Financial Reporting Guidelines issued by CA Sri Lanka. The Accounting Standards, together with related guidance and FAQs, are available on the CA Sri Lanka website.

2.2 Responsibility of financial statements

The Board of Directors is responsible for the preparation and presentation of these financial statements of the Group as per the provisions of the Companies Act No.07 of 2007 and the Sri Lanka Accounting Standards (SLFRSs and LKASs).

2.3 Approval of Financial Statements by Directors

The consolidated financial statements of the Group and the Company for the year ended 31st March 2026 were authorized for issue by the Directors on 31st August 2026.

2.4 Basis of measurement

The financial statements of the Group/ Company are prepared and presented on the historical cost basis except for the following material items in the statement of financial position.

- Employee defined benefit obligation is measured based on actuarial valuation LKAS 19.
- Financial assets and financial liabilities that have been measured at fair value SLFRS 9.
- Investment property that has been measured at fair value LKAS 40.

2.5 Functional and presentation currency

The consolidated financial statements of the Group and the Company are presented in Sri Lankan Rupees, which is the currency of the primary economic environment in which the reporting entity operates. Each entry of the Group/ Company uses the currency of the primary economic environment in which it operates as its functional currency.

2.6 Accounting judgements, estimates and assumptions.

The preparation of the financial statements of the Group/Company in conformity with Sri Lanka Accounting Standards (SLFRS and LKAS) requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected. Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the respective notes.

Judgements, estimates, and assumptions made by management in preparing these financial statements are described in following notes:

Accounting policies	Note
Revenue recognition	3.10.1
Impairment of financial assets	3.2.1
Current tax and deferred tax	3.10.6
Useful life time of property, plant and equipment	3.4.4
Investment property valuation	3.6
Useful life time of intangible assets	3.5
Provision of impairment of trade receivable	3.2
Employee benefits	3.9
Going concern	33
Provision of impairment of slow-moving and non-moving inventory	16.1

Notes to the Financial Statements

2.7 Current versus non-current classification

The Group/Company 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 realized 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.

All other liabilities are classified as non-current.

2.8 Use of 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, as permitted by the Sri Lanka Accounting Standard – LKAS 1, Presentation of Financial Statements.

The notes to the financial statements are presented in a systematic manner to enhance the understandability and comparability of the financial statements of the Group and the Company. The 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.

2.9 Fair value measurement

"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 in the principal market or, in its absence, the most advantageous market to which the Group/Company has access at that date. The fair value of a liability reflects its non-performance risk.

The Group/Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, the Group/Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

The selected valuation technique incorporates all factors that market participants would take into account when pricing the transaction. The fair value of an asset or a liability is measured using assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group/Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred. 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.

External professional valuers are engaged for the valuation of significant assets, such as investment property, where considered appropriate.

An analysis of fair value measurements of financial and non-financial assets and liabilities is provided in note 29.

3 Material Accounting Policies

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

3.1 Financial instruments

(a) Recognition and initial measurement

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

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

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

(b) Classification and subsequent measurement

Financial assets

On initial recognition, the financial assets are classified as measured at; amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

The Group/Company measures a financial asset at amortised cost if it meets both conditions required by the standard.

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

All financial assets that are not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivatives financial assets.

On initial recognition, the Group/ Company may irrevocably designate the financial assets that otherwise mean to mix the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liability

Financial liabilities are classified as measured at amortized cost or FVTPL. Financial liability is classified as FVTPL if it is classified as held for trading, is a derivative or it is designated as such on initial recognition.

Financial liabilities are recognized when, and only when the Group/ Company becomes a party to the contractual provisions of financial instrument. Financial liabilities are recognized initially at fair value net of transaction cost that are directly attributable to the issue of the financial liability, which are not at fair value through profit or loss.

(c) Derecognition

Financial assets

The Group/ Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred or in which the Group/ Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial assets. The Group/Company enters into transactions whereby it transfers assets recognized in its Statement of Financial Position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liability

The Group/ Company derecognizes the financial liability when its contractual obligation is discharged or cancelled or expired. The Group also derecognizes financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified term is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished or transferred to another party and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3.2 Impairment

3.2.1 Non-derivative financial assets

The Group/ Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Group/ Company measures loss allowances at an amount equal to lifetime ECLs, except for the following financial assets, for which loss allowances are measured at 12-month ECLs:

* debt securities that are determined to have low credit risk at the reporting date; and
* other debt securities and bank balances for which credit risk, i.e. the risk of default occurring over the expected life of the financial instrument, has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

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

The Group/Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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

* the borrower is unlikely to pay its credit obligation to the Group/ Company in full, without recourse by the Group/Company to actions such as realising security, if any is held; or
* the financial asset is more than 90 days past due.

The Group/Company considers a debt security to have low credit risk when

Notes to the Financial Statements

its credit risk rating is equivalent to the globally understood definition of "investment grade". Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. Twelve-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date, or a shorter period if the expected life of the instrument is less than 12 months.

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

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls, being the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group/ Company expects to receive.

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

Credit-impaired financial assets
At each reporting date, the Group/ Company assesses whether financial assets carried at FVOCI are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

* significant financial difficulty of the borrower or issuer;
* a breach of contract, such as default or being more than 90 days past due;
* the restructuring of a loan or advance by the Group/ Company on terms that the Group/ Company would not consider otherwise;
* it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
* the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

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

Write-off
The gross carrying amount of a financial asset is written off when the Group/ Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group/ Company individually assesses the timing and amount of any write-off based on whether there is a reasonable expectation of recovery. The Group/ Company expects no significant recovery from amounts written off. However, financial assets that are written off may still be subject to enforcement activities in order to comply with the Group/ Company's procedures for recovery of amounts due.

3.2.2 Non-financial assets

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

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets or CGU.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

3.3 Provisions

Provisions are recognized when the Group/Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

3.4 Property, plant and equipment
The Group/ Company applies the requirements of the Sri Lanka Accounting Standard – LKAS 16 on "Property, Plant and Equipment" in accounting for its owned assets which are held for and used in the provision of goods or services, for rental to others or for administrative purposes and are expected to be used for more than one year.

3.4.1 Basis of recognition

Property, plant and equipment is recognised if it is probable that future economic benefits associated with the asset will flow to the Group and cost of the asset can be reliably measured.

3.4.2 Basis of measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost.

Cost includes expenditure that is directly attributable to the acquisition of the asset and subsequent costs (excluding the costs of day-to-day servicing) as explained below. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software which is integral to the functionality of the related equipment is capitalized as part of computer equipment.

Cost model

The Group/Company applies the cost model to all property, plant and equipment. These are recorded at cost of purchase together with any incidental expenses thereon, less accumulated depreciation and any accumulated impairment losses.

3.4.3 Derecognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset), is recognized in "Other operating income" in profit or loss in the year the asset is derecognized. When replacement costs are recognized in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is derecognized as required by Sri Lanka Accounting Standard – LKAS 16 on "Property, plant and equipment".

3.4.4 Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component. Depreciation is not provided on freehold land and assets under construction. Land is not depreciated.

The estimated useful lives are as follows:

Class of assets	Useful lifetimes years
Building	05
Motor Vehicles	05
Furniture & fittings	05
Generator	05
Air Conditioner and Installation	05
Office equipment	05
Play equipment	05
Computers	05

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3.5 Intangible assets

3.5.1. Software

Software acquired is stated at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is 05 years.

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

3.6 Investment property

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 reflects 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

Notes to the Financial Statements

recognised as other income on 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 statement of profit or loss 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.

3.7 Inventories

Inventories are measured at the lower of cost and net realizable value. Costs incurred in bringing the real estate inventories to their present location and condition are accounted for as follows:

- Land held for development and resale: Measured at the cost of acquisition, including non-refundable purchase taxes, legal fees, surveying costs, and directly attributable site clearing costs.

- Property development costs (Work-in-progress and Finished units): Costs are assigned by specific identification of their individual costs. This includes the cost of land, direct materials, construction labor, direct subcontractor costs, and an appropriate allocation of systematically assigned development overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion (including infrastructure and construction finishing costs) and the estimated costs necessary to make the sale (such as agent commissions and marketing costs).

3.7.1 Raw material

Raw materials, which comprise construction and building materials not yet utilized in development projects, are measured at actual cost on a weighted average cost basis.

3.7.2 Work-in-progress

Work-in-progress represents the cost of partly constructed houses and the cost of other infrastructure facilities incurred as at the reporting date. Work-in-progress represents property currently under development and includes the cost of land under development, partly constructed houses/ apartments, and common infrastructure facilities (such as roads, utilities, and recreational areas) incurred up to the reporting date.

3.7.3 Finished goods

Finished goods include the fully completed houses which are not sold as at the balance sheet date these are valued at cost of construction plus attributable overheads. Finished goods comprise fully completed houses, residential apartments, and developed land plots available for immediate sale but remaining unsold as at the reporting date. These are valued at the total cost of construction and development (including land cost, direct costs, and allocated development overheads).

3.7.4 Inventory derecognition

Real estate inventory is derecognized upon the transfer of control of the apartment, house unit, or land plot to the customer, at which point the carrying amount is recognized as an expense (Cost of Sales) in the period in which the related revenue is recognized in accordance with SLFRS 15 (Revenue from Contracts with Customers). Inventory is also derecognized when it is written off due to obsolescence or when no future economic benefits are expected from its use or disposal.

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand and form an integral part of the cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3.9 Employee benefits

(a) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognised as an

employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Defined contribution plans – Employees

Employees' Provident Fund, Employees' Trust Fund

All employees who are eligible for Employees' Provident Fund contribution and Employees' Trust Fund contribution are covered by relevant contribution funds in line with respective statutes and regulations.

The Group/ Company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

(b) Defined benefit plan – gratuity
A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by independent actuaries using projected Unit Credit (PUC) method as recommended by LKAS 19 – "Employee Benefits". The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are Note 24. Any changes in these assumptions will impact the carrying amount of defined benefit obligations. Actuarial gains or losses are recognized in full in the other comprehensive income.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group/Company recognizes gains or losses on the statement of a defined plan when the settlement occurs.

Provision has been made for retirement gratuities from the beginning of service for all employees, in conformity with LKAS 19 on "Employee Benefits". However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continued service.

Short-term benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

3.10 Statement of profit or loss and other comprehensive income

3.10.1 Revenue

Revenue recognition
Revenue from contracts with customers is recognized when control of the real estate units is transferred to the customer. This occurs at an amount that reflects the consideration to which the Group/ Company expects to be entitled in exchange for those goods or services.

The Group/ Company applies the 5-step model mandated by SLFRS 15:

1. Identify the contract(s) with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations.
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

Construction and selling of houses
Revenue from the sale of houses and extra works is recognized at the point in time when the Group/Company satisfies its performance obligation by transferring control of the completed house to the buyer. Control is deemed to have transferred when a binding sale agreement has been executed, construction of the house is fully complete, and physical possession is handed over with formal notice of possession.

Sale of land
Revenue from the sale of land is recognized at the point in time when the Group/Company satisfies its performance obligation by transferring control of the asset to the customer. Control is deemed to have transferred when a binding sale agreement has been executed and physical possession of the land is granted or a formal notice of possession has been issued, giving the customer the definitive right to access and utilize the land plot.

Significant financial component
A contract with a customer would not have a significant financing component if the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference.

As there is no major change between the amount of promised consideration and the cash selling price of the promised real estate unit, the Group/ Company does not recognize the financial component.

Contract liabilities
Contract liabilities represent the Group's and the Company's obligation to transfer goods or

Notes to the Financial Statements

services to a customer for which the Group or the Company has received consideration (or for which an amount of consideration is due) from the customer. Contract liabilities include advance considerations received from customers to render specified goods or services. These balances represent the Group's and the Company's unfulfilled obligation to transfer the completed asset to the customer in the future. Contract liabilities are recognised as revenue in the Statement of Profit or Loss and Other Comprehensive Income when the Group or the Company satisfies its performance obligations under the contract. Amounts related to unsatisfied performance obligations are retained within contract liabilities until the final handover criteria are met.

3.10.2 Finance income and expenses

Finance income comprises interest income on money market accounts is recognized as it accrues in profit or loss using effective interest method.

Finance expenses comprise interest expense on borrowings.

3.10.3 Other income

Other income comprises documentation fees, utilities management fees, and proceeds from scrap sales, gains on the disposal of assets. Other income is recognised as it accrues in profit or loss on the date that the Group's/ Company's right to receive payment is established.

3.10.4 Expenditure recognition

All expenditure incurred in running the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to revenue in arriving at the profit for the year or the purpose of presentation of statement of comprehensive income, the Directors are of the opinion that the function of expenses method present fairly the elements of the enterprise's performance, Hence, such presentation method is adopted.

3.10.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.10.6 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity or other comprehensive income.

The Group/Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

(a) Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group/ Company operates and generates taxable income.

Current tax relating to items recognised directly in other comprehensive income is recognised in other comprehensive income and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, equity-accounted investee and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

Income tax expense for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

3.11 Related party transactions

The Group/Company carried out transactions in the ordinary course of its business with parties who are defined as related parties as per Sri Lanka Accounting Standard – LKAS 24 on "Related Party Disclosures". Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is being charged.

3.12 Cash flow statement

The cash flow statement is prepared under the indirect method. Interest paid is classified as operating cash flows whereas interest received, and dividend received are classified as investing cash flows.

3.13 Operating segment

The Group/ Company operations are solely selling of real estate units (houses, lands and apartments). The operations of the Group/ Company are looked at as a single operating segment.

The Chief Operating Decision Maker (CODM) of the Group is the Chief Executive Officer (CEO). The CEO considers the performance of the Group as a whole considering the total operations of the Group/ Company as one segment in assessing the performance of the Group/ Company and making decisions about the resource allocation within the Organization.

3.14 Earnings per share

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

3.15 Basis of consolidation

The Group's Financial Statements comprise Consolidated Financial Statements of the Company and its subsidiaries prepared as per the Sri Lanka Accounting Standard – SLFRS 10 on "Consolidated Financial Statements".

Subsidiaries

Subsidiaries are investees that are controlled by the Company. The Company "Controls" an investee if it is exposed to, 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. At each reporting date the Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control mentioned above. The Financial Statements of all the subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date when control ceases.

A list of the Group's subsidiaries is set out in Note 14 to the Financial Statements.

The financial statements of the parent company and subsidiaries are prepared to a common financial year ending 31st March. The financial statements of the parent and subsidiaries are prepared using uniform accounting policies.

Non-controlling interests

Non-controlling interests are measured initially at their proportionate share of the fair value of the acquirer's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

Loss of control

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

Notes to the Financial Statements

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the Consolidated Financial Statements. Unrealized losses are also eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

4. New Accounting Standards issued but not yet effective as at the reporting date

A number of new standards are effective for annual periods beginning on or after 1 April 2026 and earlier application is permitted. However, the Company has not early adopted the new or amended standards in preparing these financial statements.

SLFRS 18 Presentation and Disclosure in Financial Statement
SLFRS 18 will replace LKAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

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

5 Revenue

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
5.1 Revenue from contracts with customers				
Revenue from sale of houses	139,600,000	82,362,500	139,600,000	82,362,500
Revenue from sale of land	55,452,500	673,217,500	55,452,500	128,217,500
Revenue from extra work of houses	-	4,157,252	-	4,157,252
Total revenue	195,052,500	759,737,252	195,052,500	214,737,252
5.2 Timing of revenue recognition				
Products & services transferred at a point in time	195,052,500	759,737,252	195,052,500	214,737,252
	195,052,500	759,737,252	195,052,500	214,737,252
5.3 Primary geographical markets				
Sri Lanka	195,052,500	759,737,252	195,052,500	214,737,252
	195,052,500	759,737,252	195,052,500	214,737,252

6 Other operating income

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Write-back of other payables	62,536,817	-	21,585,545	-
Gain on sale of property plant and equipment	2,800,000	1,115,306	2,800,000	1,115,306
Sundry income (Note 6.1)	42,967,210	41,985,839	6,885,556	3,782,494
Increase in fair value of investment property (Note 12.1)	25,000,000	5,000,000	-	-
	133,304,027	48,101,145	31,271,101	4,897,800

6.1 Sundry income comprises documentation fees, utilities management fees, and proceeds from scrap sales.

7 Results from operating activities

Result from operating activities is stated after charging all expenses including the following:

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Director's remuneration (Note 7.2)	(18,110,005)	10,375,000	(14,854,005)	7,975,000
Audit fee	3,060,000	2,719,000	1,762,000	1,565,000
Audit related services	125,000	100,000	-	-
Depreciation on property, plant and equipment	5,259,647	6,499,853	4,460,536	5,326,393
Amortisation on intangible assets	-	14,164	-	2,500
Other receivables write off	11,470,672	-	667,492	-
(Reversal)/ charge of impairment on inventories	(626,779)	221,725	(210,393)	66,485
Staff costs (Note 7.1)	32,407,072	34,846,912	21,449,344	26,615,253

Notes to the Financial Statements

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
7.1 Personnel Costs				
Salaries and wages	27,999,256	30,080,157	18,021,163	22,832,850
Defined contribution plan cost - EPF and ETF	2,753,552	3,237,697	1,953,310	2,643,957
Defined benefit plan cost - retirement gratuity	1,654,264	1,529,058	1,474,871	1,138,446
	32,407,072	34,846,912	21,449,344	26,615,253

7.2 Directors remuneration - reversal

The Company Directors, Mr. U.H. Dharmadasa and Mr. K.C.C. Perera, voluntarily waived their remuneration for the current period and approved the reversal of remuneration amounts payable to them from prior years, amounting to Rs. 23.1 Mn for the Group and Rs. 19.6 Mn for the Company, during the year.

8 Net finance costs

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
8.1 Finance income				
Interest on savings deposits	4,575,417	1,472,917	1,257,255	745,372
Gain on loan restructure	-	25,260,955	-	25,260,955
	4,575,417	26,733,872	1,257,255	26,006,327

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
8.2 Finance costs				
Overdraft interest	1,000	4,238,298	1,000	5,250
Interest on borrowings	34,290,652	73,863,548	1,708,897	28,768,653
	34,291,652	78,101,846	1,709,897	28,773,903
Net finance costs	(29,716,235)	(51,367,974)	(452,642)	(2,767,576)

9 Income tax expense

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
9.1 Recognised in profit or loss				
9.1.1 Current tax expense				
Current income tax (Note 9.2)	1,295,055	-	-	-
Under provision with respect to the previous year (Note 9.6)	3,218,954	-		
	4,514,009	-	-	-

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
9.1.2 Deferred tax expense				
9.1.2.1 Recognised in profit or loss				
Charge/ (reversal) of temporary differences (Note 23)	8,720,179	32,409,629	(525,055)	95,164
	8,720,179	32,409,629	(525,055)	95,164
9.1.2.2 Recognised in other comprehensive income				
Charge/ (reversal) of temporary differences (Note 23)	757,818	(1,214,410)	758,920	1,135,788
	757,818	(1,214,410)	758,920	1,135,788

9.2 Reconciliation of the accounting profit to current tax expense

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Profit before tax	11,323,164	80,431,753	17,600,324	8,913,660
Less : Exempt amounts and other sources	(65,542,759)	(45,936,180)	(6,172,697)	(7,389,190)
Add : Aggregate disallowed expenses	74,172,720	54,664,773	18,861,242	9,523,798
Less : Aggregate allowable expenses	(1,183,272)	(9,831,683)	(845,226)	(7,637,055)
Assessable income from business	18,769,853	79,328,663	29,443,643	3,411,213
Assessable income from investment	4,575,416	1,472,917	1,257,255	745,372
Tax loss utilised during the year	(42,078,579)	(119,821,037)	(30,700,898)	(4,156,585)
Tax loss incurred during the year	23,050,160	39,019,457	-	-
Total taxable income	4,316,850	-	-	-
Tax on profit for the year @ 30%	1,295,055	-	-	-

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act, No. 45 of 2022 and its subsequent amendments. Accordingly, tax rate of 30% has been used for income tax and deferred tax during the year (2025-30%).

Notes to the Financial Statements

9.3 Reconciliation of effective tax rate

	Group		Company	
		2026 Rs.		2026 Rs.
Profit before tax		11,323,164		17,600,324
Income tax using domestic tax rate	30%	3,396,949	30%	5,280,097
Less : Exempt amounts and other sources	-174%	(19,662,827)	-11%	(1,851,809)
Add : Aggregate disallowed expenses	197%	22,251,816	32%	5,658,373
Less : Aggregate allowable expenses	-3%	(354,982)	-1%	(253,568)
Assessable income from business	50%	5,630,956	50%	8,833,093
Assessable income from investment	12%	1,372,625	2%	377,176
Loss utilised during the year	-111%	(12,623,574)	-52%	(9,210,269)
Loss incurred during the period	61%	6,915,048	0%	-
Effective tax rate excluding deferred tax	11%	1,295,055	0%	-
Deferred tax charge/ (reversal) for the year	77%	8,720,179	-3%	(525,055)
Effective tax rate including deferred tax	88%	10,015,234	-3%	(525,055)
Under provision with respect to the previous year	28%	3,218,954	0%	-
Total income tax expense/ (reversal) for the year	117%	13,234,188	-3%	(525,055)

9.4 Accumulated tax losses

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Balance at the beginning of the year	359,741,426	440,543,006	207,601,862	211,758,447
Adjustment in respect of previous year	30,909,680	-	23,844,704	-
Loss expired during the year	(23,789,892)	-	-	-
Loss incurred during the year	23,050,160	39,019,457	-	-
Loss utilised during the year	(42,078,579)	(119,821,037)	(30,700,898)	(4,156,585)
Balance at the end of the year	347,832,795	359,741,426	200,745,668	207,601,862

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

Description	Amount		Expiry year
	Group	Company	
Brought forward tax losses - 2021/22	288,260	-	2028
Brought forward tax losses - 2022/23	147,115,937	100,874,158	2029
Brought forward tax losses - 2023/24	119,889,450	79,438,020	2030
Brought forward tax losses - 2024/25	57,721,606	20,433,490	2031
Brought forward tax losses - 2025/26	22,817,542	-	2032
	347,832,795	200,745,668	

9.6 On 21st March 2023,the MC Universal received as assessment notice from the Department of Inland Revenue for the year of assessment 2019/20 ,arising from a difference between the declared and assessment value of business income. The assessment initially imposed an additional tax liability amounting to Rs.3,218,954/-.

Following discussions with the Department of Inland Revenue, the Company agreed to a settlement of Rs.3,218,954/- which was partially settled subsequent to the reporting date. As the settlement provides evidence of conditions that existed as at 31 March 2026, the Company has recognised this amount as a provision under Income tax expense - previous periods in these financial statements, in accordance with LKAS 12 Income Taxes, LKAS 37 Provisions, Contingent Liabilities and Contingent Assets and LKAS 10 Events after the Reporting Period.

10 Basic (loss)/earnings per share

10.1 Basic & diluted (loss) earnings per share

Basic and diluted (loss) earnings per share is calculated based on the profit/(loss) after tax attributable to the ordinary shareholders divided by the weighted average number of ordinary shares outstanding during the year.

	Group		Company	
	2026	2025	2026	2025
Profit /(loss) attributable to owners of the Company (Rs)	(1,911,024)	48,022,124	18,125,379	8,818,496
Weighted average number of ordinary shares	134,681,320	134,681,320	134,681,320	134,681,320
Basic and diluted earnings/(loss) per share (Rs)	(0.01)	0.36	0.13	0.07

During the year Company has not issued ordinary shares and therefore no dilution on earnings/(loss) per share.

11 Property, plant and equipment

11.1 Group

As at 31st March,

Cost	Freehold Land Rs.	Freehold buildings Rs.	Office and site equipment Rs.	Play equipment Rs.	Motor Vehicles Rs.	Containers Rs.	Total Rs.
Balance as at 01st April 2024	2,724,468	12,391,732	85,276,933	222,000	31,988,277	9,936,115	142,539,525
Additions during the year	-	-	45,805	-	-	-	45,805
Disposals during the year	-	-	-	-	(6,593,920)	-	(6,593,920)
Balance as at 31st March 2025	2,724,468	12,391,732	85,322,738	222,000	25,394,357	9,936,115	135,991,410
Balance as at 01st April 2025	2,724,468	12,391,732	85,322,738	222,000	25,394,357	9,936,115	135,991,410
Additions during the year	-	-	1,490,019	-	-	-	1,490,019
Write off during the year	-	(12,391,732)	(17,945,822)	(222,000)	-	-	(30,559,554)
Disposals during the year	-	-	-	-	-	(2,312,000)	(2,312,000)
Balance as at 31st March 2026	2,724,468	-	68,866,935	-	25,394,357	7,624,115	104,609,875
Accumulated depreciation							
Balance as at 01st April 2024	-	12,045,018	78,868,888	222,000	22,466,404	9,936,115	123,538,425
Charge for the year	-	173,360	3,217,118	-	3,109,375	-	6,499,853
Disposals during the year	-	-	-	-	(5,738,920)	-	(5,738,920)
Balance as at 31st March 2025	-	12,218,378	82,086,006	222,000	19,836,859	9,936,115	124,299,358
Balance as at 01st April 2025	-	12,218,378	82,086,006	222,000	19,836,859	9,936,115	124,299,358
Charge for the year	-	173,354	2,341,293	-	2,745,000	-	5,259,647
Write off during the year	-	(12,391,732)	(17,945,822)	(222,000)	-	-	(30,559,554)
Disposals during the year	-	-	-	-	-	(2,312,000)	(2,312,000)
Balance as at 31st March 2026	-	-	66,481,477	-	22,581,859	7,624,115	96,687,451
Carrying value							
Balance as at 31st March 2025	2,724,468	173,354	3,236,732	-	5,557,498	-	11,692,052
Balance as at 31st March 2026	2,724,468	-	2,385,458	-	2,812,498	-	7,922,424

Notes to the Financial Statements

11 Property, plant and equipment

11.2 Company

As at 31st March,	Freehold land	Freehold buildings	Office and site equipment	Motor vehicles	Containers	Total
Cost	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Balance as at 01st April 2024	2,724,468	8,198,333	64,670,550	31,988,277	6,746,497	114,328,125
Additions during the year	-	-	45,805	-	-	45,805
Disposals during the year	-	-	-	(6,593,920)	-	(6,593,920)
Balance as at 31st March 2025	2,724,468	8,198,333	64,716,355	25,394,357	6,746,497	107,780,010
Balance as at 01st April 2025	2,724,468	8,198,333	64,716,355	25,394,357	6,746,497	107,780,010
Additions during the year	-	-	1,490,020	-	-	1,490,020
Write off during the year	-	(8,198,333)	(7,929,884)	-	-	(16,128,217)
Disposals during the year	-	-	-	-	(2,312,000)	(2,312,000)
Balance as at 31st March 2026	2,724,468	-	58,276,491	25,394,357	4,434,497	90,829,813
Accumulated depreciation						
Balance as at 01st April 2024	-	7,851,619	60,802,117	22,466,405	6,746,497	97,866,638
Charge for the year	-	173,358	2,043,660	3,109,375	-	5,326,393
Disposals during the year	-	-	-	(5,738,920)	-	(5,738,920)
Balance as at 31st March 2025	-	8,024,977	62,845,777	19,836,860	6,746,497	97,454,111
Balance as at 01st April 2025	-	8,024,977	62,845,777	19,836,860	6,746,497	97,454,111
Charge for the year	-	173,356	1,542,180	2,745,000	-	4,460,536
Write off during the year	-	(8,198,333)	(7,929,884)	-	-	(16,128,217)
Disposals during the year	-	-	-	-	(2,312,000)	(2,312,000)
Balance as at 31st March 2026	-	-	56,458,073	22,581,860	4,434,497	83,474,430
Carrying value						
Balance as at 31st March 2025	2,724,468	173,356	1,870,578	5,557,497	-	10,325,899
Balance as at 31st March 2026	2,724,468	-	1,818,418	2,812,497	-	7,355,383

11.2.1 Land owned by the Group and the Company Depicted in plan No. 2327 Lot No. 01, situated at Piliyandala, Kahapola. Land Extent 74 perch.

11.3 There are no items of property, plant and equipment of the Group and the Company pledged as security for liabilities as at the reporting date.

11.4 Group and the Company has evaluated both internal and external indicators of impairment of property, plant and equipment has not identified presence of any of impairment indicators as at the reporting date.

11.5 The cost of fully depreciated property, plant and equipment of the Group and Company, which are still in use as at 31st March 2026 is Rs.78.2 Mn (31st March 2025 - Rs. 102 Mn), Rs. 69 mn (31st March 2025 - Rs. 82 mn) respectively.

12 Investment property

12.1 Reconciliation of carrying amount

As at 31st March,	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Balance at the beginning of the year	200,000,000	195,000,000		
Increase in fair value	25,000,000	5,000,000	-	-
Balance at the end of the year	225,000,000	200,000,000	-	-

According to the valuation done by Mr. G.W.G. Abeygunawardene, the fair value of investment property of Group as at 31st March 2026 is Rs. 225,000,000/- (2025 - Rs. 200,000,000/-). The property comprises land only, no buildings.

Owning Company	Location	Land Extent	2026 Rs.	2025 Rs.
Millennium Housing Limited	Athurugiriya	0A-2R-20P	225,000,000	200,000,000
			225,000,000	200,000,000

Increase in fair value is recognised as gain in profit or loss and included in other income and gain represent the unrealised amount.

No rental income or other income was generated from the investment property during the year (2025: Nil). No direct operating expenses were incurred in respect of the investment property during the year (2025-Nil)

12.2 Measurement of fair values

The fair value of investment property was determined by external, independent property valuer, having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The independent valuer provides the fair value of the Group's investment property annually.

The fair value measurement of the investment property has been categorized as a level 3 fair value based on the inputs to the valuation techniques are used. (Note 12.3)

12.3 Measurement of fair value hierarchy

a) Fair value measurement hierarchy - Group

31st March 2026	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Assets measured at fair value:				
Investment property	-	-	225,000,000	225,000,000
	-	-	225,000,000	225,000,000

31st March 2025	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Assets measured at fair value:				
Investment property	-	-	200,000,000	200,000,000
	-	-	200,000,000	200,000,000

Notes to the Financial Statements

b.) Valuation techniques and significant unobservable inputs

Valuation technique	Significant unobservable inputs	Correlation to fair value
Market comparable method considering evidence of transactional price of similar properties giving further consideration to approximate adjustments based on size, future usage, condition of property and location.	The value of the subject land determined by the valuer as Rs.2,250,000 per perch.	Positive

12.4 Sensitivity analysis of perch price

The following table demonstrates the sensitivity to a reasonably possible change in the per perch price in the investment property value measurement.

	Comprehensive income increase / (decrease) Rs.	Investment property increase / (decrease) Rs.
Increase in per perch price (10%)	15,750,000	22,500,000
Decrease in per perch price (10%)	(15,750,000)	(22,500,000)

13 Intangible assets

As at 31st March,	Group		Company	
	2026	2025	2026	2025
Cost	Rs.	Rs.	Rs.	Rs.
Balance at the beginning of the year	4,667,394	4,667,394	3,799,507	3,799,507
Additions during the year	-	-	-	-
Balance as at end of the year	4,667,394	4,667,394	3,799,507	3,799,507
Accumulated amortization				
Balance at the beginning of the year	4,667,394	4,653,230	3,799,507	3,797,007
Charge for the year	-	14,164	-	2,500
Balance as at end of the year	4,667,394	4,667,394	3,799,507	3,799,507
Balance as at end of the year	-	-	-	-

13.1 The intangible assets represents cost of acquisition of Computer software.

14 Investment in subsidiaries

	Ownership percentage %	Company 2026 Rs.	Company 2025 Rs.
Millennium Villa Housing Development Limited	100	132,460,000	132,460,000
MC Urban Developers Limited	100	75,000,000	75,000,000
MC Universal Limited	100	75,000,000	75,000,000
Millennium Housing Limited	100	25,010,000	25,010,000
Millennium Housing Construction Limited	100	3,500,000	3,500,000
		310,970,000	310,970,000
Less: Provision for impairment (Note 14.1)		(31,707,856)	(32,341,230)
		279,262,144	278,628,770

14.1 Provision for impairment of investment in subsidiaries

	Company 2026 Rs.	Company 2025 Rs.
Balance as at the beginning of the year	32,341,230	32,341,230
Reversal during the year	(633,374)	-
Balance as at end of the year	31,707,856	32,341,230

14.2 The Company has made provision against the investments made in MC Universal Limited and Millennium Housing Construction Limited of Rs. 28,207,856/- and Rs. 3,500,000/- respectively based on their recoverable value (using the net asset value method) as at 31st March 2026.

15 Financial assets - FVOCI

The Group designated the investments shown below as equity securities at FVOCI because these equity securities represents investments that the Group intends to hold for the long term for strategic purpose.

During the period there are no investments disposed and transfer of any cumulative gain/(loss) within the equity.

Investments	Group/Company 2026 Cost Rs.	2026 Fair value Rs.	2025 Cost Rs.	2025 Fair value Rs.
Nation Lanka Promotions Limited	13,000,000	9,968,878	13,000,000	10,740,129
	13,000,000	9,968,878	13,000,000	10,740,129

15.1 Amounts recognized in other comprehensive income

For the year ended 31st March	2026 Rs.	2025 Rs.
Balance as at the beginning of the year	10,740,129	6,160,200
Net change in fair value of financial assets - FVOCI	(771,251)	4,579,929
	9,968,878	10,740,129

Notes to the Financial Statements

15.2 Valuation techniques and significant unobservable inputs

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Unquoted equity shares	Net asset approach: The fair value is determining based on the net assets value of the unquoted equity share	Net assets value per share	The estimated fair value would increase/ (decrease) if the adjusted net asset value per share were higher/(lower), respectively.

16 Inventories

As at 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Raw materials	22,246,705	34,646,318	18,165,857	22,618,629
Work in progress	502,097,466	511,244,617	175,863,842	197,198,004
Land work in progress	29,897,540	44,299,244	29,897,540	44,299,244
Land stock	550,594,979	557,030,310	14,489,055	20,924,385
	1,104,836,690	1,147,220,489	238,416,294	285,040,262
Less : Provision for impairment of inventories (Note 16.1)	(1,593,348)	(2,220,127)	(1,159,644)	(1,370,037)
	1,103,243,340	1,145,000,362	237,256,650	283,670,225

During the year ended 31st March 2026, inventories amounting to Rs. 135,035,460/-for the Company and the Group were recognised as an expense and included under 'Cost of sales'.

As at 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
16.1 Provision for slow moving inventories				
Balance as at the beginning of the year	2,220,127	1,998,402	1,370,037	1,303,552
(Reversal)/ charge during the year	(626,779)	221,725	(210,393)	66,485
Balance as at the end of the year	1,593,348	2,220,127	1,159,644	1,370,037

16.2 Security offered for term loan facility

Land value - Rs. 369.7Mn (Sampath Bank Loan - Rs. 286.96 Mn - Note 22.1.1).

Primary mortgage of land owned by MC Urban Developers Limited depicted in Plan No. 6335, located at Subuthipura, Battaramulla.

Current status

Due to the financial difficulties faced, MC Urban Developers Limited, the Company's subsidiary was not able to meet the financial commitments associated with the loan facilities obtained from Sampath Bank. As a result, debt recovery actions were initiated by Sampath Bank and on 28th December 2023 a public auction was held by the Bank to sell the inventory properties to recover the dues of the Bank. However no buyers were found till the date of the approval of these financial statements (Refer Note 22).

17 Trade and other receivables

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Trade receivables	41,038,440	65,648,510	23,173,854	30,533,934
Other receivables (Note 17.1)	61,923,825	60,932,567	57,766,516	49,384,908
	102,962,265	126,581,077	80,940,370	79,918,842
Less : Provision for impairment of trade receivables (Note 17.3)	(29,162,023)	(9,735,386)	(15,201,074)	(3,574,437)
Less : Provision for impairment of advance payment (Note 17.4)	(36,960,343)	(36,000,000)	(36,000,000)	(36,000,000)
	36,839,899	80,845,691	29,739,296	40,344,405

17.1 Other receivables

Advances payments (Note 17.2)	58,961,310	58,292,751	55,595,745	46,745,894
Deposits to services	1,423,320	2,005,820	1,423,320	2,005,820
Prepayment	912,076	457,744	362,076	457,746
Sundry receivables	186,700	176,252	181,432	175,448
Withholding tax receivables	440,419	-	203,943	-
	61,923,825	60,932,567	57,766,516	49,384,908

17.2 The Company and the Group paid Rs. 36 million during the year ended 31 March 2017 as an advance payment towards the intended purchase of a 90.23-perch beachfront property located on Bolongne Road, Negombo. However, the completion of the purchase remains uncertain. Accordingly, the Company and the Group have recognised a full provision against the advance payment.

	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
17.3 Provision for impairment of trade receivable				
Balance as at the beginning of the year	9,735,386	9,735,386	3,574,437	3,574,437
Provision during the year	19,426,637	-	11,626,637	-
Balance as at the end of the year	29,162,023	9,735,386	15,201,074	3,574,437
17.4 Provision for impairment of other receivables				
Balance as at the beginning of the year	36,000,000	36,000,000	36,000,000	36,000,000
Provision during the year	960,343	-	-	-
Balance as at the end of the year	36,960,343	36,000,000	36,000,000	36,000,000

Notes to the Financial Statements

18 Amounts due from related companies

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs,	Rs.	Rs.
Millennium Housing Construction Limited	-	-	17,312,002	16,366,222
MC Urban Developers Limited	-	-	-	17,058,737
Millennium Villa Housing Development Limited	-	-	1,954,290	34,435,246
Nawaloka Agri (Private) Limited	1,875,202	1,875,202	-	-
Ceyoka (Private) Limited	18,654,371	8,166,465	10,487,906	-
Koala (Private) Limited	6,907	6,907	-	-
Nawaloka Trading Company (Private) Limited	1,443,981	1,443,981	-	-
Nawaloka MEP Concepts (Private) Limited	482,279	482,279	-	-
	22,462,740	11,974,834	29,754,198	67,860,205
Less: Provision for impairment (Note 18.1)	(3,496,021)	(4,638,096)	(17,341,250)	(17,667,146)
	18,966,719	7,336,738	12,412,948	50,193,059

18.1 Provision for impairment of amounts due from related companies

Balance as at the beginning of the year	4,638,096	-	17,667,146	23,195,658
Impairment charge/ (reversal) during the year	(1,142,075)	4,638,096	(325,896)	(5,528,512)
Balance as at the end of the year	3,496,021	4,638,096	17,341,250	17,667,146

19 Cash and cash equivalents

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Favorable balances				
Cash in hand	4,150,000	4,275,741	4,150,000	4,275,741
Bank balances	55,348,784	276,558,855	44,541,826	11,544,618
Cash and cash equivalents in the statement of financial position	59,498,784	280,834,596	48,691,826	15,820,359
Unfavorable balances				
Bank overdrafts repayable on demand	(13,358,546)	(34,964,247)	(8,205,044)	-
Cash and cash equivalents in the statement of cash flows	46,140,238	245,870,349	40,486,782	15,820,359

20 Stated capital

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Ordinary shares - issued and fully paid (Nos.)	134,681,320	134,681,320	134,681,320	134,681,320
Ordinary shares - issued and fully paid (Rs.)	293,802,200	293,802,200	293,802,200	293,802,200

20.1 Ordinary shares

The Shares of the Company do not have a nominal or par value as provided in the Article of Association
Holders of these shares are entitled to dividends declared from time to time and entitled to one vote per share at general meetings of the Company.

21 Reserves

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Capital redemption reserve (Note 21.1)	25,000,000	25,000,000	25,000,000	25,000,000
Fair value reserve (Note 21.2)	(7,980,638)	(7,209,387)	(7,980,638)	(7,209,387)
	17,019,362	17,790,613	17,019,362	17,790,613

21.1 Capital redemption reserve

The capital redemption reserve was created upon the redemption of preference shares by Millennium Housing Developers PLC and is equal to the nominal value of the shares redeemed. The purpose of the reserve is to preserve the Company's capital following the redemption of shares, and it is generally non-distributable in nature.

21.2 Fair value reserve

Fair value through other comprehensive income comprises of the cumulative net change in fair value of equity instruments until the investment are derecognised or impaired.

22 Loans and borrowings

As at 31 March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Bank loans (Note 22.1)	286,966,177	476,828,879	-	189,862,702
	286,966,177	476,828,879	-	189,862,702
Amount payable within one year	286,966,177	444,966,173	-	157,999,996
Amount payable after one year	-	31,862,706	-	31,862,706
	286,966,177	476,828,879	-	189,862,702

Notes to the Financial Statements

As at 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
22.1 Long term loan movement during the year				
Balance at the beginning of the year	476,828,879	654,737,109	189,862,702	244,891,304
Repayment during the year	(189,862,702)	(177,908,230)	(189,862,702)	(55,028,602)
Balance at the end of the year	286,966,177	476,828,879	-	189,862,702
22.2 Bank loans				
Sampath Bank PLC - Loan 01 (Note 22.1.1)	286,966,177	286,966,177	-	-
Nation Trust Bank PLC (Note 22.1.2)	-	189,862,702	-	189,862,702
	286,966,177	476,828,879	-	189,862,702

22.1.1 Sampath Bank PLC - Loan 01

Company	Lender	Interest rate	Repayment terms	Outstanding as at 31.03.2026 Rs.	Outstanding as at 31.03.2025 Rs.	Security
MC Urban Developers Limited	Sampath Bank PLC	AWPLR+2%	On Demand	286,966,177	286,966,177	Primary Mortgage of land owned by MC Urban Developers Limited, depicted in Plan no. 6335

Capital payable of Rs. 286,966,177/- on the facilities obtained by MC Urban Developers Limited from Sampath Bank PLC 31st March 2026. As a result debt recovery action was initiated by the bank, a public auction was held on 28th December 2023 to sell the mortgaged property and no buyers were found as at that date and till the date of the approval of these financial statements.

22.1.2 Nation Trust Bank PLC

Company	Lender	Interest rate	Repayment terms	Outstanding as at 31.03.2026 Rs.	Outstanding as at 31.03.2025 Rs.	Security
Millenium Housing Developers PLC	Nation Trust Bank PLC	AWPLR + 2% per annum (To be reviewed every three months from the loan granted date)	The loan is repayable over approximately 20 months starting from 9th February 2025, with monthly capital instalments of Rs. 3 million, Rs. 5 million, and Rs. 8 million across three six-month periods.	-	189,862,702	Primary Mortgage Bond for Rs. 300 Mn over property depicted as Lot 1 in survey plan No.3619 and debt service reserve account with one month capital of Rs. 5 Mn and interest held under lien to the bank.

The loan was restructured on 9th February 2025, and a penalty interest of Rs. 25,260,955, was fully waived. This waiver was recognised as finance income in the statement of profit or loss for the period. The revised terms and conditions of the loan are disclosed above.

The loan was fully settled on 25th July 2025, including all outstanding capital and interest payables.

23 Deferred tax assets / (liabilities)

	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
At the beginning of the year	(45,420,727)	(14,225,508)	1,896,667	856,043
Recognized in the profit and loss				
Reversal/ (charge) of temporary differences	(8,720,179)	(32,409,629)	525,055	(95,164)
Recognized in other comprehensive income				
Reversal/ (charge) of temporary differences	(757,818)	1,214,410	(758,920)	1,135,788
Balance as at end of the year	(54,898,724)	(45,420,727)	1,662,802	1,896,667

23.1 Deferred tax assets/ (liabilities) have been recognized in respect of the following and it has been calculated by applying the effective tax rate (30%) of respective companies in the group which are liable for income tax.

23.2 Deferred tax liabilities

	Group			
	2026		2025	
	Temporary Difference	Tax effect	Temporary Difference	Tax effect
	Rs.	Rs.	Rs.	Rs.
On property, plant and equipment	(57,540)	(17,263)	(407,404)	(122,222)
On retirement benefit obligation	120,121	36,036	51,592	15,478
On fair value of investment property	(188,601,000)	(56,580,300)	(163,601,000)	(49,080,300)
On accumulated tax losses	-	-	6,232,163	1,869,649
	(188,538,419)	(56,561,527)	(157,724,649)	(47,317,395)

23.3 Deferred tax assets

	Group			
	2026		2025	
	Temporary Difference	Tax effect	Temporary Difference	Tax effect
	Rs.	Rs.	Rs.	Rs.
On property, plant and equipment	(468,901)	(140,670)	(909,214)	(272,764)
On retirement benefit obligation	6,011,577	1,803,472	7,231,439	2,169,431
	5,542,676	1,662,802	6,322,225	1,896,667

	Company			
	2026		2025	
	Temporary Difference	Tax effect	Temporary Difference	Tax effect
	Rs.	Rs.	Rs.	Rs.
On property, plant and equipment	(468,901)	(140,670)	(909,214)	(272,764)
On retirement benefit obligation	6,011,577	1,803,472	7,231,439	2,169,431
	5,542,676	1,662,802	6,322,225	1,896,667

Notes to the Financial Statements

23.4 Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of temporary difference arising from tax losses recognised and unrecognised tax loss portions of tax loss and provisions 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.

	Group			
	2026		2025	
	Temporary Difference Rs.	Tax effect Rs.	Temporary Difference Rs.	Tax effect Rs.
On accumulated tax losses	347,832,795	104,349,838	353,509,263	106,052,779
On provision of impairment of trade receivables	29,162,023	8,748,607	9,735,386	2,920,616
On provision of impairment of inventories	1,593,348	478,004	2,220,127	666,038
On retirement benifit obligation	136,774	41,032	-	-
	378,724,940	113,617,481	365,464,776	109,639,433

	Company			
	2026		2025	
	Temporary Difference Rs.	Tax effect Rs.	Temporary Difference Rs.	Tax effect Rs.
On accumulated tax losses	200,745,668	60,223,700	207,601,862	62,280,559
On provision of impairment of trade receivables	15,201,074	4,560,322	3,574,437	1,072,331
On provision of impairment of inventories	1,159,644	347,893	1,370,037	411,011
	217,106,386	65,131,915	212,546,336	63,763,901

24 Retirement benefit obligation

As at 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Present value of retirement benefit obligation (Note 24.1)	6,268,472	7,283,032	6,011,577	7,231,439
	6,268,472	7,283,032	6,011,577	7,231,439

24.1 Movement in the present value of retirement benefit obligation

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
At the beginning of the year	7,283,032	6,304,597	7,231,439	5,199,404
Amounts recognized in profit or loss				
Current service cost	853,131	750,421	679,413	501,520
Interest cost	801,133	778,637	795,458	636,926
Amounts recognized in OCI				
Re-measurements of defined benefit liability	(2,503,824)	4,048,034	(2,529,733)	3,785,959
Amounts recognised in statement of cash flows				
Payments made during the year	(165,000)	(4,598,657)	(165,000)	(2,892,370)
At the end of the year	6,268,472	7,283,032	6,011,577	7,231,439

24.2 Key assumptions used in the computation includes the following;

(A) Company

An actuarial valuation has been carried out as at 31st March 2026 by Messrs. Piyal. S. Goonathilake & Associates (Actuarial Valuer) as required by the Sri Lanka Accounting Standard LKAS 19 - 'Employee Benefits'.

The valuation method used by the actuaries to the retirement benefit obligation is the "projected unit credit method" the method recommended by the LKAS 19- "Employee Benefits".

The key assumptions used by the Actuary include the following:

	2026	2025
(a) Rate of discount (%)	10.75	11
(b) Rate of increase of salaries (%)	10	10
(c) Employee turnover factor (%)	10	10
(c) Retirement age (Years)	60	60

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 actuarial present value of the accrued benefits as at 31st March is grouped under retirement benefit obligation in the statement of financial position. The liability is not externally funded.

The weighted average duration of the retirement benefit obligation is 10.2 years. (2025 - 9.9 years)

A long-term treasury bond rate of 10.75% p.a (2025 – 11%) was used to discount future liabilities taking into consideration the remaining working life of eligible employees for the purpose of valuing employee benefit obligations. Further, the salary increment rate of 10% is considered appropriate to be in line with the Company's targeted salary increments when taking into account the current market conditions and inflation rate.

Notes to the Financial Statements

(B) Group

LKAS 19 - 'Employee Benefits' requires to apply Projected Unit Credit Method to make a reliable estimate of the obligation in order to determine the present value of the retirement benefit obligation. The key assumptions made in arriving at the retirement benefit obligation as at 31st March 2026 in respect of following companies are stated below:

Company	Expected salary increment rate per annum	Discount rate per annum	Retirement age - years	Liability as at 31.03.2026 Rs.
Millennium Housing Developers PLC	10%	10.75%	60	6,011,577
Millennium Housing Limited	10%	10.75%	60	120,121
MC Urban Developers Limited	10%	10.75%	60	136,774
				6,268,472

Company	Expected salary increment rate per annum	Discount rate per annum	Retirement age - years	Liability as at 31.03.2025 Rs.
Millennium Housing Developers PLC	10%	11.00%	60	7,231,439
Millennium Urban Developers Limited	10%	11.00%	60	51,593
				7,283,032

24.3 Sensitivity of assumptions employed in the valuation of the retirement benefit obligation

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Effect on the retirement benefit obligation:				
Increase in discount rate (1%)	(531,919)	(651,432)	(512,104)	(648,850)
Decrease in discount rate (1%)	609,716	749,566	586,409	746,794
Increase in salary growth rate (1%)	587,064	726,038	564,684	723,481
Decrease in salary growth rate (1%)	(523,129)	(374,299)	(503,780)	(371,859)

24.4 Maturity analysis of the payment

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

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Less than one year	508,303	4,598,657	508,303	2,892,370
Between 1-2 years	661,797	804,344	661,797	804,344
Between 3-5 years	4,373,081	1,751,504	2,920,318	1,568,765
Beyond 5 years	4,436,765	8,279,360	4,167,464	7,873,103
Total expected payments	9,979,946	15,433,865	8,257,882	13,138,582
Weighted average duration (years) of defined benefit obligation	10.2	9.9	10.2	9.9

25 Trade and other payables

	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Trade payables	21,355,192	2,135,128	8,742,589	6,037,956
Loan interest payable	130,159,050	101,513,779	-	2,827,744
Accrued expenses	18,959,889	166,506,522	4,385,672	55,820,077
Contract liabilities (Note 25.1)	176,629,249	111,234,886	166,379,249	89,146,679
Unidentified direct deposits	3,689,000	12,790,340	3,689,000	2,708,267
Other payables	16,753,863	45,000,722	2,982,887	24,095,869
Retention payable	8,801,585	14,595,913	7,439,120	4,972,977
	376,347,828	453,777,290	193,618,517	185,609,569

25.1 Contract liabilities

The contract liabilities primarily relate to the advance consideration received from the customers for construction of houses and sale of lands, which revenue is recognised point in time. The amount of customer advances received is Rs. 166 Mn (2024/25: Rs. 89 Mn) and Rs. 176 Mn (2024/25: Rs. 111 Mn) for Company and Group respectively.

The amount of Rs. 179 Mn included in contract liabilities has been recognized as revenue in 2026 for the Company and the Group.

26 Amount due to related companies

	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Millennium Housing Limited	-	-	91,044,142	3,750,819
MC Universal Limited	-	-	107,835,079	114,025,701
MC Urban Developers Limited	-	-	7,293,478	-
Nawaloka Medicare (Private) Limited	18,500,000	18,500,000	-	-
Koala (Private) Limited	717,689	717,689	717,689	717,689
Nation Lanka Finance PLC	830,937	830,937	-	-
	20,048,626	20,048,626	206,890,388	118,494,209

27 Related party disclosures

27.1 Identification of related parties

The Company has related party relationship with its shareholder, subsidiary, affiliate companies and with its key management personnel.

27.2 Transactions with related parties

All related party transactions carried out in a normal course of business and outstanding balance at year end are unsecured and are to be settled in cash.

Notes to the Financial Statements

27.3 Transactions with related Companies - Company

Name of the company	Name of common Directors	Relationship	Nature of the transactions	Transactions during the year	Balance due (to) / from as at 31/3/2026	Balance due (to) / from as at 31/3/2025
Millennium Housing Limited	Mr.U.H. Dharmadasa Mr.K.C.C.Perera Mr.Gihan De Zoyza*	Subsidiary	Material transfers to	154,900		
			Payments made on behalf of	(962,200)		
			Payments made by	1,188,977		
			Fund transfers to	13,575,000		
			Fund transfers from	(101,250,000)	(91,044,142)	(3,750,819)
Millennium Villa Housing Development Limited	Mr.U.H. Dharmadasa Mr.K.C.C.Perera Mr.Gihan De Zoyza*	Subsidiary	Payments made on behalf of	(256,936)		
			Payments made by	8,266,379		
			Fund transfers to	4,900,000		
			Fund transfers from	(51,464,386)		
			Material transfers to	4,415,816		
			Material transfers from	(2,068,862)		
			Transfer of customer advances to	4,917,500		
			Non monetary transfers	(1,190,465)	1,954,290	34,435,246
Millennium Housing Construction Limited	Mr.U.H. Dharmadasa Mr.K.C.C.Perera Mr.Gihan De Zoyza*	Subsidiary	Payments made by	945,780	17,312,002	16,366,222
MC Urban Developers Limited	Mr.U.H. Dharmadasa Mr.K.C.C.Perera Mr.Gihan De Zoyza*	Subsidiary	Material transfers to	3,625		
			Fund transfers from	(32,556,768)		
			Payments made on behalf of	(6,346,938)		
			Payment made by	14,547,866	(7,293,478)	17,058,737
MC Universal Limited	Mr.U.H. Dharmadasa Mr.K.C.C.Perera Mr.Gihan De Zoyza*	Subsidiary	Payment made by	1,122,621		
			Fund transfers to	5,068,000	(107,835,079)	(114,025,701)
Ceyoka (Private) Limited	Mr.U.H. Dharmadasa	Shareholder	Sale of house	30,000,000		
			Settlement of sales transaction	(21,000,000)		
			Non monetory transfers to	1,487,906	10,487,906	-
Koala (Private) Limited	Mr.U.H. Dharmadasa	Significant influence or control in substance - Common Director	Payments for provision of services	-	(717,689)	(717,689)

* Mr. Gihan De Zoysa has resigned from the directorship w.e.f.01.08.2025.

27.4 Transactions with related Companies - Group

Name of the company	Terms and conditions of the related party transactions	Nature of the transactions	Relationship	Transactions during the year	Balance due (to) / from as at 31/3/2026	Balance due (to) / from as at 31/3/2025
Nawaloka Medicare (Private) Limited	N/A	-	Other related party - Common Director	No transactions	(18,500,000)	(18,500,000)
Nation Lanka Finance PLC	N/A	-	Entity with significant influence over the reporting entity - Through indirect shareholder	No transactions	(830,937)	(830,937)
Nawaloka MEP Concepts (Private) Limited	N/A	-	Entity over which the reporting entity's KMP has significant influence - Common Director	No transactions	482,279	482,279
Nawaloka Trading Company (Private) Limited	N/A	-	Other related party (controlled by KMP) - Common Director	No transactions	1,443,981	1,443,981
Nawaloka Agri (Private) Limited	N/A	-	Entity over which the reporting entity's KMP has significant influence - Common Director	No transactions	1,875,202	1,875,202
Koala (Private) Limited	N/A	-	Significant influence or control in substance - Common Director	No transactions	(710,782)	(710,782)
Ceyoka (Private) Limited	N/A	Sale of house	Entity with significant influence over the reporting entity - Shareholder	30,000,000		
		Settlement of sales transaction		(21,000,000)		
		Non monetory transfers to		1,487,906	18,654,371	8,166,465

27.5 Transaction with key management personnel

According to the Sri lanka Accounting Standard 24 (LKAS 24) "Related Party Disclosures", Key Management Personnel (KMP) are those having responsibility for planing, directing and controlling the Activities of the Entity. Accordingly, the Board of Directors (including non Executive and executive Directors) have been classified as KMP of the Company. Immediate family members are difined as spouse or dependent. Dependent is defined as anyone who depends on the respective KMP for more than 50% of his/ her financial needs.

27.5.1 Key management personnel compensation

The details of compensation to key management personnel are as follows,

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Short term employment benefits	(18,110,005)	10,375,000	(14,854,005)	7,975,000
Post employee benefits	Nil	Nil	Nil	Nil
Other long term employment benefits	Nil	Nil	Nil	Nil
Termination benefits	Nil	Nil	Nil	Nil

The Company Directors, Mr. U.H. Dharmadasa and Mr. K.C.C. Perera, voluntarily waived their remuneration for the current period and approved the reversal of remuneration amounts payable to them from prior years, amounting to Rs. 23.1 Mn for the Group and Rs. 19.6 Mn for the Company, during the year.

Notes to the Financial Statements

27.6 Other transactions with key management personnel

There were no other transactions with its key management personnels during the year under review.

27.7 Recurrent and non-recurrent related party transactions

There were no recurrent and non-recurrent related party transactions entered into in respect of the financial year ended 31st March 2026 the value of which exceeded the disclosure thresholds mentioned in Section 9 of the Colombo Stock Exchange Listing Rules other than the below,

Recurrent

Name of the related party	Relationship	Value of the related party transaction(s) entered into during the financial year	Aggregate value of the related party transaction(s) as per % total revenue of prior year	Rationale of the transaction
Millennium Housing Limited	Subsidiary	101,250,000	47%	To improve the cash flow position of the entity to pay Company's immediate debt.
Millennium Villa Housing Development Limited	Subsidiary	51,464,386	23%	To assist working capital requirements
MC Urban Developers Limited	Subsidiary	32,556,768	15%	To assist working capital requirements

Non Recurrent

Name of the related party	Relationship	Value of the related party transaction(s) entered into during the financial year	Aggregate value of the related party transaction(s) as per % equity	Rationale of the transaction
Ceyoka (Private) Limited	Shareholder	30,000,000	14%	Sale of a house

27.8 Transaction with key management personnel – Non-recurrent nature

There were non recurrent related party transactions entered into in respect of the financial year ended 31st March 2026 the value of which exceeded the disclosure thresholds mentioned in Section 9 of the Colombo Stock Exchange Listing Rules.

28 Financial risk management

Overview

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

a. Credit risk

b. Liquidity risk

c. Market risk

The note presents information about the Group's exposure to each of the above risks, the Group's risk management objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

28.1 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 arises principally from the Group's receivables from customers, related parties and cash at bank.

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,

As at 31 March		Group		Company	
		2026	2025	2026	2025
		Rs.	Rs.	Rs.	Rs.
Financial assets at FVOCI	15	9,968,878	10,740,129	9,968,878	10,740,129
Trade and other receivables	17	42,461,760	67,654,330	24,597,174	32,539,754
Amounts due from related companies	18	22,462,740	11,974,834	29,754,198	67,860,205
Cash at bank	19	55,348,784	276,558,855	44,541,826	11,544,618
		130,242,162	366,928,158	108,862,076	122,684,706

The Group's and the Company's equity instruments designated at FVOCI comprise investments in private limited companies. These instruments do not have contractual cash flows and therefore do not expose the Group or the Company to credit risk in the same manner as debt instruments. The carrying amount of these equity instruments represents the maximum exposure to credit risk at the reporting date.

Notes to the Financial Statements

28.1 Credit risk (Continued)

Impairment losses

The aging of trade receivables at the reporting date is as follows.

28.1 Group

31st March 2026 in LKR	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
Current (not past due)	0%	-	-	No
1-30 days past due	0%	-	-	No
31-60 days past due	0%	-	-	No
61-90 days past due	0%	-	-	No
More than 90 days past due	71%	41038,440	(29,162,023)	Yes
		41,038,440	(29,162,023)	

31st March 2025 in LKR	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
Current (not past due)	0%	-	-	No
1-30 days past due	0%	15,304,060	-	No
31-60 days past due	0%	360,500	-	No
61-90 days past due	0%	-	-	No
More than 90 days past due	19%	49,983,950	(9,735,385)	Yes
		65,648,510	(9,735,385)	

Company

31st March 2026 in LKR	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
Current (not past due)	0%	-	-	No
1-30 days past due	0%	-	-	No
31-60 days past due	0%	-	-	No
61-90 days past due	0%	-	-	No
More than 90 days past due	66%	23,173,854	(15,201,074)	Yes
		23,173,854	(15,201,074)	

31st March 2025 in LKR	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
Current (not past due)	0%	-	-	No
1-30 days past due	0%	15,304,064	-	No
31-60 days past due	0%	360,500	-	No
61-90 days past due	0%	-	-	No
More than 90 days past due	24%	14,869,370	(3,574,437)	Yes
		30,533,934	(3,574,437)	

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The Group is closely monitoring the economic environment in the country and is taking necessary measures to limit its exposure to customers experiencing particular economic volatility.

The movement in the allowance for impairment in respect of trade receivables during the year.

As at 31st March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Balance as at the beginning of the year	9,735,386	9,735,386	3,574,437	3,574,437
Provision for during the year	19,426,637	-	11,626,637	-
Balance as at the end of the year	29,162,023	9,735,386	15,201,074	3,574,437

Cash and cash equivalents

The Group and the Company held cash at bank amounting to Rs. 55,348,784/- and Rs. 44,541,826/- respectively as at 31st March 2026 (2025: Rs. 276,558,855/- and Rs. 11,544,618/-), which represents their maximum credit exposure on these assets. The cash and cash equivalents are held with banks and financial institutions, the credit ratings of which are presented below,

Based on the Fitch Ratings;

Bank	Rate	Group Amount (Rs.)	Company Amount (Rs.)
Bank of Ceylon	A (lka)	7,494,772	7,494,772
Commercial Bank	A (lka)	33,317,743	27,495,479
Hatton National Bank	A (lka)	4,945,825	-
Peoples Bank	A (lka)	54,862	54,862
Sampath Bank	A(lka)	9,278,521	9,239,652
Nation Trust Bank	A-(lka)	257,061	257,061

28.2 Liquidity risk

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

Equity instruments measured at FVOCI in private limited companies are not readily marketable and have no contractual maturity. Liquidity risk arises from the potential difficulty in selling these investments at their estimated fair value within a short period. The Group and the Company do not anticipate a need to dispose of these investments in the near term.

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

Group

As at 31st March 2026	Carrying value Rs.	Contractual Cash Flows Rs.	6 months or less Rs.	6-12 months Rs.	1-2 years Rs.	2-5 years Rs.	Total Rs.
Non-derivative financial liabilities							
Trade and other payable	160,315,827	160,315,827	160,315,827	-	-	-	160,315,827
Interest bearing borrowings	286,966,177	286,966,177	286,966,177	-	-	-	286,966,177
Amounts due to related companies	20,048,626	20,048,626	20,048,626	-	-	-	20,048,626
Bank overdraft	13,358,546	13,358,546	13,358,546	-	-	-	13,358,546
	480,689,176	480,689,176	480,689,176	-	-	-	480,689,176

Notes to the Financial Statements

28.2 Liquidity risk (Continued)

As at 31st March 2025	Carrying value	Contractual Cash Flows	6 months or less	6-12 months	1-2 years	2-5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Non-derivative financial liabilities							
Trade and other payable	118,244,820	118,244,820	118,244,820	-	-	-	118,244,820
Interest bearing borrowings	476,828,879	515,305,129	291,044,002	191,710,902	32,550,225	-	515,305,129
Amounts due to related companies	20,048,626	20,048,626	20,048,626	-	-	-	20,048,626
Bank overdraft	34,964,247	34,964,247	34,964,247	-	-	-	34,964,247
	650,086,572	688,562,822	464,301,695	191,710,902	32,550,225	-	688,562,822

Company

As at 31st March 2026	Carrying value	Contractual Cashflows	6 months or less	6-12 months	1-2 years	2-5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Non-derivative financial liabilities							
Trade and other payable	16,181,709	16,181,709	16,181,709	-	-	-	16,181,709
Amounts due to related companies	206,890,388	206,890,388	206,890,388	-	-	-	206,890,388
Bank overdraft	8,205,044	8,205,044	8,205,044				8,205,044
	231,277,141	231,277,141	231,277,141	-	-	-	231,277,141

As at 31st March 2025	Carrying value	Contractual Cashflows	6 months or less	6-12 months	1-2 years	2-5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Non-derivative financial liabilities							
Trade and other payable	13,838,677	13,838,677	13,838,677	-	-	-	13,838,677
Interest bearing borrowings	189,862,702	198,523,160	127,126,931	38,846,010	32,550,225	-	198,523,160
Amounts due to related companies	118,494,209	118,494,209	118,494,209	-	-	-	118,494,209
Bank overdraft	-	-	-	-	-	-	-
	322,195,588	330,856,046	259,459,817	38,846,010	32,550,225	-	330,856,046

The gross outflows disclosed in the above tables represent the contractual undiscounted cash flows relating to financial liabilities held for risk management purposes and which are usually not closed out prior to contractual maturity.

28.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

28.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group mainly borrows in the long term to fund its working capital requirement which are linked to floating interest rates. The Group utilizes various financial instruments to manage exposures to interest rate risks.

At the reporting date, the interest rate profile of the group's interest - bearing financial instruments are as follows.

As at 31st March,	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Variable rate instruments				
Bank overdraft	13,358,546	34,964,247	8,205,044	-
Financial liability - Term loan	286,966,177	476,828,879	-	189,862,702
	300,324,723	511,793,126	8,205,044	189,862,702

Cash flow sensitivity analysis for variable rate instruments

The Company is exposed to changes in market interest rates through bank overdraft borrowings which were borrowed at a variable interest rate.

As at 31st March 2026	Comprehensive income			
	Group		Company	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	Rs.	Rs.	Rs.	Rs.
Variable rate instruments	(3,003,247)	3,003,247	(82,050)	82,050
Cash flow sensitivity (Net)	(3,003,247)	3,003,247	(82,050)	82,050

As at 31st March 2025	Comprehensive income			
	Group		Company	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	Rs.	Rs.	Rs.	Rs.
Variable rate instruments	(7,199,279)	7,199,279	(2,731,776)	2,731,776
Cash flow sensitivity (Net)	(7,199,279)	7,199,279	(2,731,776)	2,731,776

28.3.2 Foreign exchange risk

Foreign currency risk arises when future commercial transactions are denominated in a currency that is not the entity's functional currency. The Group/Company is principally not exposed to fluctuations in the value of the US Dollar (USD) against the Sri Lankan Rupee (Rs.) directly as there are no any foreign currency transactions for the Group/Company during the period.

Notes to the Financial Statements

29 Fair value hierarchy

The table below analyses fair value of the financial instruments measured at amortised cost at the end of the reporting date, by the level of the fair value hierarchy. The different levels have been defined as follows:

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

Level 2 : Input other than quoted prices included within 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 assets or liability that are not based on observable market data (unobservable inputs).

Financial assets measured at amortised cost
The carrying amounts of trade receivables, other receivables, cash and cash equivalents and other short-term financial assets approximate their fair values due to the short-term maturities of these instruments.

Financial liabilities measured at amortised cost
The carrying amounts of trade and other payables, bank overdrafts and amounts due to related parties approximate their fair values due to the short-term maturities of these instruments.

The fair values of loans and borrowings are estimated based on discounted future cash flows using current market interest rates for similar financial instruments. The carrying amounts of variable-rate loans approximate their fair values as the contractual interest rates are repriced periodically to reflect market rates.

As at 31st March 2026
Group

		Financial assets at FVOCI	Financial assets at amortised cost	Financial liabilities at amortised cost	Total carrying value	Level 1	Level 2	Level 3	Total fair value
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets carried at fair value									
Financial assets - FVOCI		9,968,878	-	-	9,968,878	-	-	9,968,878	9,968,878
		9,968,878	-	-	9,968,878	-	-	9,968,878	9,968,878
Financial assets carried at amortised cost									
Cash and cash equivalents		-	55,348,784	-	55,348,784	-	-	-	-
Trade and other receivables		-	42,461,760	-	42,461,760	-	-	-	-
Amounts due from related companies		-	22,462,740	-	22,462,740	-	-	-	-
		-	120,273,284	-	120,273,284	-	-	-	-
Financial liabilities carried at amortised cost									
Bank overdraft		-	-	13,358,546	13,358,546	-	-	-	-
Trade and other payables		-	-	160,315,827	160,315,827	-	-	-	-
Loans and borrowings		-	-	286,966,177	286,966,177	-	-	-	-
Amounts due to related companies		-	-	20,048,626	20,048,626	-	-	-	-
			-	480,689,176	480,689,176	-	-	-	-

As at 31st March 2026

Company

	Financial assets at FVOCI	Financial assets at amortised cost	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total fair value
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets - FVOCI	9,968,878	-	-	9,968,878	-	-	9,968,878	9,968,878
	9,968,878	-	-	9,968,878	-	-	9,968,878	9,968,878
Financial assets carried at amortised cost								
Cash and cash equivalents	-	44,541,826	-	44,541,826	-	-	-	-
Trade and other receivables	-	24,597,174	-	24,597,174	-	-	-	-
Amounts due from related companies	-	29,754,198	-	29,754,198	-	-	-	-
	-	98,893,198	-	98,893,198	-	-	-	-
Financial liabilities carried at amortised cost								
Trade and other payables	-	-	16,181,709	16,181,709	-	-	-	-
Loans and borrowings	-	-	-	-	-	-	-	-
Amounts due to related companies	-	-	206,890,388	206,890,388	-	-	-	-
	-	-	223,072,097	223,072,097	-	-	-	-

There were no transfers between level 1, level 2, and level 3 during the year 2025/26 for the financial assets and liabilities.

As at 31st March 2025

Group

	Financial assets at FVOCI	Financial assets at amortised cost	Financial liabilities at amortised cost	Total carrying value	Level 1	Level 2	Level 3	Total fair value
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets carried at fair value								
Financial assets - FVOCI	10,740,129	-	-	10,740,129	-	-	10,740,129	10,740,129
	10,740,129	-	-	10,740,129	-	-	10,740,129	10,740,129
Financial assets carried at amortised cost								
Cash and cash equivalents	-	276,558,855	-	276,558,855	-	-	-	-
Trade and other receivables	-	67,654,330	-	67,654,330	-	-	-	-
Amounts due from related companies	-	11,974,834	-	11,974,834	-	-	-	-
	-	356,188,019	-	356,188,019	-	-	-	-
Financial liabilities carried at amortised cost								
Bank overdraft	-	-	34,964,247	34,964,247	-	-	-	-
Trade and other payables	-	-	118,244,820	118,244,820	-	-	-	-
Loans and borrowings	-	-	476,828,879	476,828,879	-	-	-	-
Amounts due to related companies	-	-	20,048,626	20,048,626	-	-	-	-
		-	650,086,572	650,086,572	-	-	-	-

Notes to the Financial Statements

As at 31st March 2025

Company

		Financial assets at FVOCI	Financial assets at amortised cost	Financial liabilities at amortised cost	Total carrying value	Level 1	Level 2	Level 3	Total fair value
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets carried at fair value									
Financial assets - FVOCI		10,740,129	-	-	10,740,129	-	-	10,740,129	10,740,129
		10,740,129	-	-	10,740,129	-	-	10,740,129	10,740,129
Financial assets carried at amortised cost									
Cash and cash equivalents		-	11,544,618	-	11,544,618	-	-	-	-
Trade and other receivables		-	32,539,754	-	32,539,754	-	-	-	-
Amounts due from related companies		-	67,860,205	-	67,860,205	-	-	-	-
		-	111,944,577	-	111,944,577	-	-	-	-
Financial liabilities carried at amortised cost									
Trade and other payables		-	-	13,838,677	13,838,677	-	-	-	-
Loans and borrowings		-	-	189,862,702	189,862,702	-	-	-	-
Amounts due to related companies		-	-	118,494,209	118,494,209	-	-	-	-
		-	-	322,195,588	322,195,588	-	-	-	-

There were no transfers between level 1, level 2, and level 3 during the year 2024/25 for the financial assets and liabilities.

30 Capital expenditure and commitments

There were no material capital or financial commitments outstanding as at the date of the statement of financial position that require adjustments to or disclosure in the financial statements.

31 Litigation and contingent liabilities

The Group and the Company is involved in certain legal proceedings arising in the ordinary course of business. Based on the information currently available, including legal advice obtained from external legal counsel, management has assessed the likelihood of any resultant obligations and the need for recognition of provisions in accordance with LKAS 37 Provisions, Contingent Liabilities and Contingent Assets.

As at the reporting date, certain claims and legal proceedings remained unresolved. Management, having considered the status of these matters and the advice received from legal counsel, is of the view that either no present obligation exists requiring recognition of a provision or that any potential obligation cannot be measured with sufficient reliability. Accordingly, no provision has been recognised in respect of these matters.

The ultimate outcome of the legal proceedings is subject to uncertainties inherent in litigation. Accordingly, the final outcome may differ from management's current assessment. However, management does not expect the resolution of these matters to result in material liabilities beyond those already recognised in these financial statements.

32 Events occurred after the reporting date

Subsequent to the reporting period, no circumstances have arisen, that would require adjustments to, or disclosure in the financial statements.

33 Going concern

As at the reporting date, the Company's current liabilities exceeded its current assets by Rs. 80.6 Mn (2024/25: Rs. 72.1 Mn), maintaining a net current liability position during both current and previous financial years. Further, the Company has reported accumulated losses amounting to Rs. 99.2 Mn (2024/25: Rs. 121.2 Mn) as at the current year-end. Furthermore, the outstanding bank facility obtained by MC Urban Developers Limited (A subsidiary company) from Sampath Bank PLC remained unsettled as at 31st March 2026, and the mortgaged property was put up for public auction by the lender due to payment default, which did not yield a buyer till the date of approval of these financial statements. Additionally, the subsidiaries have no ongoing revenue-generating projects, while two projects are subject to the relevant regulatory approval processes.

Therefore, these events or conditions indicate that a material uncertainty exists that may cast significant doubts on the Group's and Company's ability to continue as a going concern.

In accordance with LKAS 1 (Presentation of Financial Statements), management has performed a detailed assessment of the Group's ability to continue as a going concern, taking into account all available information about the foreseeable future. Notwithstanding the indicators stated above, the financial statements have been prepared on a going concern basis by the management. This is based on reliance on the strategic business plan and after performing a review of the Group's affairs, including, but not limited to, the following key initiatives;

- The Company is set to embark on a new high-rise development project, "Heights Grand," comprising 30 apartment units, pursuant to a joint development agreement entered during the year with Ceyoka (Private) Limited, with Millennium Housing Limited (fully owned subsidiary) acting as the developer and the project currently undergoing the relevant regulatory approval processes.

- The outstanding loan facility obtained by MC Urban Developers Limited from Sampath Bank PLC remained unsettled as at 31 March 2026, and although a public auction held did not result in a sale, the Company is currently negotiating with interested parties. Proceeds from this transaction are expected to fully settle the facility and provide additional funds, if any, for future land development initiatives in urban areas.

- The Company plans to commence "The Heights" project under its fully owned subsidiary – MC Universal Limited. Located at No. 504, Rajagiriya Road, this premium 14-floor residential complex will comprise 88 apartments on 80.29 perches of freehold land. While the pile foundation works have been fully completed, the superstructure works will commence immediately upon obtaining regulatory approvals.

- A letter of support (dated 28th August 2026) has been provided by Ceyoka (Private) Limited, confirming its intention to provide the necessary financial support. Through this letter, the related entity (major shareholder) undertakes to provide financial assistance to the Company to ensure that it can pay its debts as and when they fall due and payable. This undertaking is provided for a minimum period of at least 12 months from the date of signing the financial statements for the year ended 31st March 2026.

Based on the strategies explained above, the management of the Company and the Group is confident that the Company and its remaining operating subsidiaries will remain operational and generate sufficient cash flows to meet their obligations as and when they fall due in the future. The Board of Directors of Millennium Housing Developers PLC also confirms that they do not have any intention to liquidate the Company or cease its primary operations for at least 12 months from the date of signing these financial statements. Accordingly, the financial statements continue to be prepared on a going concern basis.

34 Operating segment

The Group operations are solely selling of real estate units (houses, lands and apartments). The operations of the Group / Company are looked at as a single operating segment.

The Chief Operating Decision Maker (CODM) of the Group is the Chief Executive Officer (CEO). The CEO considers the performance of the Group as a whole considering the total operations of the Group as one segment in assessing the performance of the Group and making decisions about the resource allocation within the Organisation.



ANNEXES

Shareholders & Investors Information / 112
Ten Year Summary / 114
Notice of Meeting / 116
Form of Proxy / 119



Shareholders & Investors Information

Information required as persection 7.6 of the listing Rules of Colombo stock Exchange

1. Tewenty Largest Share holders

No.	Name of the Shareholder	As at 31st March 2026		As at 31st March 2025	
		No. of Shares	Percentage	No. of Shares	Percentage
1	Ceyoka (Pvt) Limited	38,090,670	28.28%	38,090,670	28.28%
2	Mr. V.R.Ramanan	35,780,000	26.57%	37,969,373	28.19%
3	DFCC Bank PLC/Mr. U. H. Dharmadasa	29,384,672	21.82%	29,384,672	21.82%
4	Richard Pieris Financial Services (Pvt) Ltd / Mr.H.J.C.Perera	4,665,760	3.46%	4,665,760	3.46%
	Mr. H.J.C.Perera	1,000,000	0.74%	1,000,000	0.74%
5	Mr. K.C.C.Perera	1,300,000	0.97%	1,300,000	0.97%
6	The Finance Company PLC A/C No 1	1,200,000	0.89%	1,200,000	0.89%
7	Mrs. M. Arudpragasam	1,130,000	0.84%	-	-
8	Mr. M. Ashfak	564,562	0.42%	-	-
9	Mr.J. B. C. De Silva	458,500	0.34%	-	-
10	Mr.J P. M. Aravinda	400,000	0.30%	-	-
11	Mrs M.J. Nihara	396,472	0.29%	-	-
12	Mr. M. I. Rasheed	363,040	0.27%	-	-
13	Mr. M.R.M. Simsan	361,172	0.27%	-	-
14	Mr. I.P.K.S.K. Karunanayake	331,910	0.25%	-	-
15	Mrs. G.U. Liyanage	324,232	0.24%	-	-
16	Mr. U. Ranasinghe	318,600	0.24%	-	-
17	The Golden Key Company Ltd	300,000	0.22%	300,000	0.22%
18	The Finance & Guarantee Company Ltd	300,000	0.22%	300,000	0.22%
19	Mr. B.P.M. Mendis	300,000	0.22%	-	-
20	Flyasia Sdn.BHD	283,688	0.21%	-	-
		117,253,278	87.06%	114,210,475	84.79%

2. Directors' Share holding

No.	Name of the Director	As at 31st March 2026		As at 31st March 2025	
		No. of Shares	Percentage	No. of Shares	Percentage
1	Mr. U. Harshith Dharmadasa - Chairman	29,384,672	21.82%	29,384,672	21.82%
2	Mr. K.C.C.Perera - Director	1,300,000	0.97%	1,300,000	0.97%

3 Analyis of Share holders

(a) Distribution Of Shareholdings – As At 31st March 2026

Value Band			Resident			Non Resident			Total		
			No. of Share-holders	No. of Shares	%	No. of Share-holders	No of Shares	%	No. of Share-holders	No of Shares	%
1	-	1,000	1,291	307,174	0.23	2	500	-	1293	211,503	0.23
1,001	-	10,000	572	2,561,621	1.90	-	-	-	572	1,575,165	1.90
10,001	-	100,000	259	8,306,651	6.17	1	27,682	0.02	260	5,916,267	6.19
100,001	-	1,000,000	52	13,056,590	9.69	-	-	-	52	12,756,572	9.69
1,000,001	&	ABOVE	5	74,641,102	55.42	1	35,780,000	26.57	6	114,221,813	81.99
TOTAL			2,179	98,873,138	73.41	4	35,808,182	26.59	2183	134,681,320	100

(a) Categories Of Shareholders

	31st March 2026			31st March 2025		
	No. of Shares	No. of Shareholders	%	No. of Shares	No. of Shareholders	%
Individuals	57,731,189	2,106	42.87%	52,905,376	1434	39.28%
Institutions	76,950,131	77	57.13%	81,775,944	65	60.72%
Total	134,681,320	2,183	100.00	134,681,320	1499	100.00

4 Shares Traded

	31st March 2026	31st March 2025
Market Price Per share - Last Traded - Rs.	8.9	3.4
Market Price Per share - Highest - Rs.	13.3	3.6
Market Price Per share - Lowest - Rs.	6.3	2.6
Percentage of shares held by public	48.93	48.93
Float Adjusted market capitalization (LKR Mn)	587	224
Total no of public shareholders	2180	1496

Ten Year Summary

Year Ended 31st March 2026	2025/2026* LKR	2024/2025* LKR	2023/24 * LKR	2022/23 * LKR
Result				
Turnover	195,052,500	759,737,252	115,200,000	674,719,407
Net profit/(loss) before tax	11,323,163	80,431,752	(185,686,105)	(180,611,492)
Income Tax	(13,234,188)	(32,409,629)	(1,202,934)	(18,573,458)
Net profit/(loss) after tax	(1,911,024)	48,022,124	(186,889,039)	(199,184,950)
Equity & Liabilities				
Ordinary share capital	293,802,200	293,802,200	293,802,200	293,802,200
Capital reserves	17,019,362	17,790,614	13,210,684	13,952,980
Retained earnings	387,047,304	385,132,754	339,944,254	526,543,358
Equity Attributable to owners of the Company	697,868,866	696,725,568	646,957,138	834,298,538
Non controlling interest			-	-
Total equity	697,868,867	696,725,567	646,957,138	834,298,538
Borrowings (both long- and short-term)	286,966,177	476,828,875	654,737,109	689,477,232
Debentures				
	984,835,043	1,173,554,443	1,301,694,247	1,523,775,770
Assets Employed				
Non-current assets	244,554,104	224,328,848	220,175,464	227,089,220
Current assets	1,218,548,742	1,514,017,387	1,762,163,594	1,847,366,876
Current liabilities net of borrowings	415,437,804	510,191,362	660,114,706	(524,854,903)
Deferred liability	(56,561,527)	(47,317,395)	(14,225,508)	(12,898,316)
Capital employed	1,821,979,123	2,201,220,202	2,628,228,256	1,536,702,877
Cash Flow				
Net cash inflow/ (outflow) from operating activities	(15,752,807)	459,995,178	25,092,738	13,001,480
Net cash inflow/ (outflow) investing activities	5,885,398	3,397,421	(67,824)	(9,525,512)
Net cash inflow/ (outflow) financing activities	(189,862,702)	177,908,233	(37,340,123	12,221,304
Increase/(decrease) in cash and equivalents	(199,730,111)	285,484,366	(12,315,209	15,697,272
Key Indicators				
Earnings per share (basic) (Rs.)	(0.01)	0.36	(1.39)	(1.48)
Net assets per share (Rs.)	5.18	5.17	4.80	6.19
Return on Equity (%)	(0.27)	6.89	(28.89)	(23.87)
Return on capital employed (equity+debt) (%)	4.63	4.09	(14.36)	(13.07)
Return on gross assets (%)	(0.13)	2.76	(9.43)	(9.60)
Dividend per share (Rs)			-	-
Current ratio (times)	1.73	1.59	1.42	1.78
Quick ratio (times)	0.16	0.39	0.09	0.18
Turnover to equity (times)	0.28	1.09	0.18	0.81
Property, plant & equipment to equity (%)	1.14	1.68	2.94	3.06
Turnover to property, plant & equipment (Rs)	24.62	64.98	6.06	26.41
Borrowings to equity ratio (%)	41.12	68.44	101.20	82.64
Equity to total assets ratio (%)	47.70	40.08	32.64	40.22

2021/22 * LKR	2020/21*	2019/20*	2018/19*	2017/18*	2016/17*
467,521,513	1,003,114,130	1,294,462,979	1,004,824,916	972,550,113	1,305,737,786
(62,929,438	147,900,663	179,015,798	157,963,738	(97,928,445)	198,605,943
(21,721,376)	(5,310,053)	1,362,266	(43,039,427)	(4,754,862)	(50,237,812)
(84,650,814)	142,590,610	173,378,064	114,924,310	(102,683,308)	148,368,131
293,802,200	293,802,200	293,802,200	293,802,200	293,802,200	293,802,200
14,986,804	18,108,067	16,400,503	17,430,325	25,000,000	25,000,000
725,327,181	797,957,513	652,478,067	484,085,889	434,760,387	586,119,299
1,034,116,185	1,109,867,780	962,680,770	795,318,414	753,562,587	904,921,499
1,034,116,185	1,109,867,780	962,680,770	795,318,414	753,562,587	904,921,499
762,268,149	720,831,848	778,070,405	705,617,356	997,927,006	805,925,515
3,250,000	3,250,000	3,250,000	3,250,000	3,250,000	3,250,000
1,799,634,334	1,833,949,628	1,744,001,175	1,504,185,770	1,754,739,593	1,714,097,014
194,612,823	97,083,947	101,087,163	99,802,641	113,260,252	109,195,295
2,147,984,157	2,208,441,727	2,521,302,357	2,878,416,780	2,795,467,621	2,519,249,657
(519,951,618)	(446,528,889)	(852,442,564)	(1,454,134,505)	(1,123,061,906)	(880,830,976)
(8,880,049)	(25,047,157)	(25,945,781)	(19,899,146)	(30,926,374)	(33,516,962)
1,813,765,313	1,833,949,628	1,744,001,175	1,504,185,770	1,754,739,593	1,714,097,014
(42,806,592)	100,009,900	(85,722,301)	346,242,714	(142,853,995	(413,102,016)
(5,462,639)	(4,564,364)	6,057,689	3,496,008	(9,622,253	(5,010,389)
(6,555,172)	(68,100,194)	71,605,449	(340,950,480)	106,182,725	458,454,014
(54,824,403)	27,345,342)	(8,059,163)	8,788,243	(46,293,523)	40,341,609
(0.63)	1.06	1.29	0.85	(0.76	1.10
7.68	8.24	7.15	5.91	5.60	6.72
(8.19)	12.85	18.01	14.45	(13.63)	16.40
(4.70)	7.78	9.94	7.64	(5.85)	8.66
(3.61)	6.18	6.61	3.86	(3.53)	5.64
-	0.35	0.35	0.35	0.28	0.28
2.60	2.74	2.07	1.77	1.40	1.84
0.36	0.58	0.38	0.42	0.29	0.61
0.45	0.90	1.34	1.26	1.29	1.44
2.22	2.06	2.60	4.47	5.95	4.42
20.36	43.93	51.65	28.28	21.69	32.64
73.71	65.24	81.16	89.13	132.86	89.42
44.14	48.14	36.71	26.70	25.91	54.14

Notice of Meeting

Notice is hereby given that the 27th Annual General Meeting of the shareholders of Millennium Housing Developers PLC will be held as a virtual meeting via online on 30th September 2026 at 11.00 a.m. for the following purposes.

Agenda:

1. To consider and adopt the Annual Report of the Board and the Statements of Accounts for the year ended 31st March 2026, with the report of the auditors thereon.

2. To re-elect as a Director Mr. K. C. C. Perera, who retires by rotation in terms of Article 104 of the Articles of Association of the Company.

3. To consider and if thought fit to pass the following Ordinary Resolution pertaining to the re-appointment of Mr. Jayaprakash Rudra who is over 70 years of age, in compliance with Section 211 of the Companies Act No. 07 of 2007 and whose re-appointment has been recommended by the Board of Directors.

Ordinary Resolution:
"that the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. Jayaprakash Rudra, a Director, who has attained the age of 70 years and accordingly that Mr. Jayaprakash Rudra be and is hereby reappointed as a Director of the Company in terms of Section 211 of the Companies Act No. 07 of 2007 "

4. To elect as a Director Mr. N. A. D. D. P. K. Gunasekera in terms of Article 107 of the Articles of Association of the Company

5. To elect as a Director Dr. Anura Walpola in terms of Article 107 of the Articles of Association of the Company

6. To authorize the Directors to determine contributions to charities for the financial year 2026/2027.

7. To re-appoint Auditors of the Company for the ensuing financial year 2026/2027 and to authorize the Board of Directors to determine their remuneration.

8. To consider any other business of which due notice has been given.

By Order of the Board,

(Sgd.)
First Corporate Solutions Ltd
Company Secretaries for Millennium Housing Developers PLC

31st August 2026
Colombo

Note :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her.

2. A proxy need not be a member of the Company.

3. A form of proxy is enclosed for this purpose.

4. The completed Form of Proxy should be deposited at the Secretary's office at No. 540, R A De Mel Mawatha, Colombo 03 not less than Forty-Five (45) hours before the time fixed for the commencement of the Meeting.

Notes

Notes

Form of Proxy

I/We ..... being a shareholder/shareholders*
of MILLENNIUM HOUSING DEVELOPERS PLC hereby appoint,

1. ..... of

   ..... or failing him/them,*

2. UGITHA HARSHITH DHARMADASA (Chairman of the Company) of Colombo, or failing him, one of the Directors of the Company as my/our* Proxy to attend and vote as indicated hereunder for me/us* and on my/our* behalf at the 27th Annual General Meeting of the Company to be held on 29th September 2026 and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof:

	For	Against
1. To consider and adopt the Annual Report of the Board and the Statements of Accounts for the year ended 31st March 2026, with the report of the auditors thereon.	☐	☐
2. To re-elect Mr. K. C. C. Perera, who retires by rotation in terms of Article 104 of the Articles of Association of the Company.	☐	☐
3. To pass the ordinary Resolution as set out in the Notice to re-appoint Mr. Jayaprakash Rudra who is over 70 years of age, as a Director of the Company	☐	☐
4. To elect as a Director Mr. N. A. D. D. P. K. Gunasekera in terms of Article 107 of the Articles of Association of the Company	☐	☐
5. To elect as a Director Mr. Anura Walpola in terms of Article 107 of the Article of Association of the Company	☐	☐
6. To authorize the Directors to determine contributions to charities for the financial year 2026/2027.	☐	☐
7. To re-appoint M/S KPMG, Chartered Accountants as Auditors of the Company for the ensuing financial year 2026/2027 and to authorize the Board of Directors to determine their remuneration.	☐	☐
8. To consider any other business of which due notice has been given.	☐	☐

(**) The proxy may vote as he/she thinks fit on any other resolution brought before the Meeting.

As Witness my /our* hands this ..... day of 2026

.....
NIC/REG NO.

.....
Signature of Shareholder

Form of Proxy

INSTRUCTIONS FOR THE COMPLETION OF THE FORM OF PROXY

1. Please perfect the form of proxy overleaf, after filling in legibly your full name and address, by signing in the space provided and filling in the date of signature and your National Identity Card No.
2. The completed form of Proxy should be deposited at the office of the Company Secretaries, First Corporate Solutions Ltd No. 540, R.A. De Mel Mawatha, Colombo 03, 48 hours before the time appointed for the holding of the meeting.
3. If an Attorney has signed the form of Proxy, the relative Power of Attorney should also accompany the completed form of proxy for registration, if such Power of Attorney has not already been registered with the company.
4. If the shareholder is a company or a corporate body, the proxy should be executed under its common seal in accordance with its Articles of Association or constitution.
5. If there is any doubt as to how the vote is to be exercised, by reason of the manner in which the form of proxy has been completed, no vote will be recorded by the form of proxy.
6. Please indicate an 'X' in the space provided, how your proxy is to vote on the Resolution. If no indication is given, the proxy in his discretion will vote as he/ She thinks fit.
7. In the case of joint shareholders the form of proxy must be signed by the first holder

Corporate Information

Name of the company
Millennium Housing Developers PLC

Statutory status
A company incorporated in Sri Lanka on 28 July 1998 as a private limited liability company under the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 07 of 2007. The Company registered with the Board of Investment of Sri Lanka (BOI) under Section 17 of the Board of Investment of Sri Lanka, Law No. 4 1978 Subsequently converted to a public limited liability company on 22 May 2014 under the Act No. 07 of 2007 and ordinary shares were listed in the Colombo Stock Exchange (Diri Savi Board) 19 February 2014.

Registration number
PB 376 PQ

Board of directors
Mr. U. Harshith Dharmadasa - Chairman
Mr. K.C. Chandana Perera
Mr. J.P.Rudra
Mr. Liyanage Melwin Perera
Dr. Anura Walpola
Mr. N.A.D.D.K Gunasekera

Company secretaries
First Corporate Solutions Ltd.
No. 540, R A De Mel Mawatha, Colombo 3

Registered office address
No. 66/9B, Green Path, Colombo 07.

Auditors
KPMG - Chartered Accountants
No. 30A, Sir Mohamed Macan Markar Mawatha, Colombo 3

Internal auditors
Sarukkali Associates - Chartered Accountants

Bankers
Commercial Bank of Ceylon PLC
Hatton National Bank PLC
Bank of Ceylon
Nations Trust Bank PLC
Sampath Bank PLC

Subsidiaries
Millennium Housing Limited
Millennium Villa Housing Development Ltd.
Millennium Housing Construction Ltd.
MC Urban Developers Ltd.
MC Universal Ltd.

Other service partners
Board of Investment of Sri Lanka
Condominium Authority
The Urban Development Authority
Colombo Municipal Council Road Development Authority
Central Environmental Authority
Electricity Board
Water Board
Sri Lanka Telecom (SLT)
Civil Aviation Authority
Sri Lanka Land Reclamation and Development Corporation
Sri Lanka Police Department



MILLENNIUM HOUSING DEVELOPERS PLC

66/9B, Green Path, Colombo 07.

Millennium Housing Developers PLC
Annual Report 2025/2026