PRIME LANDS RESIDENCIES PLC
COLOMBO 8

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2026

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PRIME LANDS RESIDENCIES PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Prime Lands Residencies PLC (the "Company"), which comprise the statement of financial position as at 31st March 2026 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the Financial Statements, including a summary of material accounting policy information as set out on pages 05 to 63.

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of the Company as at 31st March 2026 and of its financial performance and its 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 Company in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matter

Measurement of Inventory Properties

As disclosed in Note 15 to the Financial Statements, the Company's inventory properties including work-in progress, completed apartments and lands amounted to Rs. 28,133,153,364/- as at 31st March 2026. Inventory Properties account for 76% of the Company's total assets and are measured at the lower of cost and Net Realisable Value (NRV).

Measurement of inventory properties was considered as a key audit matter due to the following factors:

- Inventory properties are significant and determining cost of sales relating to revenue recognised and carrying value involves complex calculations.

- Estimates and assumptions are applied in determining the carrying amount and net realisable value which are impacted by market conditions and the economic conditions of the country.

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The disclosures associated with measurement of inventory properties are set out in the Financial Statements in the following notes:

- Note 3.8 - Material accounting policy information: inventory properties
- Note 15 - Inventory properties

How our audit addressed the key audit matter

In establishing whether the inventory properties - work-in-progress, completed apartments and lands for sale were stated at the lower of cost and NRV, our procedures included the following:

- evaluating and testing the management process to estimate the future costs for the completion of the inventory properties - work-in-progress, on a sample basis, by comparing them to the actual development cost of similar completed properties of the Company

- test-checking the appropriateness of the NRV of the inventory properties - work in progress, completed apartments and lands for sale, by comparing the NRV to market prices achieved in the same projects or comparable properties and our knowledge of the Company's business

- assessing the impact of economic conditions and market conditions on inventory properties and evaluating whether it was required to adjust the carrying value of the inventory prior to reflecting them at the lower of cost or net realisable value, and checking the adjustments made where applicable

- assessing the appropriateness of the amount recognised in cost of sales relevant to revenue by performing re-computation tests on cost of sales transfers

- assessing the adequacy of the related Financial Statement disclosures

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report. The Annual Report is expected to be made available to us after the date of this Auditor's Report.

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

In connection with our audit of the Financial Statements, our responsibility is to read the other information identified above when it becomes available, and in doing so, consider whether the other information is materially consistent with the Financial Statements and the knowledge obtained in our audit, or otherwise whether it appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 a 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'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 Company's ability to continue as a going concern. If we conclude that 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 Company 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.

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

We also provide those charged with governance with a statement that we have complied with ethical requirements regarding independence and have agreed to communicate to 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 related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of the 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 it 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 1961.

BDO Partners

CHARTERED ACCOUNTANTS

Colombo

28th May 2026

SR/cc

PRIME LANDS RESIDENCIES PLC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH 2026

	Note	For the year ended 31.03.2026 Rs.	For the year ended 31.03.2025 Rs.
Revenue	4	11,031,333,018	8,259,800,877
Cost of sales		(7,206,549,915)	(5,835,901,479)
Gross profit		3,824,783,103	2,423,899,398
Other income	5	99,236,012	82,974,996
Gain on fair valuation of investment properties	12	124,014,095	43,761,069
Distribution expenses		(574,229,583)	(457,734,706)
Administrative expenses		(782,127,498)	(501,110,029)
Operating profit		2,691,676,129	1,591,790,728
Finance income	6.1	500,044,674	455,045,589
Finance expenses	6.2	(368,573,254)	(243,428,552)
Profit before taxation	7	2,823,147,549	1,803,407,765
Tax expenses	8	(761,836,382)	(572,329,013)
Profit for the year		2,061,311,167	1,231,078,752
Other comprehensive income			
Items that will not be re-classified to profit or loss			
Actuarial loss on retirement benefits obligation	21.3	(6,879,501)	(775,358)
Tax on other comprehensive income		2,063,850	232,607
Other comprehensive income for the year, net of tax		(4,815,651)	(542,751)
Total comprehensive income for the year		2,056,495,516	1,230,536,001
Earnings per share	9	2.20	1.31

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 63 form an integral part of these Financial Statements.

Colombo
28th May 2026



PRIME LANDS RESIDENCIES PLC
STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2026

	Note	As at 31.03.2026 Rs.	As at 31.03.2025 Rs.
ASSETS			
Non-current assets			
Property, plant and equipment	10	118,124,990	26,936,599
Right-of-use assets	11	306,078,431	8,435,874
Investment properties	12	1,205,000,000	1,022,000,000
Intangible assets	13	214,480	245,567
Financial assets at amortised cost	14	504,524,056	411,813,982
Total non-current assets		2,133,941,957	1,469,432,022
Current assets			
Inventory properties	15	28,133,153,364	14,319,934,392
Financial assets - Fair value through profit or loss	16	453,658,440	413,177,844
Advance paid to contractors	17	964,896,034	394,966,117
Advances, deposits and other receivables	18	106,600,920	108,247,079
Cash and cash equivalents	19	5,021,391,888	5,354,050,349
Total current assets		34,679,700,646	20,590,375,781
Total assets		36,813,642,603	22,059,807,803
EQUITY AND LIABILITIES			
Equity			
Stated capital	20	3,450,000,000	3,450,000,000
Retained earnings		7,985,468,203	6,491,472,687
Total equity		11,435,468,203	9,941,472,687
Non-current liabilities			
Retirement benefits obligation	21	58,961,258	43,608,689
Interest bearing borrowings	22	4,006,570,999	358,298,333
Lease liabilities	23	110,463,365	-
Deferred tax liabilities	24	133,645,233	114,472,857
Total non-current liabilities		4,309,640,855	516,379,879
Current liabilities			
Trade and other payables	25	1,037,588,520	774,724,134
Amount due to related party	26	4,322,844	2,213,640
Interest bearing borrowings - current portion	22	2,366,113,331	446,815,884
Lease liabilities - current portion	23	54,586,503	2,264,106
Customer advance collection	27	14,749,795,323	8,691,345,748
Income tax payable	28	705,571,130	530,493,253
Bank overdraft	19	2,150,555,894	1,154,098,472
Total current liabilities		21,068,533,545	11,601,955,237
Total liabilities		25,378,174,400	12,118,335,116
Total equity and liabilities		36,813,642,603	22,059,807,803
Net assets value per ordinary share	38	12.20	10.60

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 63 form an integral part of these Financial Statements.

Certification

We certify that the above Financial Statements have been prepared in compliance with the requirements of the Companies Act No.07 of 2007.

.....
Mr. Pathirage Anura W. Perera
Director - Finance

.....
Ms. H.K. Sandamini R. Perera
Chairperson

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 by:

.....
Mr. Brahmanage Premalal
Director

.....
Mr. Sanjaya Bandara
Director

Colombo
28th May 2026

BDO PARTNERS
Chartered Accountants

PRIME LANDS RESIDENCIES PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH 2026

	Stated capital	Retained earnings	Total
	Rs.	Rs.	Rs.
Balance as at 01st April 2024	3,450,000,000	6,124,741,476	9,574,741,476
Profit for the year	-	1,231,078,752	1,231,078,752
Other comprehensive income for the year, net of tax	-	(542,751)	(542,751)
Adjustment on Surcharge Tax levied under the Surchage Tax Act No. 14 of 2022	-	(301,304,790)	(301,304,790)
Dividend paid	-	(562,500,000)	(562,500,000)
Balance as at 31st March 2025	3,450,000,000	6,491,472,687	9,941,472,687
Profit for the year	-	2,061,311,167	2,061,311,167
Other comprehensive income for the year, net of tax	-	(4,815,651)	(4,815,651)
Dividend paid	-	(562,500,000)	(562,500,000)
Balance as at 31st March 2026	3,450,000,000	7,985,468,203	11,435,468,203

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 63 form an integral part of these Financial Statements.

Colombo
28th May 2026

BDO PARTNERS
Chartered Accountants

PRIME LANDS RESIDENCIES PLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH 2026

	Note	For the year ended 31.03.2026 Rs.	For the year ended 31.03.2025 Rs.
Cash flows from operating activities			
Profit before taxation		2,823,147,549	1,803,407,765
Adjustment for:			
Depreciation and amortisation	10/11	57,739,994	7,275,934
Amortisation	13	57,088	57,088
Provision on retirement benefits obligation	21	10,907,833	9,254,800
Overdraft interest	6.2	134,898,781	22,790,377
Lease interest	6.2	15,065,602	408,544
Loan interest	6.2	182,878,303	97,783,694
Interest on debentures	14	(24,513,539)	(23,558,629)
Fair value loss/(gain) on share investment	16.4	715,141	(105,000)
Fair value gain unit trust investment	5	(33,981,096)	(12,877,844)
Exchange loss/(gain) on investment in debenture	14	(68,196,535)	30,799,968
Fair value gain on investment properties	12	(124,014,095)	(43,761,069)
		151,557,477	88,067,863
Operating cash flows before change in working capital		2,974,705,026	1,891,475,628
Changes in working capital			
Increase in inventory properties	15	(13,813,218,972)	(4,512,651,080)
(Increase)/decrease in contractor advances	17	(569,929,917)	138,640,827
Decrease/(increase) in advances, deposits and other receivables	18	1,646,159	(80,852,006)
Increase in trade and other payables	25	262,864,585	140,381,111
Increase in amounts due to related parties	26	2,679,659	896,152
Increase in customer advance collection	27	6,058,449,575	5,164,632,741
Cash generated from/(used in) operations		(5,082,803,885)	2,742,523,373
Income tax paid	28	(534,051,641)	(498,664,135)
WHT paid	28	(31,470,638)	-
Interest paid	6.2	(134,898,781)	(22,790,377)
Gratuity paid	21	(3,005,220)	(2,833,650)
Net cash generated from/(used in) operating activities		(5,786,230,165)	2,218,235,211
Cash flows from investing activities			
Acquisition of intangible assets	13	(26,001)	-
Expenses incurred on investment property	12	(58,985,905)	-
Acquisition of property, plant and equipment	10	(101,130,727)	(18,023,752)
Acquisition of right-of-use asset	11/23	(139,956,976)	-
Investment in quoted security share	16.1	(7,214,840)	-
Withdrawal of unit trust	16.3	427,165,464	-
Investment in unit trust	16.3	(427,165,464)	(400,000,000)
Net cash used in investing activities		(307,314,449)	(418,023,752)
Cash flows from financing activities			
Lease instalments paid	23	(57,763,079)	(6,440,019)
Dividends paid		(562,500,000)	(562,500,000)
Proceeds from interest bearing borrowings	22	6,403,336,000	720,000,000
Repayment of interest bearing borrowings	22	(835,765,887)	(799,325,212)
Loan interest paid	6.2	(182,878,303)	(97,783,694)
Net cash generated from/(used in) financing activities		4,764,428,731	(746,048,925)
Net increase/(decrease) in cash and cash equivalents during the year		(1,329,115,883)	1,054,162,534
Cash and cash equivalents as at the beginning of the year (Note A)		4,199,951,877	3,145,789,343
Cash and cash equivalents as at the end of the year (Note B)	19	2,870,835,994	4,199,951,877
Cash and cash equivalents as at the beginning of the year			Note A
Short-term deposit		4,442,798,390	3,811,550,110
Cash in hand		80,356,035	60,599,887
Cash at bank		830,895,924	80,183,512
Bank overdraft		(1,154,098,472)	(806,544,166)
		4,199,951,877	3,145,789,343
Cash and cash equivalents as at the end of the year			Note B
Short-term deposit		4,823,640,883	4,442,798,390
Cash in hand		151,858,807	80,356,035
Cash at bank		45,892,198	830,895,924
Bank overdrafts		(2,150,555,894)	(1,154,098,472)
		2,870,835,994	4,199,951,877

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 63 form an integral part of these Financial Statements.

Colombo
28th May 2026



1 CORPORATE INFORMATION

1.1 General information

Prime Lands Residencies PLC ("the Company") is a public limited liability company, incorporated on 15th September 2008 in Sri Lanka under the Companies Act No. 07 of 2007 ("the Act") as a private limited liability company, and was converted to a public limited liability company with effect from 12th February 2021 in accordance with the provisions of the Act. Ordinary shares of the Company have been listed on the Colombo Stock Exchange with effect from 08th June 2021. The Company changed its name from "Prime Lands Residencies Limited" to "Prime Lands Residencies PLC" with effect from 17th July 2021. The registered office and the principal place of business are situated at No. 75, D.S. Senanayake Mawatha, Colombo 08.

1.2 Principal activities and nature of operations

The principal activities of the Company are purchasing lands and constructing residential apartment complexes and developing and selling land plots for residential purpose.

1.3 Parent enterprise and ultimate parent enterprise

The Company's immediate and ultimate parent undertaking as at 31st March 2026 was Prime Lands (Private) Limited which has been incorporated in Sri Lanka.

1.4 Subsidiaries and associates

The Company has no subsidiaries or associates.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The statement of financial position, statement of comprehensive income, changes in equity and statement of cash flows, together with accounting policies and notes ("Financial Statements") of Prime Lands Residencies PLC as at 31st March 2026 and for the year then ended, comply with the Sri Lanka Accounting Standards (hereinafter referred to as SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and are in compliance with the requirements of the Companies Act No. 07 of 2007 and Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

2.2 Current versus non-current classification

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

As asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

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A liability is current when:

- it is expected to be settled in the normal operating cycle,
- it is held primarily for the purpose of trading,
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counter-party, result in its settlement by the issue of equity instruments, do not affect its classification.

The Company classifies all other liabilities as non-current.

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

2.3 Responsibility for Financial Statements

The Board of Directors is responsible for the preparation and presentation of these Financial Statements as per the provisions of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards (SLFRS/LKAS).

2.4 Date of authorisation for issue

The Financial Statements of Prime Lands Residencies PLC for the year ended 31st March 2026 were authorised for issue on 28th May 2026 in accordance with a resolution of the Board of Directors.

2.5 Basis of measurement

The Financial Statements of the Company have been prepared on the historical cost basis, except for the following material items in the statement of financial position.

Item	Basis of measurement	Note number
Investment property	Measured at cost at the time of acquisition and subsequently, at revalued amounts which are the fair values at the date of valuation	3.7
Financial assets classified as fair value through profit or loss	Measured at fair value	3.2.3
Retirement benefit obligation	Recognised based on actuarial valuation	3.11

2.6 Functional and presentation currency

Items included in these Financial Statements are measured using the currency of the primary economic environment in which the Company operates (the functional currency), which is the Sri Lankan Rupee.

These Financial Statements have been presented in Sri Lankan Rupees (Rs.). All financial information presented have been rounded to the nearest rupee except where it is otherwise indicated as permitted by the Sri Lanka Accounting Standard - LKAS 01 on "Presentation of Financial Statements".

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2.7 Materiality and aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard - LKAS 01 on 'Presentation of Financial Statements' and amendments to the LKAS 1 on 'Disclosure Initiative' which was effective from 01st January 2016.

Notes to the Financial Statements have been presented in a systematic manner which ensures the understandability and comparability of Financial Statements of the Company. Understandability of the Financial Statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different nature or function.

2.8 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position, only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the income statement unless it is required or permitted by Sri Lanka Accounting Standard and as specially disclosed in the material policy information of the Company.

2.9 Significant accounting judgments, estimates and assumptions

The preparation of the Financial Statements of the Company in conformity with SLFRS/LKAS requires the management to make judgments, estimates and assumptions, which may affect the amounts of income, expenditure, assets, liabilities and the disclosure of contingent liabilities, at the end of the reporting period. In the process of applying the Company's accounting policies, key assumptions were made relating to the future and the sources of estimation at the reporting date together with the related judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Actual results may differ from these estimates.

Accounting judgments, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future periods affected.

2.9.1 Judgements

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Financial Statements.

i) **Classification of property**

The Company determines whether a property is classified as investment property or owner occupied property for significant judgment as disclosed in Note 3.3 and Note 3.7:

Investment property comprises land and buildings which are not occupied substantially for use by, or in the operations of the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.

The Company determines whether a property qualifies as investment property by considering whether the property generates cash flows largely independently of the other assets held by the entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions can be sold separately (or leased out separately under a finance lease), the Company accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Company considers each property separately in making its judgment.

ii) **Revenue from contracts with customers**
The Company applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

In recognising the revenue from the sale of properties, management applies judgment ascertaining when the controls have passed to the buyers. In this regard, the management recognises revenue over a period of time (percentage of completion method) as the Company's performance does not create an asset with an alternative use to it and the Company has an enforceable right to payment for performance completed to date.

The Company determined that the input method is the best method in measuring progress of the construction because there is a direct relationship between the Company's effort and the transfer of control to the customer. The Company recognises revenue on the basis of the total cost incurred relative to the total expected cost to complete the construction.

2.9.2 Accounting estimates and assumptions
The key assumptions concerning the future and other key sources of estimation of uncertainty at the reporting date, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below. The respective carrying amounts of assets and liabilities are given in related notes to the Financial Statements.

i) **Estimation of fair value of Investment Properties**
The Company carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. The Company engaged an independent valuer to determine the fair value as at 31st March 2026. The valuation of investment property requires making significant estimates such as current market price per perch and yield rate which are based on current and future market or economic conditions.

The value of investment property of the Company has been ascertained by an independent valuer and due consideration has been given to recommended best practice in the valuation of real estate in uncertain times.

ii) **Principal assumptions for management's estimation of fair value**
If information on current or recent prices of assumptions underlying the discounted cash flow approach of investment properties is not available, the fair values of investment properties are determined using the discounted cash flow valuation techniques. The Company uses assumptions that are mainly based on market conditions existing at each reporting date.

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The principal assumptions underlying the management's estimation of fair value are those related to: future rentals, maintenance requirements, and appropriate capitalisation rates / yields and voids. These valuations are regularly compared to actual market yield data and actual transactions by the Company and those reported by the market.

Further information about critical judgments, estimates and assumptions in applying the accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes to these Financial Statements.

Critical accounting estimate / judgment	Disclosure note
Going concern	2.10
Fair value measurement	3.12
Useful life of property, plant and equipment	3.3.3
Fair value of investment property	3.7.2
Useful life of intangible assets	3.5.1
Retirement benefit obligations	3.11.2
Impairment losses on financial assets	3.2.6
Provision for liabilities, commitment and contingencies	3.19
Net realisable value of inventory	3.8
Income tax (Current tax and deferred tax)	3.16

2.10 Going concern

The Company has prepared the Financial Statements for the year ended 31st March 2026 on the basis that it will continue to operate as a going concern.

In determining the basis of preparing the Financial Statements for the year ended 31st March 2026, based on available information, the management has assessed the current macroeconomic conditions and its effect on the Company and the appropriateness of the use of the going concern basis.

It is the view of the management that there are no material uncertainties that may cast significant doubt on the Company's ability to continue to operate as a going concern. In determining the above, significant management judgments, estimates and assumptions including the impact of the current macroeconomic challenges, ongoing geopolitical tensions including the current war in the Gulf region, may create additional economic uncertainty through potential increases in global oil prices, disruptions to international shipping routes and higher logistics and transportation costs have been considered as of the reporting date and specific disclosures have been made under the relevant notes to the Financial Statements. The Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and hence, has adopted the going concern basis in preparing and presenting these Financial Statements.

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3 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these Financial Statements are summarised below.

3.1 Foreign currency transactions and balances

Transactions in foreign currencies are translated to the respective functional currency, the Sri Lankan Rupee (Rs.), at the exchange rates prevailing at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated to the functional currency at the spot rate of exchange at that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and the payments made during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on re-translation are recognised in the statement of comprehensive income.

3.2 Financial instruments

3.2.1 Initial recognition, classification and subsequent measurement

Date of recognition

All financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes "regular way trades": purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on the purpose and the management's intention for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

3.2.2 Classification and subsequent measurement of financial instruments

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

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely the payments of principal and interest ("SPPI").

A debt instrument is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment by investment basis. All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment
The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to the Management.

The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether the management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's the management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- How managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected);
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Financial assets - assessment whether contractual cash flows are solely the payments of principal and interest

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

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

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

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

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains or losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVTOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are re-classified to profit or loss.
Equity investments at FVTOCI	These assets are subsequently measured at fair value. Dividend is recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never re-classified to profit or loss.

3.2.3 Financial assets

Financial assets are classified appropriately as financial assets recognised through profit or loss, financial assets measured at fair value through other comprehensive income and financial assets at amortised cost.

All the financial assets are recognised at fair value at its initial recognition.

Financial assets measured at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Upon initial recognition, transaction costs are recognised in profit or loss as incurred.

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Financial assets at fair value through profit or loss are measured at fair value, and subsequent therein are recognised in profit or loss.

The following assets represent financial assets at fair value though profit or loss.

- Investment in quoted shares

Amortised cost
A financial asset shall be measured at amortised cost if both of the following conditions are met:

a. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows
b. the contractual terms of the financial assets give rise on specified dates to cash flows that are solely the payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost of the Company comprise the following.

- Investment in debentures
- Other receivables
- Cash and cash equivalents

Financial assets measured at fair value through other comprehensive income
Financial assets measured at fair value through other comprehensive income (FVTOCI) are non-derivative financial assets that are designated FVTOCI and that are not classified in any of the previous categories of financial assets. FVTOCI are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, these are measured at fair value and changes therein other than impairment losses are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment in debt instrument is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand and cash at banks and other highly liquid financial assets which are held for the purpose of meeting short-term cash commitments with original maturities of less than three months which are subject to insignificant risk of changes in their fair value.

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

3.2.4 **Financial liabilities**
The Company initially recognises debt securities and borrowings on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instruments.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

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The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Financial liabilities comprise:

- Interest bearing borrowings
- Lease liabilities
- Other payables
- Amount due to related party
- Amount due to directors
- Bank overdraft

Recognition and measurement of financial liabilities

The Company classifies financial liabilities other than financial guarantees and loan commitments, into one of the following categories:

- financial liabilities at amortised cost
- financial liabilities at fair value through profit or loss

A financial liability is measured initially at fair value plus, transaction costs that are directly attributable to its acquisition or issue. Subsequent measurement of financial liability is at fair value or amortised cost. The amortised cost of a financial liability is the amount at which the financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount.

Classification and subsequent measurement of financial liabilities

The subsequent measurement of financial liabilities depends on their classification.

Financial liabilities at amortised cost

Financial liabilities issued by the Company that are not designated at fair value through profit or loss are recognised initially at fair value plus any directly attributable transaction costs, by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

The effective interest rate amortisation is included in "Interest Expense" in the statement of profit or loss. Gains or losses too are recognised in the income statement when the liabilities are de-recognised as well as through the effective interest rate amortisation process.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include derivative liabilities held for risk management purposes.

3.2.5 Re-classification of financial assets and liabilities

Financial assets are not re-classified subsequent to their initial recognition, except and only in those rare circumstances when the Company changes its objective of the business model for managing such financial assets. Financial liabilities are not re-classified as such re-classifications are not permitted by SLFRS 9.

3.2.6 Impairment of financial assets

The Company recognises a loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortised cost or at fair value through other comprehensive income. The Company, at each reporting date, measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since the initial recognition.

For trade and other receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. However, there are no trade and other receivables as at the reporting period.

3.2.7 Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired,
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
- the Company has transferred substantially all the risks and rewards of the asset, or
- the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred the control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a "pass-through" arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuous involvement in the asset. In that case, the Company also recognises an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuous involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

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3.2.8 Off-setting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.2.9 Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

3.3 Property, plant and equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services or for administrative purposes and are expected to be used during more than one period.

3.3.1 Recognition and measurement

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

Purchased software that is integral to the functionality of the related equipment is capitalised as a part of that equipment.

If significant parts of an item of property or equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised within other income in profit or loss.

3.3.2 Subsequent cost

Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

3.3.3 Depreciation

Depreciation is calculated to write-off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of significant items of property, plant and equipment are as follows:

Type of assets	Year
Computer and equipment	05 years
Motor vehicle	08 years

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Type of assets	Year
Office equipment	04 years
Plant and machinery	08 years
Furniture and fittings	04 years

The assets' useful lives and depreciation methods are reviewed if there is an indication of a significant change since the last annual reporting date.

3.3.4 Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised.

When replacement costs are recognised in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is derecognised.

3.4 Leases

At the inception of a contract, the Company assesses to ascertain whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in SLFRS 16.

i) As a lessee

Right-of-use assets and Lease liabilities

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers the ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

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The Company determines its incremental borrowing rate by obtaining the interest rates from debt financing arrangements at the inception of the lease period.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate.

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

Short-term leases and leases of low value assets
The Company elected not to recognise right-of-use assets and lease liabilities for lease of low value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on the straight-line basis.

ii) As a lessor
When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As a part of this assessment, the Company considers certain indicators such as whether the lease is for t he major part of the economic life of the asset.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as a part of "other income".

3.5 Intangible assets

3.5.1 Software
Software acquired by the Company is measured at cost less accumulated amortisation and any accumulated impairment losses.

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

Software is amortised on a straight-line basis in profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life of software is 10 years.

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

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3.6 Impairment of non-financial assets

The Company assesses at each reporting date, whether there is any indication that an asset may be impaired.

If any indication exists, or when the annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less cost of disposal and its value in use. The recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or a group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. In determining the fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuous operations are recognised in the Statement of Profit or Loss in those expense categories consistent with the function of the impaired asset, except for the property previously revalued where the revaluation was taken to equity. In this case, the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets, an assessment is made at each reporting date to ascertain as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit or Loss unless the asset is carried at the revalued amount, in which case, the reversal is treated as a revaluation increase.

3.7 Investment property

3.7.1 Basis of recognition

Investment properties are the properties held either to earn rental income or for capital appreciation or both but not for sale in the ordinary course of business, used in the production in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes. Investment properties are recognised if it is probable that future economic benefits that are associated with the investment property will flow to the Company and the cost of the investment property can be reliably measured.

Investment property comprises freehold land, freehold buildings together with the integral parts of such properties.

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3.7.2 Basis of measurement

Fair value model

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value.

The fair value of investment property reflects, among other things, the rental income from current leases and assumptions about rental income from future leases in the light of current market conditions, as appraised by an independent valuer, annually.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Statement of Profit or Loss during the financial period in which they are incurred.

Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which they arise. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the SLFRS 13.

If an investment property becomes owner occupied, it is re-classified as property, plant and equipment and its fair value at the date of re-classification becomes its cost for accounting purposes.

3.7.3 Derecognition

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of comprehensive income in the year of retirement or disposal.

3.7.4 Subsequent transfers to / from investment property

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development.

Transfers are made from investment property when, and only when, there is a change in use, evidenced by the commencement of owner occupation or commencement of development with a view to sale.

For a transfer from investment property to owner occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value. If the property occupied by the Company as an owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

3.8 Inventory property - Apartments and Lands

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, and completed properties are shown as inventories and measured at the lower of cost and net realisable value.

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Apartment costs include:

- freehold and leasehold rights for land
- amounts paid to contractors for construction
- planning and design costs, costs of site preparation, property transfer taxes, construction overheads and other related costs

Land costs include:

- freehold and leasehold rights for land
- costs of site preparation, property transfer taxes and other related costs

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale. The cost of inventory recognised in profit or loss on disposal is determined with reference to the costs incurred on the property sold and an allocation of costs based on the gross floor area of the property developed.

3.9 Provisions

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

3.10 Other liabilities

Other liabilities are recorded at amounts expected to be payable at the reporting date.

3.11 Employee benefits

3.11.1 Defined contribution plan

A defined contribution plan is a post-employment plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined contribution plans are recognised as expense in the profit or loss as and when they are due.

Employees' Provident Fund

The Company and employee contribute 12% and 8% respectively of the salary of each employee to an approved Provident Fund.

Employees' Trust Fund

The Company contributes 3% of the salary of each employee to the Employees' Trust Fund maintained by the Employees Trust Fund Board.

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3.11.2 Defined Benefit Plans

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

Gratuity

Gratuity is a defined benefit plan. The liability recognised in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the statement of financial position date. The defined benefit obligation is calculated annually by independent actuaries, using projected unit credit method, as recommended by LKAS 19 employee benefit. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that apply to the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related liability. The assumptions based on which the results of the actuarial valuation were determined are included in Note 21 to the Financial Statements. This liability is not externally funded and the item is grouped under non-current liabilities in the statement of financial position.

The Company recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and expenses related to defined benefit plans in staff expenses in the statement of profit or loss.

According to the payment of the Gratuity Act No.12 of 1983, the liability for gratuity payment to an employee arises only after the completion of 5 years of continuous service.

3.11.3 Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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

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

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable for the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above

The management of the Company determines the policies and procedures for both recurring fair value measurement, such as investment properties, and other investments.

External valuer, Ms. R.M.N. Priyadarshani is involved in valuation of significant assets, such as investment properties.

Involvement of external valuers is annually decided upon by the management.

At each reporting date, the management analyses the movements in the values of assets which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Company's external valuer, also compares the change in the fair value of each asset with relevant external sources to determine whether the change is reasonable.

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

Fair value of financial instruments

Financial instruments of the Company include cash and cash equivalents, other receivables, investments, Interest bearing loans and borrowings, trade and other payables, rentals and customer deposits and bank overdrafts. The fair values of these financial instruments are determined at which determination, the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, other receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Rentals and customer deposits are fair valued by using the appropriate market interest rates.
- Long-term variable rate as well as fixed rate investments and borrowings approximate their carrying amounts largely due to the market based interest rates.

Hence, the carrying amounts of the Company's financial instruments are reasonable approximations of their fair values.

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Statement of Comprehensive Income

3.13 Revenue and income

3.13.1 SLFRS 15 - Revenue from contracts with customers

The Company is in the business of real estate and providing related services. Revenue from contracts with customers is recognised when the control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.8.1.

A five-step model with reference to SLFRS 15, revenue from contracts with customers is applied before the revenue is recognised:

1. identify the contract with customers
2. identify the separate performance obligations
3. determine the transaction price of the contract
4. allocate the transaction price to each of the separate performance obligations
5. recognise the revenue as each performance obligation is satisfied

The following specific criteria are used for the purpose of recognition of revenue in the revenue stream of Sale of Apartments and Lands:

Sale of property - Apartments and lands

The Company enters into contracts with customers to sell properties that are either completed or under development, and lands.

Revenue recognised at a point in time

The sale of completed apartments and lands are generally expected to be the single performance obligation and the Company has determined that it will be satisfied at the point in time when the control is transferred. For unconditional exchange of contracts, this is generally expected to be when legal title is transferred to the customer. For conditional exchanges, this is expected to be when all significant conditions are satisfied. The determination of transfer of control for both unconditional and conditional exchanges are not expected to change upon the adoption of SLFRS 15.

Revenue recognised over time

For contracts relating to the sale of apartments under development, the Company is responsible for the overall management of the project and identifies various goods and services to be provided, including the design work, procurement of materials, site preparation and foundation pouring, framing and plastering, mechanical and electrical work, installation of fixtures and finishing work. In such contracts, the Company has determined that the goods and services are not distinct and will generally account for them as a single performance obligation. Depending on the terms of each contract, the Company will determine whether control is transferred at a point in time or over time.

For each performance obligation satisfied over time, the Company recognises the revenue over time by measuring the progress towards complete satisfaction of that performance obligation. For sale of apartments under development, the Company expects to continue recognising revenue over time because

it expects that control will be transferred over time. Generally, its performance does not create an asset with alternative use to the Company and the Company has concluded that it has an enforceable right to payment for performance completed to date.

For contracts that meet the over time recognition criteria, the Company's performance is expected to be measured using an input method, by reference to the costs incurred to the satisfaction of a performance obligation (e.g., resources consumed, labour hours expended, costs incurred, time elapsed or machine hours used) relative to the total expected inputs to the completion of the properties. The Company will exclude the effect of any costs incurred that do not contribute to the Company's performance in transferring control of goods or services to the customer (such as unexpected amounts of wasted materials, labour or other resources) and will adjust the input method for any costs incurred that are not proportionate to the Company's progress in satisfying the performance obligation (such as uninstalled material). This will be consistent with current practices.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company executes performance obligations under the contract. The customer deposits disclosed under Note 27 is considered as contract liabilities.

3.13.2 Other income

- **Rental income**
  Rental income includes rental income from properties leased out to tenants under operating leases and income from other related services. Rental income from operating leases is recognised on a straight line basis over the lease term in accordance with the SLFRS 16.

- **Legal fee income**
  Legal fee income represents the fee that the Company charges from its clients when they agree to transfer the deeds by taking the legal services provided by Prime Lands Residencies PLC instead of obtaining legal services to transfer deeds from the outside professionals. All income is recognised on a straight-line basis over the year.

- **Interest income**
  Interest income is recognised as it accrues. Interest income is included under finance income in the statement of comprehensive income.

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3.14 Expenses recognition

Expenses are recognised in the statement of comprehensive income on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

For the presentation of the statement of comprehensive income, the directors are of the opinion that the nature of the expenses method presents fairly the elements of the Company's performance, and hence, this presentation method is adopted.

3.15 Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as a part of the cost of the respective assets. All other borrowing costs and borrowing costs incurred after the completion of the underlying construction 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.

3.16 Tax expenses

Income tax expense comprises the current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

Income tax provisions for the year ended 31st March 2026 have been made as per the provisions of the Inland Revenue Act No. 24 of 2017 and the amendments thereto.

3.16.1 Current tax expense

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects the uncertainty related to income taxes, if any. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

Current tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. The 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.

3.16.2 Uncertainty over income tax treatments

The Company has accounted for the uncertainty over tax treatments under IFRIC 23. An 'Uncertain Tax Treatment' is a tax treatment for which there is uncertainty over whether the relevant taxation authority will accept the tax treatment under tax law. If it is not probable that the taxation authority will accept an uncertain tax treatment, effect of uncertainty shall be reflected in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates. The effect of uncertainty for each uncertain tax treatment shall be reflected by using either of the most likely amount or the expected value methods, depending on which method the Company expects to better predict the resolution of the uncertainty.

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3.16.3 Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future
- taxable temporary differences arising on the initial recognition of the goodwill

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset the current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle the current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and liabilities are not discounted.

The net increase in the carrying amount of deferred tax liability net of deferred tax asset is recognised as deferred tax expense and conversely any net decrease is recognised as reversal to deferred tax expense in the statement of comprehensive income.

3.17 Stated capital

Stated capital consists solely of ordinary share capital. Ordinary shares are classified as equity.
Incremental costs directly attributable to the issue of new shares other than on a business combination, are shown as a deduction, net of tax, in equity from the proceeds.

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders.

3.18 Earnings Per Share (EPS)

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

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3.19 Contingent liabilities and commitments

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be readily measured as defined in the Sri Lanka Accounting Standard - LKAS 37 on 'Provisions, Contingent Liabilities and Contingent Assets'. Contingent Liabilities are not recognised in the statement of financial position but are disclosed unless its occurrence is remote.

Details of the commitments and contingencies are given in Note 29 to the Financial Statements.

3.20 Statement of cash flows

The statement of cash flows has been prepared using the "Indirect Method" of preparing cash flows in accordance with the Sri Lanka Accounting Standard - LKAS 7 "Statement of Cash Flows". Cash and cash equivalents comprise short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

3.21 Events after reporting period

Events after the reporting period are those events, favourable and unfavourable, that occur between the reporting date and the date the Financial Statements are authorised for issue.

All material and important events that occurred after the reporting date have been considered and appropriate disclosures are made in Note 34 to the Financial Statements.

3.22 Comparative information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous year in the Financial Statements in order to enhance the understanding of the current year's Financial Statements and to enhance the inter period comparability. The presentation and classification of the Financial Statements of the previous year are amended where relevant, for better presentation and to be comparable with those of the current year.

3.23 Segment information

An operating segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment) or in providing products and services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Company has two reportable segments. These segments offer different products and services and are managed separately as they require different marketing strategies.

Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, investment property and intangible assets.

Intersegment pricing is determined on an arm's length basis.

The activities of the Company are within Sri Lanka. Consequently, the economic environment in which the Company operated is not subject to risk and rewards that are significantly different on a geographical basis. Hence, disclosure by geographical region is not provided.

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The Company's segments comprise the following:

- sale of apartment properties
- sale of lands

The management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment.

3.24 **New accounting standards, amendments and interpretations issued but not yet effective**
The new and amended standards and interpretations that are issued, but are not yet effective, up to the date of issuance of the Company's Financial Statements are disclosed below.

The Company intends to adopt this amended standard and interpretation, if applicable, when it becomes effective.

a) **The following amendments are effective from the period beginning at 01st January 2026**

- **Amendments to the Classification and Measurement of Financial Instruments**
  Amendments to IFRS 9 "Financial Instruments" clarify that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement date.

  Other clarifications include the classification of financial assets with ESG linked features via additional guidance on the assessment of contingent features. Clarifications have been made to non-recourse loans and contractually linked instruments.

  Additional disclosures are introduced for financial instruments with contingent features and equity instruments classified at fair value through other comprehensive income.

  Mandatorily effective for annual reporting periods beginning on or after 01st January 2026.

- **Contracts Referencing Nature-Dependent Electricity**
  Amendments to IFRS 9 and IFRS 7 are to the own-use requirements, and hedge accounting requirements, together with related disclosures. The scope of the amendments is narrow, and only if contracts meet the specified scoping characteristics will they be in the scope of the amendments. This publication outlines the amendments, together with a summary of the rationale behind the proposals, and considerations for entities when implementing the amendments.

  Mandatorily effective for annual reporting periods beginning on or after 01st January 2026.

- **Insurance Contracts (SLFRS 17)**
  New accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure.

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Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, nonlife, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The core of SLFRS 17 is the general model, supplemented by:

- specific adaptation for contracts with direct participation features (the variable fee approach)
- simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 01st January 2026, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

- **Presentation and Disclosure in Financial Statements (SLFRS 18)**

The objective of this standard is to give investors more transparent and comparable information about companies' financial performance, thereby enabling better investment decisions. SLFRS 18 introduces three sets of new requirements to improve companies reporting of financial performance and give investors a better basis for analysing and comparing companies.

- Standardised Categories in the Statement of Profit or Loss: Income and expenses will be classified into three distinct categories as operating, investing, and financing along with mandatory subtotals to significantly improve comparability across companies.

- Transparency of Management-defined Performance Measures (MPMs): Requiring companies to disclose specific non-GAAP/non-SLFRS performance measures in a single note, including a full reconciliation to the most directly comparable SLFRS subtotal.

- Enhanced Principles for Grouping Information (Aggregation and Disaggregation): Establishing clearer guidance on whether information belongs in the primary financial statements or the notes, ensuring material information is not obscured.

- **Subsidiaries without Public Accountability: Disclosures (IFRS 19)**

The objective of this standard is to establish a voluntary, reduced disclosure framework that eligible subsidiaries are permitted to apply in place of the disclosure requirements specified in other SLFRS Accounting Standards.

An eligible subsidiary electing to apply IFRS 19 must continue to follow the recognition, measurement, and presentation criteria mandated by all other applicable IFRS Accounting Standards. Except under specified circumstances, the reduced disclosure provisions of IFRS 19 will supersede the disclosure requirements of those individual standards.

Furthermore, in accordance with the materiality principles outlined in IFRS 18 (Presentation and Disclosure in Financial Statements), an entity applying IFRS 19 is not required to provide a specific disclosure if the resulting information is deemed immaterial.

The assessment of the impact on the Company does not have any material impact on the Financial Statements of the Company.

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		For the year ended 31.03.2026 Rs.	For the year ended 31.03.2025 Rs.
4.	**REVENUE**		
	Revenue from contracts with customers	11,031,333,018	8,259,800,877
4.1	**Revenue Streams**		
	Sale of apartment	9,691,369,273	6,147,643,924
	Sale of land	1,339,963,745	2,112,156,953
		11,031,333,018	8,259,800,877
4.2	**Disaggregation of Revenue from Contracts with Customers**		
	The Company generates its revenue locally and the following is the revenue from contracts with customers disaggregated by the timing of revenue recognition.		
	Revenue recognised at point in time	1,339,963,745	2,112,156,953
	Revenue recognised over time	9,691,369,273	6,147,643,924
		11,031,333,018	8,259,800,877
5.	**OTHER INCOME**		
	Rent	30,670,000	22,500,000
	Fair value gain on investments in quoted shares	-	105,000
	Legal fee	22,574,216	29,553,496
	Commission	12,010,700	17,938,656
	Fair value gain on investment in unit trusts	33,981,096	12,877,844
		99,236,012	82,974,996
6.	**FINANCE INCOME AND EXPENSES**		
6.1	**Finance income**		
	Interest	380,429,878	442,209,061
	Late payment fee	4,559,571	12,836,528
	Foreign exchange gain	115,055,225	-
		500,044,674	455,045,589
6.2	**Finance expenses**		
	Bank loan charges	30,612,583	28,855,288
	Loan interest	182,878,303	97,783,694
	Lease interest	15,065,602	408,544
	Overdraft interest	134,898,781	22,790,377
	Interest on customer refunds	4,322,038	6,651,457
	Foreign exchange loss	-	86,939,192
	Transaction cost incurred to investment in FVTPL	80,806	-
	Fair value loss on investments in quoted shares	715,141	-
		368,573,254	243,428,552
7.	**PROFIT BEFORE TAXATION IS STATED AFTER CHARGING ALL EXPENSES INCLUDING THE FOLLOWING:**		
	Directors' remuneration	49,711,000	48,345,700
	Staff salaries, bonus, allowances and incentives	281,596,193	245,653,033
	Defined contribution plan costs - EPF and ETF	31,533,062	23,910,645
	Depreciation and amortisation	57,797,052	7,333,024
	Auditors' remuneration	1,894,125	1,725,000
	Provision for retirement benefits obligation	10,907,833	9,254,800

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	Note	For the year ended 31.03.2026 Rs.	For the year ended 31.03.2025 Rs.
8. TAXATION			
Income tax	8.1	741,891,547	524,962,930
Income tax over provision in previous year	28	(1,291,391)	-
Deferred tax provision for the year	24	21,236,226	47,366,083
		761,836,382	572,329,013
8.1 Reconciliation of the accounting profit to current tax expense			
Profit before taxation		2,823,147,549	1,803,407,765
Income considered separately - Investment		(569,095,069)	(521,452,973)
Income considered separately - Others		(39,144,487)	(30,775,184)
Disallowable items		72,448,531	119,516,806
Allowable items		(77,513,345)	(20,105,466)
Less: Qualifying payments		(100,000,000)	-
Business income		2,109,843,179	1,350,590,948
Income considered separately - Investment		569,095,069	521,452,973
Exempt income		(245,110,911)	(152,942,672)
Investment income		323,984,158	368,510,301
Income considered separately - Others		39,144,487	30,775,184
Taxable income		2,472,971,824	1,749,876,433
Income tax on taxable income			
Income tax rate at the statutory rate of:	30%	741,891,547	524,962,930
Income tax expense for the year		741,891,547	524,962,930

The Company has computed income tax at the enacted rate as at the reporting date as per the Inland Revenue Act No. 24 of 2017 and the amendments thereto.

9. EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding, without a corresponding change in the resources such as a bonus issue.

	For the year ended 31.03.2026	For the year ended 31.03.2025
Amounts used as numerator		
Profit attributable to ordinary shareholders (Rs.)	2,061,311,167	1,231,078,752
Number of ordinary shares used as the denominator		
Weighted average number of ordinary shares in issue (No.)	937,500,000	937,500,000
Earnings per share (Rs.)	2.20	1.31

There were no potentially dilutive ordinary shares outstanding at any time during the financial year.

9.1 DIVIDEND PER SHARE

Dividend paid for the year (Rs.)	562,500,000	562,500,000
Dividend per share (Rs.)	0.60	0.60

As required by Section 56(2) of the Companies Act No. 07 of 2007 (as amended), the Board of Directors has confirmed that the Company satisfies the solvency test in accordance with Section 57 of the Companies Act No. 07 of 2007 (as amended), prior to recommending the dividend and has obtained a certificate from the auditors, prior to the distribution.

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10. PROPERTY, PLANT AND EQUIPMENT

		FREEHOLD ASSETS								
	Description	Office equipment Rs.	Plant and machinery Rs.	Computers and accessories Rs.	Furniture and fittings Rs.	Motor vehicles Rs.	Electrical items Rs.	Structures and improvements Rs.	Building work-in-progress Rs.	Total Rs.
10.1	**Gross carrying amounts**									
	Balance as at 01.04.2025	23,200	10,976,817	21,186,664	7,822,783	94,125,132	13,844,561	-	-	147,979,157
	Add: Additions during the year	-	3,489,000	11,073,903	17,225,690	2,670,001	7,428,586	14,360,444	44,883,103	101,130,727
	Add: Transferred from right- of- use assets	-	-	-	-	12,000,000	-		-	12,000,000
	Balance as at 31.03.2026	23,200	14,465,817	32,260,567	25,048,473	108,795,133	21,273,147	14,360,444	44,883,103	261,109,884
10.2	**Accumulated depreciation**									
	Balance as at 01.04.2025	23,200	5,310,766	15,264,833	3,407,483	93,749,127	3,287,149	-	-	121,042,558
	Add: Transferred from right-of-use asset	-	-	-	-	9,187,486	-	-	-	9,187,486
	Add: Depreciation for the year	-	1,225,198	3,357,782	2,627,450	1,316,113	4,228,307	-	-	12,754,850
	Balance as at 31.03.2026	23,200	6,535,964	18,622,615	6,034,933	104,252,726	7,515,456	-	-	142,984,894
10.3	**Carrying amount**									
	Balance as at 31.03.2025	-	5,666,051	5,921,831	4,415,300	376,005	10,557,412	-	-	26,936,599
	Balance as at 31.03.2026	-	7,929,853	13,637,952	19,013,540	4,542,407	13,757,691	14,360,444	44,883,103	118,124,990

10.4 During the financial year, the Company acquired property, plant and equipment to the aggregate value of Rs. 101,130,727 (2024/25 - Rs. 18,023,752). The cash payments amounting to Rs. 101,130,727 (2024/25 - Rs. 18,023,752) were made during the year for purchase of property, plant and equipment.

10.5 **Borrowing cost capitalisation**

There were no capitalised borrowing costs relating to the acquisition of property, plant and equipment during the year (2024/25 - Nil).

10.6 **Temporarily idling property, plant and equipment**

There were no property, plant or equipment idling and no permanent fall in value of property, plant and equipment which requires a provision for impairment as at 31st March 2026.

10. PROPERTY, PLANT AND EQUIPMENT (CONTD...)

10.7 Title restriction on property, plant and equipment

There was no restriction on the title of property, plant and equipment as at 31st March 2026.

10.8 Property, plant and equipment pledged as security for liabilities

There were no items of property, plant and equipment pledged as securities for liabilities as at 31st March 2026.

10.9 Property, plant and equipment of the Company include fully depreciated assets having a gross carrying value of Rs.104,589,288 (2025: Rs.104,304,088).

	As at 31.03.2026 Rs.	As at 31.03.2025 Rs.
Freehold assets		
Office equipment	23,200	23,200
Plant and machinery	3,794,367	3,794,367
Computers and accessories	10,014,267	9,729,067
Furniture and fittings	3,162,927	3,162,927
Motor vehicles	85,525,132	85,525,132
Electrical items	2,069,395	2,069,395
	104,589,288	104,304,088

10.10 There were no compensations received/receivable from third parties for items of property, plant and equipment that were impaired, lost or given up and there were no capitalised borrowing costs related to the acquisition of property, plant and equipment during the year.

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11. RIGHT-OF-USE-ASSETS

	As at 31.03.2026			As at 31.03.2025	
	Motor vehicle Rs.	Building Rs.	Total Rs.	Motor vehicle Rs.	Total Rs.
Cost					
Balance as at the beginning of the year	67,213,021	-	67,213,021	110,338,021	110,338,021
Add: During the year additions	278,013,932	67,426,283	345,440,215	-	-
Less: Transferred to property, plant and equipment	(12,000,000)	-	(12,000,000)	(43,125,000)	(43,125,000)
Balance as at the end of the year	333,226,953	67,426,283	400,653,236	67,213,021	67,213,021
Accumulated amortisation					
Balance as at the beginning of the year	58,777,147	-	58,777,147	99,167,272	99,167,272
Add: Amortisation for the year	24,437,353	20,547,791	44,985,144	2,734,875	2,734,875
Less: Transferred to property, plant and equipment	(9,187,486)	-	(9,187,486)	(43,125,000)	(43,125,000)
Balance as at the end of the year	74,027,014	20,547,791	94,574,805	58,777,147	58,777,147
Carrying amount as at the end of the year	259,199,939	46,878,492	306,078,431	8,435,874	8,435,874

12. INVESTMENT PROPERTIES

	Land Rs.	Building Rs.	Total Rs.
Balance as at 01.04.2024	571,600,000	194,400,000	766,000,000
Add: Fair value gain/(loss) during the year	70,444,663	(26,683,595)	43,761,068
Add: Transferred from inventory properties	126,108,499	86,130,433	212,238,932
Balance as at 31.03.2025	768,153,162	253,846,838	1,022,000,000
Add: Additions during the year	-	58,985,905	58,985,905
Add: Fair value gain during the year	97,471,838	26,542,257	124,014,095
Balance as at 31.03.2026	865,625,000	339,375,000	1,205,000,000

Investment properties consist of freehold land and Building at No 123, Castle Street, Colombo 08, freehold land and building given on rent at No. 61, D. S. Senanayake Mawatha, Colombo 08, and freehold land and building given on rent at No. 57, D. S. Senanayake Mawatha, Colombo 08.

12.1 The amount recognised to profit or loss on investment property is as follows:

	For the year ended 31.03.2026 Rs.	For the year ended 31.03.2025 Rs.
Rental income earned	30,670,000	22,500,000
Operating expenditure	(2,162,512)	(1,034,199)
Fair value gain during the year	124,014,095	43,761,069
	152,521,583	65,226,870

12.2 Fair value of the investment properties

Location of the investment property	Valuer's name and report date	Total extent	Valuation technique	Fair Value As at 31.03.2026 Rs.	Fair Value As at 31.03.2025 Rs.
Land and Commercial Buidling No 123, Castle Street, Colombo 08	R.M.N. Priyadarshani [Incorporated Valuer] - Report date : 31/03/2026	P 33.50	Comparison method	504,000,000	368,000,000
Land and Commercial Building No. 61, D S Senanayake Mawatha, Colombo 08	R.M.N. Priyadarshani [Incorporated Valuer] - Report date : 31/03/2026	P 12.20	Comparison/ Investment method	431,000,000	419,000,000
Land and Commercial Building No. 57, D S Senanayake Mawatha, Colombo 08	R.M.N. Priyadarshani [Incorporated Valuer] - Report date : 31/03/2026	P 11.65	Comparison/ Investment method	270,000,000	235,000,000
				1,205,000,000	1,022,000,000

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12. INVESTMENT PROPERTIES (CONTD...)

12.3 The Company uses unobservable market input in determining the fair value of investment property (Level-3 of fair value hierarchy).

12.4 Valuation details of investment properties

	Total Perches/ Square feet	Value per perch / Square feet (Rs.)	Total value (Rs.)
a) Land and commercial building at No. 123, Castle Street, Colombo 08			
Land - Lot No. 1 in Plan No. 2074	P 33.50	13,000,000	435,500,000
Commercial building	6,855 sq.ft.	10,000	68,550,000
			504,050,000
Rounding effect			50,000
Fair value of the subject property			504,000,000
b) Land and commercial building at No. 61, D. S. Senanayake Mawatha, Colombo 08			
Land - Lot 1A in Plan No. 4751/9000	P 12.20	19,500,000	237,900,000
Commercial building	13,427 sq.ft.	18,500	248,399,500
Less: 22% for depreciation			(54,647,890)
			193,751,610
Rounding effect			651,610
Fair value of the subject property			431,000,000
b) Land and commercial building at No. 61, D. S. Senanayake Mawatha, Colombo 08			
Land - Lot A in Plan No. 2730	P 11.65	16,500,000	192,225,000
Commercial building	8,276 sq.ft.	16,500	136,554,000
Less: 43% for depreciation			(58,718,220)
			77,835,780
Rounding effect			60,780
Fair value of the subject property			270,000,000

12.5 The details of investment properties pledged as security against borrowings are disclosed in Note 30.

12.6 **The significant assumptions used by the valuer are as follows :**

Assumptions	2026	2025	Sensitivity
Anticipated maintenance cost	20% from annual rent income	20% from annual rent income	Decrease will result in increase in fair value gain
Capitalisation YP rate	6%	6%	Increase will result in decrease in fair value gain
Price per perch LKR million. No 123, Castle Street, Colombo 08	13.00	11.00	Increase will result in increase in fair value gain
Price per perch LKR million. No. 61, D. S. Senanayake Mawatha, Colombo 08	19.50	18.50	Increase will result in increase in fair value gain

12. INVESTMENT PROPERTIES (CONTD...)

12.6 The significant assumptions used by the valuer are as follows :

Assumptions	2026	2025	Sensitivity
Price per perch LKR million. No. 57, D. S. Senanayake Mawatha, Colombo 08	16.50	15.00	Increase will result in increase in fair value gain
Future rental income Per Sq.Ft No. 61, D. S. Senanayake Mawatha, Colombo 08	Rs. 2,324	Rs. 2,250	Increase will result in increase in fair value gain
Future rental income Per Sq.Ft No. 57, D. S. Senanayake Mawatha, Colombo 08	Rs. 2,471	Rs. 2,375	Increase will result in increase in fair value gain

12.7 Sensitivity analysis of assumptions employed in investment property valuation

The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of investment property, in respect of the year 2026.

The sensitivity of the statement of profit or loss and statement of financial position is the effect of the assumed changes in each aspect (taken individually, while other variables are held constant) on the profit or loss and carrying value of investment property for the year.

Capitalisation YP rate increase/(decrease)	Maintenance cost increase/(decrease)	Investment property valuation (Rs.)	Fair value gain/(loss) on investment property (Rs.)
1%		1,038,857,143	(166,142,857)
-1%		1,252,800,000	47,800,000
	5%	1,089,117,000	(115,883,000)
	-5%	1,167,132,600	(37,867,400)

12.8 The valuation of investment properties as at 31st March 2026 has been prepared on the basis of 'material valuation uncertainty' as recommended by The Royal Institution of Chartered Surveyors, a professional body promoting and enforcing international standards in valuation, management and development of land, real estate, construction and infrastructure, in order to highlight the difficulties in undertaking valuations in the current environment.

12.9 A 'material valuation uncertainty' statement implies the valuation is current at the date of valuation only and that less certainty and a higher degree of caution should be attached to the valuation. In addition, the valuation should be kept under frequent review as the assessed value may change significantly and unexpectedly over a relatively short period of time.

12.10 Fair value of the investment property is ascertained by independent valuations carried out by Mrs. R.M.N. Priyadarshani, a Chartered Valuation Surveyor, who has recent experience in valuing properties of similar location and category. In determining the fair value of the building, the capitalisation of net income method has been used, which is based upon assumptions including future rental income, anticipated maintenance costs, appropriate capitalisation rate and in determining the fair value of land, reference has been made to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are approximated within an appropriate range of values.

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12. INVESTMENT PROPERTIES (CONTD...)

12.11 The carrying amount of revalued land and buildings under investment property if they were carried at cost less depreciation and impairment, would be as follows:

	As at 31.03.2026 Rs.	As at 31.03.2025 Rs.
a) Lot No. 1 in Plan No. 2074 situated at No. 123, Castle Street, Colombo 08		
Land	291,000,000	291,000,000
Commercial building		
Cost	68,550,000	-
Accumulated depreciation	-	-
	68,550,000	-
Carrying value	359,550,000	291,000,000
b) Lot A in Plan No. 4751/9000 situated at No. 61, D. S. Senanayake Mawatha, Colombo 08		
Land	62,603,760	62,603,760
Commercial building		
Cost	97,162,188	97,162,188
Accumulated depreciation	(45,994,896)	(42,552,372)
	51,167,292	54,609,816
Carrying value	113,771,052	117,213,576
c) Lot A in Plan No. 2730 situated at No. 57, D. S. Senanayake Mawatha, Colombo 08		
Land	126,108,499	126,108,499
Commercial building		
Cost	86,191,283	86,191,283
Accumulated depreciation	(4,309,564)	(861,913)
	81,881,719	85,329,370
Carrying value	207,990,218	211,437,869

12.12 **Leasing arrangements**

Minimum lease payments receivable on leases of investment property is as follows:

Less than one year	55,279,200	11,800,000
One to five years	199,925,700	14,700,000
More than five years	-	-
	255,204,900	26,500,000

The investment properties are leased out to tenants under operating leases with rentals payable as per the lease terms.

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		As at 31.03.2026 Rs.	As at 31.03.2025 Rs.
13.	INTANGIBLE ASSETS		
13.1	Software		
	Cost		
	Balance as at the beginning of the year	572,438	572,438
	Add: Additions during the year	26,001	-
	Balance as at the end of the year	598,439	572,438
	Amortisation		
	Balance as at the beginning of the year	326,871	269,783
	Add: Amortisation for the year	57,088	57,088
	Balance as at the end of the year	383,959	326,871
	Written-down value at the end of the year	214,480	245,567

13.1.1 There were no restrictions existing on the title of the intangible assets of the Company as at the reporting date. Further, there were no items pledged as security against liabilities.

		As at 31.03.2026 Rs.	As at 31.03.2025 Rs.
14.	FINANCIAL ASSETS AT AMORTISED COST- INVESTMENTS IN DEBT SECURITIES		
14.1	**Investment in unquoted debentures**		
	Balance as at the beginning of the year	411,813,982	419,055,321
	Add : Exchange gain/(loss) for the year	68,196,535	(30,799,968)
	Add : Interest receivable during the year	24,513,539	23,558,629
	Balance as at the end of the year	504,524,056	411,813,982

	As at 31.03.2026		As at 31.03.2025	
	Number of debentures Nos.	Carrying amount Rs.	Number of debentures Nos.	Carrying amount Rs.
Debt securities - unquoted debenture	2,034	504,524,056	2,034	411,813,982
	2,034	504,524,056	2,034	411,813,982
Maturing within one year	-	-	-	-
Maturing after one year	2,034	504,524,056	2,034	411,813,982
	2,034	504,524,056	2,034	411,813,982

The Company has invested in non-convertible redeemable debentures denominated in Australian Dollar (AUD) amounting to AUD 2,034,000 for a tenor of five years maturing on 22nd December 2027, 13th August 2028 and 22nd January 2029 at an interest rate of 6% per annum as funding for operation of Prime Lands Australia (Pty) Ltd.

Present value of the expected cash flows of debentures issued by Prime Lands Australia (Pty) Ltd is the carrying value and hence, no impairment was recognised.

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		As at 31.03.2026 Rs.	As at 31.03.2025 Rs.
15.	INVENTORY PROPERTIES		
15.1	Inventory properties		
	- Apartments	26,820,521,924	12,239,496,367
	- Lands	1,312,631,440	2,080,438,025
		28,133,153,364	14,319,934,392
15.2	Inventory Properties - Apartments		
	Balance as at the beginning of the year	12,239,496,367	6,815,071,803
	Add : Cost incurred during the year	20,826,290,030	9,808,079,135
		33,065,786,397	16,623,150,938
	Less : Disposals during the year (Recognised in cost of sales)	(6,245,264,473)	(4,297,524,138)
	Transferred to investment properties	-	(86,130,433)
	Balance as at the end of the year	26,820,521,924	12,239,496,367
15.3	Inventory Properties - Lands		
	Balance as at the beginning of the year	2,080,438,025	3,204,450,441
	Add : Cost incurred during the year	149,940,704	504,948,727
		2,230,378,729	3,709,399,168
	Less : Disposals during the year (Recognised in cost of sales)	(917,747,289)	(1,502,852,644)
	Transferred to investment properties	-	(126,108,499)
	Balance as at the end of the year	1,312,631,440	2,080,438,025

The details of inventory properties pledged as security against borrowings are disclosed in Note 30.

		Note	As at 31.03.2026 Rs.	As at 31.03.2025 Rs.
16.	FINANCIAL ASSETS - FAIR VALUE THROUGH PROFIT OR LOSS			
	Quoted equity securities	16.1	6,799,500	300,000
	Unit trusts	16.2	446,858,940	412,877,844
			453,658,440	413,177,844

16.1 Quoted equity securities

	As at 31.03.2026			As at 31.03.2025		
	Number of shares Nos.	Cost Rs.	Fair value Rs.	Number of shares Nos.	Cost Rs.	Fair value Rs.
Mahaweli Reach Hotels PLC	15,000	638,740	240,000	15,000	638,740	300,000
Colombo Dockyard PLC	34,000	4,845,000	4,156,500	-	-	-
Lanka Milk Foods (CWE) PLC	30,000	2,369,840	2,403,000	-	-	-
	79,000	7,853,580	6,799,500	15,000	638,740	300,000

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16. FINANCIAL ASSETS - FAIR VALUE THROUGH PROFIT OR LOSS (CONTD...)

16.2 Unit trusts

	As at 31.03.2026			As at 31.03.2025		
	Number of units Nos.	Cost Rs.	Fair value Rs.	Number of units Nos.	Cost Rs.	Fair value Rs.
NDB Wealth Money Fund	-	-	-	4,353,631	150,000,000	156,042,839
NDB Wealth Money Plus Fund	-	-	-	6,508,908	250,000,000	256,835,005
NDB Wealth Money Income Funds	12,660,543	427,165,464	446,858,940	-	-	-
	12,660,543	427,165,464	446,858,940	10,862,539	400,000,000	412,877,844

16.3 Financial assets at fair value through profit or loss (FVTPL) comprise quoted equity securities and unit trusts which are held principally for the purpose of trading in the near term for capital appreciation.

	As at 31.03.2026 Rs.	As at 31.03.2025 Rs.
Quoted equity securities		
Investment in equity securities	7,514,641	195,000
Increase/ (decrease) in market value	(715,141)	105,000
	6,799,500	300,000
Unit trusts		
Investment in unit trusts	427,165,464	400,000,000
Increase in market value	19,693,476	12,877,844
	446,858,940	412,877,844

16.4 Amounts recognised in profit or loss

Changes in fair value on quoted equity securities	(715,141)	105,000
Changes in fair value on investment in unit trusts	19,693,476	12,877,844
	18,978,335	12,982,844

17. ADVANCE PAID FOR CONTRACTORS

Balance as at the beginning of the year	394,966,117	533,606,944
Add : Advance paid for contractors during the year	820,144,391	236,293,022
Less : Transferred to inventory properties during the year	(250,214,474)	(374,933,849)
Balance as at the end of the year	964,896,034	394,966,117

18. ADVANCES, DEPOSITS AND OTHER RECEIVABLES

Staff advance	3,682,573	3,982,447
Other utility advance	35,447,434	49,652,448
Project advance	13,140,657	15,613,962
Refundable deposits	39,937,365	38,998,222
Management Corporation	8,446,369	-
Other receivable	5,946,522	-
	106,600,920	108,247,079

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			As at 31.03.2026 Rs.	As at 31.03.2025 Rs.
19.	CASH AND CASH EQUIVALENTS			
19.1	Short-term deposits			
	Fixed deposits		4,823,640,883	4,442,798,390
			4,823,640,883	4,442,798,390
19.2	Favourable balances			
	Cash in hand		151,758,807	80,256,035
	Petty cash		100,000	100,000
	Cash at banks		45,892,198	830,895,924
			197,751,005	911,251,959
	Total short-term deposits and favourable balance		5,021,391,888	5,354,050,349
19.3	Unfavourable balances			
	Bank overdraft		2,150,555,894	1,154,098,472
			2,150,555,894	1,154,098,472
	Cash and cash equivalents for the purpose of statement of cash flows		2,870,835,994	4,199,951,877

Fixed deposits pledged as security against borrowings are disclosed in Note 30.

20. STATED CAPITAL

20.1 Ordinary shares

		As at 31.03.2026 Rs.	As at 31.03.2025 Rs.
Number of shares - Ordinary shares	20.1.1	937,500,000	937,500,000
Value - Ordinary shares (Rs.)	20.1.1	3,450,000,000	3,450,000,000

		For the year ended 31st March 2026		For the year ended 31st March 2025	
		No. of shares	Rs.	No. of shares	Rs.
20.1.1	Movement during the year				
	Balance as at the beginning of the year	937,500,000	3,450,000,000	937,500,000	3,450,000,000
	Balance as at the end of the year	937,500,000	3,450,000,000	937,500,000	3,450,000,000

20.2 Rights of shareholders

The holders of ordinary shares confer their rights to receive dividends as declared from time to time and are entitled to one vote per share at the meetings of shareholders.

All shares rank equally and pari passu with regard to the Company's residual assets.

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		As at 31.03.2026 Rs.	As at 31.03.2025 Rs.
21.	RETIREMENT BENEFITS OBLIGATION		
21.1	**Retirement benefits obligation - Gratuity**		
	Balance as at the beginning of the year	43,608,689	32,418,497
	Amount charged for the year	17,787,334	10,030,158
	Payments made during the year	(3,005,220)	(2,833,650)
	Amount transferred from Prime Lands (Private) Limited	570,455	3,993,684
	Balance as at the end of the year	58,961,258	43,608,689
21.2	**Amount recognised in the statement of comprehensive income**		
	Current service cost for the year	6,546,964	5,364,580
	Interest cost for the year	4,360,869	3,890,220
		10,907,833	9,254,800
21.3	**Amount recognised in other comprehensive income**		
	Actuarial loss for the year	6,879,501	775,358
		6,879,501	775,358

21.4 Messrs. Actuarial and Management Consultants (Pvt) Ltd, Actuaries, carried out an actuarial valuation of the retirement benefits obligation for the Company as at 31st March 2026. The valuation method used by the Actuary to value the liability is the 'Projected Unit Credit Actuarial Cost Method' recommended by LKAS 19. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

Actuarial assumptions	As at 31.03.2026	As at 31.03.2025
Discount rate	10%	10%
Salary increment rate	7%	7%
Staff turnover	17%	22%
Retirement age	60 years	60 years
Mortality	A 1967/70 Mortality Table (Institute of Actuaries, London)	

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21. RETIREMENT BENEFITS OBLIGATION (CONTD...)

21.5 Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year.

	2025/2026 Rs.	2024/2025 Rs.
Discount rate		
Effect on retirement benefits obligation due to 5% increase	47,143,033	37,123,998
Effect on retirement benefits obligation due to 5% decrease	71,786,598	52,917,609
Salary increment rate		
Effect on retirement benefits obligation due to 1% increase	61,390,657	1,487,796
Effect on retirement benefits obligation due to 1% decrease	56,683,453	(1,409,285)

* The figures in brackets indicate decrease

21.6 Maturity profile of the defined benefit obligation

Within the next 12 months	9,278,194	8,710,765
Between 1 and 5 years	32,093,452	25,932,560
Between 6 and 10 years	14,122,088	6,214,331
Beyond 10 years	3,467,524	2,751,033
	58,961,258	43,608,689

22. INTEREST BEARING BORROWINGS

	As at 31.03.2026 Rs.	As at 31.03.2025 Rs.
Balance as at the beginning of the year	805,114,217	884,439,429
Loans obtained during the year	6,403,336,000	720,000,000
	7,208,450,217	1,604,439,429
Repayments during the year	(835,765,887)	(799,325,212)
Balance as at the end of the year	6,372,684,330	805,114,217
Repayable within one year	2,366,113,331	446,815,884
Repayable between one and five years	4,006,570,999	358,298,333

Long-term loans	Term of the loan	Maturity period	Interest rate	Facility amount (Rs.)	Capital outstanding as at 31.03.2026 (Rs.)
Seylan Bank PLC - Term loan	Capital repayment within 48 months	Apr-30	AWPLR + Margin	400,000,000	400,000,000
Smapath Bank PLC	Capital repayment within 36 monthly instalments	Jun-27	AWPLR + Margin	1,000,000,000	678,550,000
Sampath Bank PLC	Capital repayment within 96 monthly instalments	Jul-26	AWPLR + Margin	450,000,000	450,000,000

22. INTEREST BEARING BORROWINGS (CONTD...)

Long-term loans	Term of the loan	Maturity period	Interest rate	Facility amount (Rs.)	Capital outstanding as at 31.03.2026 (Rs.)
Sampath Bank PLC	Capital repayment within 48 monthly instalments	Mar-30	AWPLR + Margin	1,785,000,000	1,785,000,000
Hatton National Bank PLC	Capital repayment within 60 monthly instalments	Nov-30	AWPLR + Margin	1,500,000,000	1,500,000,000
Commercial Bank of Ceylon	Capital repayment within 41 monthly instalments	Dec-27	AWPLR + Margin	350,000,000	174,965,000
Bank of Ceylon	Capital repayment within 36 monthly instalments	Feb-30	AWPLR + Margin	700,000,000	595,833,331

Short-term loans	Term of the loan	Maturity period	Interest rate	Facility amount (Rs.)	Capital outstanding as at 31.03.2026 (Rs.)
DFCC - revolving loan	Capital repayment within 6	Jun-26	AWPLR + Margin	200,000,000	200,000,000
HNB - revolving loan	Capital repayment within 6 monthly instalments	Jun-26	AWPLR	500,000,000	500,000,000
Seylan Bank PLC - revolving loan	Capital repayment within 6 monthly instalments	Jul-26	AWPLR + Margin	6,962,000	6,962,000
Seylan Bank PLC - revolving loan	Capital repayment within 6 monthly instalments	Jul-26	AWPLR + Margin	26,500,000	26,500,000
Seylan Bank PLC - revolving loan	Capital repayment within 6 monthly instalments	Jul-26	AWPLR + Margin	34,541,000	34,541,000
Seylan Bank PLC - revolving loan	Capital repayment within 6 monthly instalments	Jun-26	AWPLR + Margin	20,333,000	20,333,000

Assets pledged as security against borrowings and the facility details are disclosed in Note 30.

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		As at 31.03.2026 Rs.	As at 31.03.2025 Rs.
23.	LEASE LIABILITIES		
	Balance as at the beginning of the year	3,641,019	10,081,038
	Lease obtained during the year	243,533,934	-
	Repayments during the year	(57,763,079)	(6,440,019)
	Balance as at the end of the year	189,411,874	3,641,019
	Interest in suspense		
	Balance as at the beginning of the year	1,376,913	1,785,457
	Lease obtained during the year	38,050,695	-
	Charged to the statement of comprehensive income	(15,065,602)	(408,544)
	Balance as at the end of the year	24,362,006	1,376,913
	Net lease creditor at the end of the year	165,049,868	2,264,106
	Repayable within one year	54,586,503	2,264,106
	Repayable between one and five years	110,463,365	-
		165,049,868	2,264,106
23.1	**Maturity analysis of lease liability - discounted**		
	Less than 2 years	116,646,638	2,264,106
	2- 5 years	48,403,230	-
		165,049,868	2,264,106
23.2	**Maturity analysis of lease payment - undiscounted**		
	Less than 2 years	138,166,967	3,641,019
	2- 5 years	51,244,907	-
		189,411,874	3,641,019
23.3	**Amount recognised in profit or loss on SLFRS 16 - Leases**		
	Lease under SLFRS 16		
	Amortisation of right-of-use assets	44,985,144	2,734,875
	Interest expense on lease liabilities	15,065,602	408,544
		60,050,746	3,143,419
23.4	**Amount recognised in cash flow on SLFRS 16 - Leases**		
	Payment of lease liabilities	(57,763,079)	(6,440,019)

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	As at 31.03.2026 Rs.	As at 31.03.2025 Rs.

24. DEFERRED TAX LIABILITIES

The movement of deferred tax		
Balance as at the beginning of the year	114,472,857	67,339,381
Recognised in statement of comprehensive income	21,236,226	47,366,083
Recognised in other comprehensive income	(2,063,850)	(232,607)
Balance as at the end of the year	133,645,233	114,472,857

Deferred tax provision for the year

Deferred tax assets/(liabilities) are attributable to the following:

	As at 31.03.2026		As at 31.03.2025	
	Temporary difference Rs.	Tax Rs.	Temporary difference Rs.	Tax Rs.
Deferred tax assets				
Employee benefits	58,961,258	17,688,377	43,608,689	13,082,607
Lease Liability	165,049,868	49,514,960	-	-
	224,011,126	67,203,337	43,608,689	13,082,607
Deferred tax liabilities				
Property, plant and equipment	(72,496,812)	(21,749,042)	(136,743,975)	(41,023,193)
Investment properties	(385,912,741)	(115,773,822)	(288,440,903)	(86,532,271)
Right of use asset	(211,085,685)	(63,325,706)	-	-
	(669,495,238)	(200,848,570)	(425,184,878)	(127,555,464)
Net deferred tax liability	(445,484,112)	(133,645,233)	(381,576,189)	(114,472,857)

Movement in deferred tax balance during the year

	Balance as at 01.04.2025 Rs.	Recognised in profit or loss Rs.	Recognised in OCI Rs.	Balance as at 31.03.2026 Rs.
Employee benefits	13,082,607	2,541,920	2,063,850	17,688,377
Property, plant and equipment	(41,023,193)	19,274,151	-	(21,749,042)
Investment properties	(86,532,271)	(29,241,551)	-	(115,773,822)
Lease Liability	-	49,514,960	-	49,514,960
Right of use asset	-	(63,325,706)	-	(63,325,706)
Net deferred tax asset/ (liability)	(114,472,857)	(21,236,226)	2,063,850	(133,645,233)

Deferred tax has been determined based on the effective tax rate of 30%.

	As at 31.03.2026 Rs.	As at 31.03.2025 Rs.

25. TRADE AND OTHER PAYABLES

Accrued expenses	110,938,751	150,436,108
Stamp duty	58,754,364	67,531,270
Retention	775,482,581	485,701,107
Contractors payments	-	4,064,427
Dividend	1,279,358	1,294,273
SSCL	34,243,315	5,820,831
Refundable deposits	700,000	700,000
VAT	56,190,151	59,176,118
	1,037,588,520	774,724,134

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		As at 31.03.2026 Rs.	As at 31.03.2025 Rs.
26. AMOUNT DUE TO RELATED PARTY			
Prime Lands (Private) Limited		4,322,844	2,213,640
		4,322,844	2,213,640
27. CUSTOMER ADVANCE COLLECTION			
Project advance	27.1	14,637,751,619	8,538,940,294
Direct customer deposits		112,043,704	152,405,454
		14,749,795,323	8,691,345,748
27.1 Project advance			
Balance as at the beginning of the year		8,538,940,294	3,461,944,642
Add: During the year advance received		17,130,144,343	13,336,796,529
		25,669,084,637	16,798,741,171
Less : Transferred to statement of comprehensive income		(11,031,333,018)	(8,259,800,877)
Balance as at the end of the year		14,637,751,619	8,538,940,294
28. INCOME TAX PAYABLE			
Balance as at the beginning of the year		530,493,253	219,989,096
Less : WHT credit		(31,470,638)	(17,099,428)
During the year payment		(534,051,641)	(498,664,135)
		(35,029,026)	(295,774,467)
Add : Income tax expense during the year		741,891,547	524,962,930
Less : Income tax over provision in previous year		(1,291,391)	-
Add : Adjustment for Surcharge Tax levied under the Surcharge Tax Act No. 14 of 2022		-	301,304,790
Balance as at the end of the year		705,571,130	530,493,253

29. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company makes various commitments and incurs contingent liabilities. No material losses are anticipated as a result of these transactions.

29.1 Commitments

Capital commitments arising from contracts entered into with vendors in respect of construction works amounting to Rs. 12,234,012,630/- as at the reporting date. This commitment is contingent upon the successful execution of the respective contract agreements.

In addition, financial guarantees issued to the Urban Development Authority to securing the land depicted as Lot No. 01 in the Survey Plan No. 2675 dated 20th May 2023 amounting to Rs. 858,176,295/- and Rs. 950,123,755/- which are due on 01st March 2027 and 01st March 2028, respectively.

29.2 Contingent liabilities

The Company does not have significant contingencies as at the reporting date.

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30. ASSETS PLEDGED

The following assets have been pledged as security for credit facilities and loans obtained by the Company from respective financial institutions concerned.

Nature of assets	Lender and nature of liabilities	Facility amount Rs.	As at 31.03.2026 Rs.	As at 31.03.2025 Rs.
- Primary mortage for 200 million over investment property at No. 61, D.S. Senanayake Mawatha, Colombo 08	DFCC Bank PLC - Term Loan	200,000,000	-	10,129,217
- Lien Over the fixed deposits amounting to LKR 820,000,000 of the company	DFCC Bank PLC - Revolving Loan	200,000,000	200,000,000	-
- Further mortgage over the property of Prime Lands (Pvt) Ltd at No. 75/1, D.S. Senanayake Mawatha, Colombo 08	DFCC Bank PLC - Overdraft	500,000,000	312,738,430	42,454,482
- Lien over 400,000,000 Nos of HNB Finance PLC shares owned by Prime Lands (Pvt) Ltd	Seylan Bank PLC - Term Loan	1,500,000,000	-	300,000,000
- Lien over the Fixed Deposits amounting to LKR 2,318,000,000	Seylan Bank PLC - Overdraft	2,197,600,000	1,058,760,822	743,740,581
- Primary mortgage bond over the property at D.S. Senanayake Mawathe, Colombo 08	Seylan Bank PLC - Term Loan	400,000,000	400,000,000	-
- Primary mortgage bond over the property at The Border Colombo, Peliyagoda	Sampath Bank PLC -Term Loan	1,000,000,000	678,550,000	220,000,000
- Primary mortgage bond over the property at the Golf - Colombo 08	Sampath Bank PLC - Term Loan	450,000,000	450,000,000	-
- Primary mortgage bond over the property at Elvitigala Mawatha, Colombo 05	Sampath Bank PLC - Term Loan	1,785,000,000	1,785,000,000	-
- Primary mortgage bond over the property at Thalakotuwa Gardens	Hatton National Bank PLC - Term Loan	1,500,000,000	1,500,000,000	-
- Primary mortgage bond over the property at Chandraleka Mawatha	Commercial Bank of Ceylon PLC -Term Loan	350,000,000	174,965,000	274,985,000
- Primary motgage bond over the property at Jadore - Negambo	Bank of Ceylon - Term Loan Bank of Ceylon - Overdraft	700,000,000 250,000,000	595,833,331 137,534,061	-
- Lien over USD A/C amounting to USD 1,036,032				
- Lien over Fixed deposit amounting to LKR 82 MN of the company	Sampath Bank PLC - Overdraft	400,000,000	278,908,891	51,844,800
- Corporate guarantee of Rs. 100 Mn from Prime Lands (Pvt) Ltd				
- Corporate guarantee from Prime Lands (Pvt) Ltd	Hatton National Bank PLC - Overdraft	500,000,000	296,012,132	292,451,814
- Corporate guarantee from Prime Lands (Pvt) Ltd	Hatton National Bank PLC - Revolving Loan	500,000,000	500,000,000	-
- Primary mortgage bond for Rs. 175 Mn over the investment property at No. 123, Castle Street, Colombo 08	Nations Trust Bank PLC - Overdraft	175,000,000	42,231,279	-
- Corporate guarantee from Prime Lands (Pvt) Ltd	Commercial Bank of Ceylon PLC - Overdraft	50,000,000	-	-

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31. RELATED PARTY DISCLOSURES (CONTD....)

31.1 Parent and ultimate controlling party

The immediate and ultimate parent of the Company as at 31st March 2026 is Prime Lands (Private) Limited.

31.2 Transactions with key management personnel

Key management personnel include all the members of the Board of Directors of the Company having the authority and responsibilities for planning, directing and controlling the activities of the Company.

(a) Loans to Directors

No loans were advanced to the Directors of the Company.

(b) Key Management Personnel Compensation

The remunerations of directors and other members of the key management during the year under review are as follows:

Key management personnel	Nature of the transaction	For the year ended 31.03.2026 Rs.	For the year ended 31.03.2025 Rs.
Directors	Short-term benefit	49,711,000	48,345,700

(c) Transactions with key Management Personnel

Related key personnel	Relationship	Nature of the transaction	For the year ended 31.03.2026 Rs.	For the year ended 31.03.2025 Rs.
Mr. B Premalal	Director	Advance payment for apartments at The Colombo Border	40,845,000	11,670,000
Mrs. H K S R Perera	Director	Advance payment for apartments at The Colombo Border	26,350,000	15,880,000
Mr. N L S Joseph	Director	Advance payment for apartment at The Colombo Border	4,956,000	9,151,000
Ms. Shehana Brahmanage	Director	Advance payment for apartment at The Colombo Border	20,640,000	-
Mr. Nalinda Heenatigala	Director	Advance payment for apartment at Jadore - Negombo	17,231,949	6,880,000
Mr. Anura Pathirage	Director	Advance payment for apartment at The Palace - Gampaha	10,416,095	-
Mrs. Dinusha Fernando	GM Legal	Advance payment for apartment at The Colombo Border	4,400,000	656,000

31.3 Related party transactions

Related companies	Relationship	Nature of the transaction	For the year ended 31.03.2026 Rs.	For the year ended 31.03.2025 Rs.
Prime Lands (Private) Limited	Parent Company	Advances paid to acquire lands for apartments projects	47,205,000	305,807,500
		Shared service fee paid to Prime Lands (Pvt) Ltd	36,900,000	30,750,000
		Rent paid to Prime Lands (Pvt) Ltd	6,150,000	6,150,000
		Rent income from Prime Lands (Pvt) Ltd	8,400,000	2,100,000
		Commission income from Prime Lands (Pvt) Ltd	6,890,108	17,938,656
		Commission expense to Prime Lands (Pvt) Ltd	180,026,189	105,693,621
		Intercompany settlements (Net)	-	3,097,531
HNB Finance PLC	Related Company	Rent income from HNB Finance PLC	22,270,000	20,400,000
		Lease rental paid	1,750,908	6,440,019
		Lease interest paid	142,807	408,544
NJ Consultants	Common Director	MEP Design fee paid to NJ Consultants	47,735,059	11,576,991

31. RELATED PARTY DISCLOSURES (CONTD....)

31.3 Related party transactions

Related companies	Relationship	Nature of the transaction	For the year ended 31.03.2026 Rs.	For the year ended 31.03.2025 Rs.
Diyanillakelle Estate (Pvt) Ltd	Common Director	Payment made for accommodation	62,646	-
Regent Caterers (Pvt) Ltd	Related Company	Payments for catering services for events	8,801,211	7,421,886
Prime Constructions (Pvt) Ltd	Related Company	Construction management services for 43, By the Sea - Marine Drive and The Palace - Gampaha	14,668,416	174,817,101
		Interim payment made for the construction works for The Border Colombo Tower C	698,743,917	298,525,758
		Interim Payments made for the constructions works for The Border Colombo Tower A	989,817,167	-
		Interim Payments made for the constructions works for the Seasons - Colombo 08	809,397,629	-
		Payments for construction work done for Castle Street - Warehouse	51,958,275	-
		Payment for work done at Mon Vie - Thalakotuwa Gardens	665,641	-
Prime Realty (Pvt) Ltd	Related Company	Commission expense to Prime Realty (Pvt) Ltd	45,861,133	22,619,717
Bhoomi Realty Holdings (Pvt) Ltd	Related Company	Commission expenses to Bhoomi Realty Holdings (Pvt) Ltd	2,463,199	-

31.4 Related party balances

The following related party balances are shown in the respective notes as stated below.

1. Investment in non-convertible redeemable debentures issued by Prime Lands Australia (Pty) Ltd as given in Note 14.
2. Amount due to Prime Lands (Pvt) Ltd as disclosed in Note 26.

31.5 Terms and conditions of transactions with related parties

Transactions with related parties are carried out in the ordinary course of the business. Outstanding current account balances at the year end as disclosed in Note 26 are interest free and settled on demand. Investment in unquoted debentures at the year end as disclosed in Note 14 is at an interest rate of 6% per annum and settlement occurs at maturity of five years.

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31. RELATED PARTY DISCLOSURES (CONTD...)

31.6 Recurrent related party transactions

Below is the recurrent related party transaction which in aggregate value exceeds 10% of the gross revenue of the Company as per 31st March 2026 audited Financial Statements, which required additional disclosures in the 2025/26 Annual Report under Colombo Stock Exchange listing Rule 9.14.8(2).

Name of Related Party	Relationship	Nature of the Transaction(s)	Aggregate value of Related Party Transaction(s) entered into during the Financial Year	Aggregate Value of the Related party transaction(s) as a % of Gross Revenue/Income	Terms and Conditions of the Related Party Transaction(s)
Prime Constructions (Private) Limited	Affiliated Company	Contract awarded during the financial year **01. The Colombo Border** **(a). Main Contract - Tower A** Commencement of the constructions: June 2025 Duration - 30 months Contract Value - Rs. 2,528,337,829	2,528,337,829	23%	- Construction of a residential condominium tower including all structural, architectural, MEP, and external works, as per approved plans. - Prime Lands Residencies PLC oversees end to end construction activities, maintaining strict control over quality and progress status - Fixed-price contract with no escalation unless due to approved changes.

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32. ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

32.1 The analysis of financial instruments by measurement basis is shown as follows:

Balance as at 31.03.2026	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Other financial liabilities at amortised cost	Total
	Rs.	Rs.	Rs.	Rs.
Financial assets				
Financial investments - unquoted debentures	-	504,524,056	-	504,524,056
Financial investments - quoted equity shares	6,799,500	-	-	6,799,500
Financial investments - unit trusts	446,858,940	-	-	446,858,940
Cash and cash equivalents	-	5,021,391,888	-	5,021,391,888
	453,658,440	5,525,915,944	-	5,979,574,384
Financial liabilities				
Interest bearing borrowings	-	-	6,372,684,330	6,372,684,330
Lease liabilities	-	-	165,049,868	165,049,868
Amount due to related party	-	-	4,322,844	4,322,844
Trade and other payables	-	-	1,037,588,520	1,037,588,520
Bank overdraft	-	-	2,150,555,894	2,150,555,894
	-	-	9,730,201,456	9,730,201,456

Balance as at 31.03.2025	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Other financial liabilities at amortised cost	Total
	Rs.	Rs.	Rs.	Rs.
Financial assets				
Financial investments - unquoted debentures	-	411,813,982	-	411,813,982
Financial investments - quoted equity shares	300,000	-	-	300,000
Financial investments - unit trusts	412,877,844	-		412,877,844
Cash and cash equivalents	-	5,354,050,349	-	5,354,050,349
	413,177,844	5,765,864,331	-	6,179,042,175
Financial liabilities				
Interest bearing borrowings	-	-	805,114,217	805,114,217
Lease liabilities	-	-	2,264,106	2,264,106
Amount due to related party	-	-	2,213,640	2,213,640
Trade and other payables	-	-	774,724,134	774,724,134
Bank overdraft	-	-	1,154,098,472	1,154,098,472
	-	-	2,738,414,569	2,738,414,569

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33. FAIR VALUE MEASUREMENT AND RELATED FAIR VALUE DISCLOSURES

33.1 Determination of fair value and fair value hierarchy

As at 31st March 2026, the Company held the following assets carried at fair value on the statement of financial position. The Company uses the following hierarchy for determining and disclosing the fair value of these assets by valuation technique:

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

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

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

	Level 1	Level 2	Level 3	Total
As at 31.03.2026				
Financial assets - Fair value through profit or loss	453,658,440	-	-	453,658,440
Investment property - Land and building	-	-	1,205,000,000	1,205,000,000
As at 31.03.2025				
Financial assets - Fair value through profit or loss	413,177,844	-	-	413,177,844
Investment property - Land and building	-	-	1,022,000,000	1,022,000,000

33.1.1 Reconciliation of fair value measurement of "Level 3" assets

The reconciliation from the opening balance to the closing balance for level 3 fair values are shown below:

	Land Rs.	Building Rs.	Total Rs.
Investment Properties			
Balance as at 01.04.2024	571,600,000	194,400,000	766,000,000
Add: Transferred from inventory property	126,108,499	86,130,433	212,238,932
Add: Fair value gain/(loss) during the year	70,444,663	(26,683,595)	43,761,068
Balance as at 31.03.2025	768,153,162	253,846,838	1,022,000,000
Add: Addition for the year	-	58,985,905	58,985,905
Add: Fair value gain during the year	97,471,838	26,542,257	124,014,095
Balance as at 31.03.2026	865,625,000	339,375,000	1,205,000,000

33.2 Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Asset	Valuation technique	Significant unobservable inputs
Investment properties	**Comparison and Investment approach**	- Anticipated maintenance cost
Land and commercial building No. 123, Castle Street, Colombo 08 No. 61, D. S. Senanayake Mawatha, Colombo 08 No. 57, D. S. Senanayake Mawatha, Colombo 08	In determining the fair value of Investment Property, the reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location were considered. Fair value of building was determined considering the capitalisation of net income method, which is based upon assumptions including future rental income, anticipated maintenance costs and capitalisation rates.	- Discount rate - Future rental income per Sq. Ft. - Price per perch

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34. EVENTS AFTER THE REPORTING DATE

No circumstances have arisen since the reporting date, which would require adjustments or disclosures in the Financial Statements except as given below:

Authorisation of interim dividend
The Board of Directors of the Company has authorised an interim dividend of eighty cents (Rs. 0.80) per ordinary share amounting Rs.750,000,000 on 28th May 2026.

35. RISK MANAGEMENT

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

Credit risk
Liquidity risk
Market risk
Operational risk

This note presents qualitative and quantitative information about the Company's exposure to each of the above risks, the Company's objectives, policies and procedures for measuring and managing risk and the Company's management of capital. Further, quantitative disclosures are included throughout these Financial Statements.

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

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

35.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's investments and deposits with banks.

The Company is exposed to credit risk from its investing and financing activities, including deposits with banks and other financial assets.

Management of credit risk includes the following components.
The Company does an extensive and continuous evaluation of credit-worthiness of its customers/financial institutions by assessing external credit ratings (if available) or historical information about default rates and changes the credit limits and payment terms where necessary.

In addition, the Company manages its operations to avoid any excessive concentration of counterparty risk and takes all reasonable steps to ensure that the counterparties fulfill their obligations.

35.1.1 Impairment of Financial Assets

The Company does not have trade receivables as at the reporting date and impairment is not applicable to them. Cash and cash equivalents and other financial assets are subject to the impairment requirements as per SLFRS 9.

35.1.1.1 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 at 31.03.2026 Rs.	As at 31.03.2025 Rs.
Carrying amount		
Financial assets at amortised cost	504,524,056	411,813,982
Financial assets - FVTPL	453,658,440	413,177,844
Cash and cash equivalents	5,021,391,888	5,354,050,349
	5,979,574,384	6,179,042,175

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35. RISK MANAGEMENT (CONTD..)

35.1 Credit risk

35.1.1.2 Trade receivables

The Company does not have trade receivables as at reporting date and hence, no impairment was identified relating to them.

35.1.1.3 Cash and cash equivalents and other financial assets

The cash and cash equivalents are held with banks and financial institutions which are rated above 'BBB-(lka).

The allowance accounts in respect of cash at bank at financial institutions, and financial assets at FVTPL and other financial assets, are used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible.

At that point, the amounts are considered irrecoverable and are written-off against the financial assets directly.

35.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets.

Management of liquidity risk
The Company manages the liquidity risk by carrying out cash flow forecasts and identifying future cash needs including organic growth and to meet any unforeseen obligations and opportunities. Investments are planned ensuring that money is available for settlements. Adequate banking facilities are approved and kept for use as and when necessary. Strong relationships have been built with banks to ensure that urgent borrowing needs are met at short notice.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted (principle plus interest) payments.

	Carrying amount Rs.	Less than 3 months Rs.	3-12 months Rs.	1-5 years Rs.	More than 05 years Rs.	Total Rs.
Balance as at 31.03.2026						
Non-derivative financial liabilities						
Trade and other payables	1,037,588,520	112,218,109	925,370,411	-	-	1,037,588,520
Bank overdraft	2,150,555,894	2,150,555,894	-	-	-	2,150,555,894
Loans and borrowings	6,372,684,330	309,128,332	2,056,984,998	4,006,571,000	-	6,372,684,330
Lease liabilities	165,049,868	16,820,871	51,062,613	121,528,391	-	189,411,875
Amounts due to related party	4,322,844	4,322,844	-	-	-	4,322,844
	9,730,201,456	2,593,046,050	3,033,418,022	4,128,099,391	-	9,754,563,463
Balance as at 31.03.2025						
Non-derivative financial liabilities						
Trade and other payables	774,724,134	151,730,381	622,993,753	-	-	774,724,134
Bank overdraft	1,154,098,472	1,154,098,472	-	-	-	1,154,098,472
Loans and borrowings	805,114,217	118,564,385	382,490,230	386,799,562	-	887,854,177
Lease liabilities	2,264,106	291,818	3,349,201	-	-	3,641,019
Amounts due to related party	2,213,640	2,213,640	-	-	-	2,213,640
	2,738,414,569	1,426,898,696	1,008,833,184	386,799,562	-	2,822,531,442

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

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35. RISK MANAGEMENT (CONTD....)

35.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective of market risk management is to manage and control the market risk exposures within acceptable parameters, while optimising the return. Market risk comprises three types of risks:

- Foreign exchange risk
- Interest rate risk
- Equity price risk

35.3.1 Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign currency risk when future transactions are denominated in a currency that is not the Company's functional currency. The Company's functional currency is Sri Lankan Rupee (LKR) and all other currencies are considered as foriegn currencies for reporting purpose. The investments in unquoted debentures are denominated in Australian Dollars (AUD) and bank balances denominated in US Dollars (USD). However, most of the Company's transactions are denominated in LKR.

The exposure to currency risk as at the reporting date is as follows:

As at 31st March 2026	AUD	USD
Investments in unquoted debentures	2,034,000	-
Bank balances	307	20,099
As at 31st March 2025		
Investments in unquoted debentures	2,034,000	-
Bank balances	303	69,414

There were signs of stabilisation in Sri Lankan Rupee during the year due to the control measures taken by the authorities and improvements in foreign currency inflows and reserves. The Company adopted prudent measures, as and when required, to manage the financial impacts arising from the liquidity constraints and currency fluctuations by matching liabilities with corresponding inflows. The Company was able to navigate the liquidity challenges through matching its obligations with foreign currency inflows as far as possible while also using the strength of its financial position to manage the situation.

Sensitivity analysis

The following table demonstrates the sensitivity of the Company's profits to a reasonable possible change in the US Dollar (USD) and Australian Dollar (AUD) exchange rate with all other variables held constant. The impact on the profit before tax due to change in the fair value of monetary assets and liabilities denominated in foreign currency is as follows:

	Increase/ decrease in exchange rate	Effect on profit before tax (Rs.)
2026		
US Dollar (USD)		
LKR appreciated against USD by	25%	388,729,744
LKR depreciated against USD by	-25%	(388,729,744)
Australian Dollar(AUD)		
LKR appreciated against AUD by	25%	107,638,630
LKR depreciated against AUD by	-25%	(107,638,630)
2025		
US Dollar (USD)		
LKR appreciated against USD by	25%	328,890,398
LKR depreciated against USD by	-25%	(328,890,398)
Australian Dollar(AUD)		
LKR appreciated against AUD by	25%	94,208,571
LKR depreciated against AUD by	-25%	(94,208,571)

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35. RISK MANAGEMENT (CONTD....)

35.3.2 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 Company's interest rate risk arises mainly from the borrowings and investment of excess funds in financial investments. Borrowings at variable rates expose the Company to cash flow interest rate risk. Borrowings and investments at fixed rates expose the Company to fair value interest rate risk.

The Company has cash and bank balances including deposits placed with government and reputed financial institutions. All available opportunities are considered before making investment decisions.

The Company manages its working capital appropriately to ensure that borrowing needs and investment opportunities are foreseen. Market interest rates are monitored closely to ensure that the borrowings and investments are at the best rate for the Company.

The Central Bank of Sri Lanka (CBSL) began to ease the monetary policy during the current financial year amid decelerating inflation, resulting in a downward trend in market interest rates throughout the financial year. The directions issued by the CBSL to licensed banks to reduce interest rates, and the significant reduction of risk premia on government securities, have accelerated the downward adjustment in market interest rates and particularly lending rates.

At the end of the reporting year, the interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company was as follows:

	As at 31.03.2026 Rs.	As at 31.03.2025 Rs.
Fixed rate instruments		
Financial assets		
Fixed deposit	4,823,640,883	4,442,798,390
Financial assets at amortised cost	504,524,056	411,813,982
	5,328,164,939	4,854,612,372
Financial liabilities		
Lease creditors	(165,049,868)	(2,264,106)
	5,493,214,807	4,856,876,478
Variable rate instruments		
Financial assets		
Bank balance	45,892,198	830,895,924
Financial liabilities		
Loans and borrowings	(6,372,684,330)	(805,114,217)
Bank overdraft	(2,150,555,894)	(1,154,098,472)
	(8,523,240,224)	(1,959,212,689)
	(8,477,348,026)	(1,128,316,765)

The following table demonstrates the sensitivity to a reasonably possible change in variable interest, with all other variables held constant.

	Profit or loss		Equity	
	For the year ended 31.03.2026 Rs.	For the year ended 31.03.2025 Rs.	For the year ended 31.03.2026 Rs.	For the year ended 31.03.2025 Rs.
5% increase	7,121,273	14,600,573	7,121,273	14,600,573
5% decrease	(7,121,273)	(14,600,573)	(7,121,273)	(14,600,573)

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35. RISK MANAGEMENT (CONTD....)

35.3.3 Equity price risk

Listed equity securities are susceptible to equity price risk arising from uncertainties of future values of the investment securities. The Company manages the equity price risk through diversification of its portfolio to different business segments.

The Company's equity risk management policies adopted are as follows:
- equity investment decisions are based on fundamentals rather than on speculation
- decisions are made based on in-depth industry and macroeconomic analysis as well as on research reports on the Company's performance.

The table below shows the diversification of equity investments.

	2026 Rs.	2025 Rs.
Trading shares		
Quoted equity securities	6,799,500	300,000

Sensitivity analysis
Investments in equity shares are subject to the performance of the investee Company and the factors that affect the status of the stock market.

The following table demonstrates the sensitivity of the Company's equity to a reasonably possible change in the market prices of the listed equity securities, with all other variables held constant.

	Change in year share price of all companies in which the Company has invested	Effect on profit before tax as a result of gains/ losses on equity securities classified as at FVTPL Rs.
Investments in equity shares	+ 5%	339,400
	- 5%	(339,400)

35.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations. The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of the Company's overall standards for the management of operational risk in the following areas.

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- training and professional development
- ethical and business standards
- risk mitigation, including insurance when applicable

Compliance with set procedures is supported by periodic reviews undertaken by the Internal Audit Department. The results of Internal Audit Department reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and Senior Management of the Company.

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35. RISK MANAGEMENT (CONTD..)

35.5 Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of stated capital and reserves of the Company. The Board of Directors monitors the return on capital, which the Company defines as a result from operating activities divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure, and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares, have a rights' issue or buy back of shares.

The Company's debt to adjusted capital ratio at the end of the reporting period was as follows:

	As at 31.03.2026	As at 31.03.2025
Debt to equity ratio	57%	8%

36. PROSPECT OF SUSTAINABILITY RISKS AND OPPORTUNITIES

As a real estate development entity committed to long-term economic growth and value creation, the Company recognises that sustainability is fundamental to the well-being of all stakeholders. In light of evolving Environmental, Social, and Governance (ESG) challenges, the Company is actively integrating sustainability principles into its core business practices and strategic decision-making processes. This includes the adoption of responsible development practices, resource-efficient designs, and ethical governance standards to ensure resilience, environmental stewardship, and stakeholder trust.

The Company undertakes its development of apartments and lands with a focus on responsible and sustainable practices, aiming to generate positive social impact while promoting environmental stewardship. These efforts reflect the Company's commitment to embedding sustainability into its core strategies, ensuring that its operations align with long-term environmental and community well-being particularly in the context of land acquisition, residential apartment construction, and land development activities.

With the widest reach across the island, the Company aspires to be the market leader in sustainable real estate. In pursuit of this ambition, the Company is taking deliberate steps to transition toward carbon neutrality by embedding sustainability across all aspects of its operations, from planning and development to construction and stakeholder engagement. During the year, the Company remained steadfast in its commitment to aligning the impact of its activities with the United Nations Sustainable Development Goals (UN SDGs), while taking a holistic approach to addressing global environmental and social challenges.

The Company has embedded ESG considerations as an organisation-wide discipline, guided by a holistic sustainability policy that outlines the Company's sustainability objectives, governance framework, and reporting mechanisms. This policy supports the integration of ESG principles into strategic planning, operational execution, and stakeholder engagement on following aspects:

- Governance of sustainability related risks and opportunities
- Strategy process for determining actual and potential impacts of sustainability-related risks and opportunities on the Company's businesses, strategy and planning
- Risk management process within the Company to identify, assess and manage sustainability related risks
- Metrics and targets for the Company's performance in relation to sustainability related risks and opportunities

36.1 Governance of sustainability related risks and opportunities

The Board of Directors is responsible for monitoring, approving, overseeing, and reviewing the Company's sustainability and climate-related risks and opportunities. In line with the ESG Policy, the Board's oversight governance, strategy, financial performance, risk management, and the establishment of appropriate metrics and targets. This comprehensive approach ensures that the Company remains aligned with global best practices in sustainability and continues to deliver long-term value to its stakeholders.

Recognising the significance and potential implications of climate-related risks on the Company's operations, the Board actively oversees the risk assessment process to identify, evaluate, and respond to such challenges. To support this effort, the Company has implemented a Sustainability Steering Committee designed to assess the potential impacts of various climate scenarios on its operational and financial stability. This proactive approach to risk management enables the Company to effectively anticipate and mitigate climate-related risks, safeguard stakeholder interests, and strengthen long-term organisational resilience.

36.1.1 Role of the Sustainability Steering Committee

Operating under the delegated authority of the Board and chaired by the General Manager - Engineering, the Sustainability Steering Committee (SSC) maintains high-level oversight of sustainability-related risks and opportunities associated with the Company's core business and value chain activities. The SSC continuously monitors these developments and provides feedback and strategic recommendations to the Board to support informed decision-making and long-term value creation.

36 PROSPECT OF SUSTAINABILITY RISKS AND OPPORTUNITIES (CONTD....)

36.2 Strategy process for determining actual and potential impacts of sustainability-related risks and opportunities on the Company's businesses, strategy and planning

The Company has initiated industry-level climate and sustainability risk reviews to assess the potential business implications of climate change on its operations and asset portfolio. This exercise represents the initial step in establishing a structured and strategic approach to managing climate-related risks. Through this process, the Company aims to evaluate the potential financial impacts of both physical and transition risks, thereby aligning its long-term sustainability strategy with global best practices and emerging regulatory expectations.

The Company adopts a precautionary approach to managing sustainability-related issues, particularly in the context of land acquisition, residential apartment construction, and land development activities. Sustainable development has emerged as a strategic priority, reflecting the Company's commitment to integrating sustainability principles into the planning, design, and execution of its residential projects. By embedding environmental and social considerations into core operations, the Company aims to create long-term value while addressing pressing environmental challenges and contributing to responsible urban growth including;

- transition to low carbon materials and renewal energy sources to reduce carbon emmission
- high energy use in construction and operation of building to enhance the energy effeciency
- resources consumption, waste management and landfill diversion
- consideration of air, noise and water pollution during construction and operation
- displacement of local communities or changes to neighbourhood character for community impact and engagement
- consideration for access to affordable housing and integration of mixed income units
- consideration of indoor air quality, natural lighting, green space for health and well being
- Ethical labour practices ad worker safety
- Adherence to compliance and transparency of laws and regulations

To that end, the Company places strong emphasis on sustainable development practices, including integrating environmental considerations into project planning, design, and execution. The Company seeks to incorporate clean energy solutions, reduce reliance on fossil fuels, and adopt resource-efficient construction methods across its residential apartment and land development projects. As a part of its broader sustainability strategy, the Company also explores opportunities to promote climate resilience in community infrastructure and support inclusive access to environmentally responsible housing solutions.

Value chain is a key component of the Company's sustainable development strategy. This approach focuses on supporting the growth and development within the real estate sector, as well as across the broader economy. By integrating sustainable solutions into land acquisition, residential construction, and property development projects, the Company aims to support businesses across the value chain ranging from construction materials suppliers to subcontractors and local communities. Through this holistic approach, the Company ensures that all stakeholders in the value chain have access to the capital necessary to grow responsibly and sustainably.

36.3 Risk management process within the Company to identify, assess and manage sustainability related risks

The Company's approach to managing sustainability risks is anchored in a robust environmental and social management approach, designed to uphold the highest standards of environmental and social responsibility in all real estate development activities. Central to the environmental and social management approach is a clearly defined approach, aligned with best practices to guide the Company to avoid investments or partnerships linked to activities with significant adverse environmental or social impacts.

The Company is ensuring that land acquisition, residential apartment construction, and property development activities remain sustainable and responsible. While the Company maintains strict adherence to these guidelines, limited exceptions may be considered for long-standing stakeholders, subject to risk mitigation measures. This framework reflects the Company's commitment to aligning real estate operations with global sustainability standards while safeguarding the interests of communities and the environment.

The Company has established a rigorous evaluation framework for all high-value project proposals. The environmental and social management evaluation conducting by SSC and responsible for conducting comprehensive assessments of the environmental and social performance of proposed developments based on clearly defined criterias.

All high-risk projects such as large-scale residential apartment developments or major land transformation initiatives are evaluated by SSC. Projects are classified using a risk-based rating scale:

Risk based A projects: High-risk developments requiring enhanced scrutiny

Risk based B projects: Medium-risk projects subject to due diligence and site verification by trained project officers or project managers

Risk based C projects: Low-risk projects that require no additional evaluation

This structured approach ensures that all significant land and residential development projects align with the Company's commitment to sustainable growth and compliance with environmental and social safeguards.

36 PROSPECT OF SUSTAINABILITY RISKS AND OPPORTUNITIES (CONTD....)

36.4 Metrics and targets for the Company's performance in relation to sustainability related risks and opportunities.

The following metrics and targets were established by the Sustainability Steering Committee (SSC) to minimise sustainability-related risks and to enhance opportunities across the Company's operations in land acquisition, residential apartment development, and land plot sales:

Focus area	Metric	Targets
Energy efficiency	Energy consumption per sq.m.	15 % reduction by diversifying for renewable energy sources
Carbon emission	Direct and indirect carbon emissions per project	30% reduction by minimising electrical usage and inorganic materials by 2030
Green buildings	% of new developments with green building certification	75% of new projects certified by 2027
Water management	Recycling of waste water and harvesting of rain water	50% of new projects will complied
Waste management	Usage of well design solid waste management system	100% STP and 40% of solid waste load will converted to organic fertiliser
Local employment	% of construction workforce sourced locally	95% local labour target per project
Board oversight	ESG review frequency by the Board or SSC	Quarterly

36.5 Green House Gass (GHG) emission accounting

To align with SLFRS S1 and S2, the sustainability-related and climate-related disclosure standards introduced by CA Sri Lanka, the Company engaged an external consultant, Messrs. Co-Energy (Pvt) Ltd, to perform a comprehensive GHG assessment. The assessment was carried out for the reporting period from 01 April 2025 to 31 March 2026. The GHG inventory and assessment methodology were established in accordance with the principles and requirements of ISO 14064-1:2018 standard.

The Company recognises climate changes as a material risk with direct implications for its long term business resilience. Therefore, the first step towards achieving net zero commitment, the Company initiated the scope 01 and 02 GHG quantification. The scope 03 emission will be measured starting from next financial year onwards.

The GHG assessment includes direct emissions, indirect emissions from imported energy, transportation, products used by the organisation and other indirect emissions. The consolidation approach considers all operations and processes that influence the operational decisions and policies of the Company.

The GHG assessment covers all operations of the Company within the defined organisational boundary, encompassing the Company's head office, warehouse, completed condominium project (the Palace - Gampaha) and ongoing apartment constructions (J'adore - Negombo, the Colombo Border - Peliyagoda and the Seasons - Colombo 08).

Scope 01: Direct GHG emission

Emission source	tCO2e
Direct emissions from stationary consumption	2.56
Direct emissions from mobile combustion	45.55
Direct fugitive emissions from the release of GHG in anthropogenic system	24.25
Total GHG direct emission	72.36

Scope 02: Indirect GHG emission

Emission source	tCO2e
Indirect emission from imported electricity including GHG emission related to the production and consumption of electricity imported by the Company	194.11
Total GHG indirect emission	194.11
Total GHG emission	266.47

The GHG emission profile of the Company, the largest emission is from electricity consumption. Initiatives will be taken to reduce electricity consumption as applicable. Furthermore, from direct GHG emission of scope 01, the highest emission is from head office, own vehicles and diesel vehicles. Reduction strategies will be focusing on these high emission.



37. SEGMENTAL INFORMATION

For management purposes, the Company is organised into two operating segments based on products and services offered to customers as shown below.

The following table presents income and profit and certain asset and liability information regarding the Company's operating segments:

	Apartment sale		Land Sale		Total	
	For the year ended 31.03.2026 Rs.	For the year ended 31.03.2025 Rs.	For the year ended 31.03.2026 Rs.	For the year ended 31.03.2025 Rs.	For the year ended 31.03.2026 Rs.	For the year ended 31.03.2025 Rs.
Revenue	9,691,369,273	6,147,643,924	1,339,963,745	2,112,156,953	11,031,333,018	8,259,800,877
Cost of sales	(6,288,802,626)	(4,333,048,835)	(917,747,289)	(1,502,852,644)	(7,206,549,915)	(5,835,901,479)
Gross profit	3,402,566,647	1,814,595,089	422,216,456	609,304,309	3,824,783,103	2,423,899,398
Other income	92,827,893	74,562,387	6,408,119	8,412,609	99,236,012	82,974,996
Gain on fair valuation of investment property	124,014,095	43,761,069	-	-	124,014,095	43,761,069
Distribution expenses	(547,430,308)	(415,491,567)	(26,799,275)	(42,243,139)	(574,229,583)	(457,734,706)
Administrative expenses	(664,808,373)	(400,888,023)	(117,319,125)	(100,222,006)	(782,127,498)	(501,110,029)
Operating profit	2,407,169,954	1,116,538,955	284,506,175	475,251,773	2,691,676,129	1,591,790,728
Finance income	495,485,103	442,209,061	4,559,571	12,836,528	500,044,674	455,045,589
Finance expenses	(331,715,929)	(219,085,697)	(36,857,325)	(24,342,855)	(368,573,254)	(243,428,552)
Profit before taxation	2,570,939,128	1,339,662,319	252,208,421	463,745,446	2,823,147,549	1,803,407,765
Tax expenses	(693,777,046)	(425,154,881)	(68,059,337)	(147,174,133)	(761,836,382)	(572,329,014)
Profit for the year	1,877,162,082	914,507,438	184,149,084	316,571,313	2,061,311,167	1,231,078,751
Segmental assets	35,501,011,163	19,979,369,778	1,312,631,440	2,080,438,025	36,813,642,603	22,059,807,803
Segmental liabilities	23,829,034,010	9,052,557,476	992,876,417	3,065,777,640	25,378,174,400	12,118,335,116

38. NET ASSETS VALUE PER ORDINARY SHARE

	As at 31.03.2026	As at 31.03.2025
Amounts used as numerator		
Equity holders' funds (Rs.)	11,435,468,203	9,941,472,687
Number of ordinary shares used as the denominator		
Total No. of ordinary shares issued (No.)	937,500,000	937,500,000
Net assets value per ordinary share (Rs.)	12.20	10.60

39. COMPARATIVE INFORMATION

Comparative figures have been re-classified where necessary in line with the presentation requirements for the current year.

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