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industrial asphalts (ceylon) PLC

# ANNUAL REPORT

2026



FORESIGHT ★ AUDACITY

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# FINANCIAL HIGHLIGHTS

| | 2025/26 | 2024/25 | Change |
|---|---|---|---|
| **Operating Results and Ratios** | | | |
| Revenue | 89,915,058 | 62,926,169 | 42.89% |
| Results from Operating Activities | 138,168,803 | 35,725,389 | 286.75% |
| Profit before Tax | 103,875,152 | 37,291,169 | 178.55% |
| Profit/(Loss) after Tax | 54,518, 605 | 27,863,109 | 98.01% |
| Net Profit/(Loss) | 54,518, 605 | 27,863,109 | 98.01% |
| Total Comprehensive Income/(expense) | 55,933,950 | 26,342,659 | 112.33% |
| | | | |
| **Statement of Financial Position Highlights and Ratios** | | | |
| Total Assets | 1,705,953,728 | 1,625,957,064 | 4.92% |
| Stated Capital | 156,642,070 | 156,642,070 | - |
| Retained Earnings | 1,294,791,763 | 1,238,857,813 | 4.51% |
| Total Equity | 1,466,575,132 | 1,410,641,182 | 3.97% |
| Total Liabilities | 239,378,596 | 215,315,882 | 11.18% |
| Current Ratio (Times) | 1.63 | 1.70 | (0.07) |
| Debt to Equity Ratio (Times) | 0.16 | 0.15 | 0.01 |
| | | | |
| **Investor Information and Ratios** | | | |
| Earnings per Share - Rs. | 0.01 | 0.01 | - |
| Net Assets per Share - Rs. | 0.39 | 0.38 | 0.01 |
| Market Value per Share (end) - Rs. | 0.40 | 0.40 | - |
| Return on Equity (ROE) - % | 4% | 2% | 2% |
| Number of shares issued | 3,749,411,250 | 3,749,411,250 | - |
| Market Capitalization | 1,499,764,500 | 1,499,764,500 | - |
| Float Adjusted Market Capitalization | 772,194,361 | 772,354,361 | (160,000) |

# CORPORATE INFORMATION

**Name of Company**
Industrial Asphalts (Ceylon) PLC

**Legal Form**
Quoted Public Company with limited liability listed on the Colombo Stock Exchnage since 1978.

**Date of Incorporation**
30 June 1964

**Date of Re-registration**
1 August 2008

**New Registration Number**
PQ185

**Registered Office**
MMBL Pathfinder Office Complex
No.345/D, Negombo Road, Peliyagoda.
Tel : 011 3 771 739
Fax : 011 5 289 849
Email : info@iac.lk

**Corporate Website**
www.iac.lk

**Accounting year end**
31 March

**Auditors**
B.R. De Silva & Co.
Chartered Accountants
No.22/4, Vijaya Kumaranatunga Mw.,
Colombo 5

**Bankers**
Commercial Bank of Ceylon PLC
Bank of Ceylon
Hatton National Bank PLC

**Company Secretaries**
Ninecap Corporate Solutions (Pvt) Ltd.
No.55, Vinayalankara Mawatha,
Colombo 10

**Registrars**
Central Depository Systems (Pvt) Ltd.
Ground Floor, M & M Center,
341/5, Kotte Road, Rajagiriya

**Board of Directors**
Mr. G. Ramanan (Executive Director)
Mr. S. Marimuthu (Non-Executive, Senior Independent Director)
Mr. N.K. Dahanayake (Non-Executive Director)
Mr. R. Kishore Ignatius (Non-Executive Independent Director)
Mr. R. Raguneethan (Non-Executive Independent Director)

**Board Sub-Committees**

**Board Audit Committee**
Mr. R. Kishore Ignatius - Chairman
Mr. S. Marimuthu
Mr. N.K. Dahanayake

**Investment Committee**
Mr. S. Marimuthu - Chairman
Mr. R. Kishore Ignatius
Mr. N.K. Dahanayake

**Nominations and Governance Committee**
Mr. S. Marimuthu - Chairman
Mr. N.K. Dahanayake
Mr. R. Kishore Ignatius

**Related Party Transactions Review Committee**
Mr. R. Kishore Ignatius - Chairman
Mr. N.K. Dahanayake
Mr. S. Marimuthu

**Remuneration Committee**
Mr. S. Marimuthu - Chairman
Mr. N.K. Dahanayake
Mr. R. Kishore Ignatius

# EXECUTIVE DIRECTOR'S REPORT

I would like to warmly welcome all our shareholders for the 62nd Annual General Meeting of Industrial Asphalts (Ceylon) PLC (IAC).

The Company's financial performance and analysis of the same is given in the Management Discussion and Analysis Report of this Annual Report from pages 5 to 7.

### Change of Controlling Shareholder and Future Prospects

I acquired the controlling interest of Industrial Asphalts (Ceylon) PLC as an industrial company with a focus on Bitumen and Coatings. Over the last few years it has seen significant changes, with the most important change being its transformation into an Investment Holding Company. Currently, we are going through a change in ownership as per the recent announcements. I have no doubt that under the new ownership and stewardship Industrial Asphalts (Ceylon) PLC will be transformed significantly to become a major economic powerhouse.

### Appreciations and Signing off

It is my duty to thank each and every current and past board member, employees over the last decade or so, the shareholders and others who supported the Company to unlock its true potential.

(Sgd.)
**G. Ramanan**
Executive Director

# MANAGEMENT DISCUSSION AND ANALYSIS

### IAC's Business Operations during FY 2025/26

Industrial Asphalts (Ceylon) PLC (IAC) continued to operate as an Investment Holding Company with interest in various ventures and investments including but not limited to the Bitumen space. The Company's investment activities during FY 2025/26 continued to be mainly focused on rental from investment property, investments in quoted equity market and investments in fixed income generating Government Securities. The Company's proposed Bitumen Terminal Project in Hambantota is being delayed due to the delay in allocating a suitable port-based location for the project by the Port Operator.

Sri Lanka's economic stabilization efforts reflected progress in 2025, recording a 5.0% GDP growth, following a period of economic downturn. During FY 2025/26 the quoted equity market witnessed an upward movement with gradual inflation easing, Sri Lankan rupee strengthening and interest rates declining in the economy. As a result, IAC was able to capitalize on its equity market investments during FY 2025/26 which resulted in higher gains of Rs.36.9Mn from equity investments for the period under review when compared to Rs.18Mn in FY 2024/25.

The Company continued to hold over 90% of its liquid investments in quoted equity market investments during the second half of FY 2025/26. During the first half of FY 2025/26 the Company increased its investments in fixed income securities, thereby reflecting a comparatively higher interest income of Rs.4.3Mn for FY 2025/26 when compared to 1.9Mn in FY 2024/25. Overall, IAC was able to achieve comparatively higher investment income during the FY 2025/26 resulting from the economic turnaround.

### Financial Results

#### Revenue

The overall revenue reflected an upward movement mainly due to the comparatively higher realized investment income from equity investments and fixed income Government Securities, reporting significant increase of 43% to Rs.89.9Mn as against Rs.62.9Mn the previous year. The main revenue source for the period under review has been the rent income derived from the Investment Property located at 28/1, New Nuge Road, Peliyagoda. The rental income for FY 2025/26 increased by 14% compared to previous period, based on the terms of the lease agreement with Siam City Cement (Lanka) Limited.

The Company received dividend income of Rs.2.3Mn in FY 2025/26 which reflected a slight increase of 15% from Rs.2Mn in FY 2024/25.

As at the balance sheet date the share prices slightly dropped which resulted in an unrealized loss on financial assets at fair value through profit or loss amounting to Rs.25.5Mn compared to an unrealized gain of Rs.16.5Mn in FY 2024/25. The Management is of the view that the equity market sentiments would improve amid sustained economic growth in the country.

### Fair Value Gain on Investment Property

The Company's primary value driver and the main asset is the investment property located at No.28/1, New Nuge Road, Peliyagoda. The Directors have adopted the fair value model for accounting for Investment Property. The fair value of Investment Property significantly increased by 9% to Rs.1,447Mn as of 31st March 2026 compared to Rs.1,325Mn in 2024/25. Accordingly, the company recorded a fair value gain of Rs.122Mn in 2025/26 resulting in an Operating Profit of Rs.138Mn for 31st March 2026.

### Administrative Expenses

IAC's administrative expenses mainly consist of personnel costs, director emoluments, outsourcing expenses, utilities expenses, business project expenses and other administrative expenses. The Company has outsourced most of its key functions as a cost-effective measure. FY 2025/26 saw an increase in administrative expenses by 26% from Rs.74.5Mn in FY 2024/25 to Rs.94Mn in the financial year under review. Director emoluments saw a drastic increase of 102% from Rs.14.9Mn in FY 2025/26 to Rs.30Mn in FY 2025/26 due to Remuneration Committee approved emoluments relating to Directors who are Key Management Personnel (KMPs) of the Company. Further, amortization of Right-of-Use Assets, project expenses relating to the Bitumen Terminal project which requires continuous relationship with the JV Partners to ensure the project can be implemented once the required approvals are received, led to the comparative increase in administrative expenses for the period under review.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Profitability

Relatively higher levels of revenue, backed by positive macroeconomic conditions in equity markets, improved the profit margins for FY 2025/26 despite higher administrative expenses and financing expenses for the period.

The Company's profit before tax saw a significant increase of 179% from Rs.37.2Mn in FY 2024/25 to Rs.103.8Mn in FY 2025/26.

The Company utilized the overdraft facility throughout FY 2025/26 but did not use broker credit for equity investments during FY 2025/26. This together with the reduction in policy rates resulted in the significant drop in finance expenses by 42% from Rs.15Mn in FY 2024/25 to Rs.8.7Mn in FY 2025/26.

The Company's deferred tax expenses increased drastically from Rs.9.4Mn in FY 2024/25 to Rs.48.7Mn in FY 2025/26 due to the increase in deferred tax liabilities resulting from the revaluation gain of investment property. The Company had been following the policy of recognizing the revaluation surplus over the years when arriving at the deferred tax impact on the temporary difference. This method had been followed consistently from the time the property was recognised as an investment property. The auditors had a different view, and the Board was in agreement to adjust the deferred tax accordingly. However, the auditors have not considered the adjustments due to their time constraint. The Company's brought forward tax losses set-off the taxable investment income during the year, which eliminated income tax expenses for the period under review. The brought forward unused tax losses balance for 31st March 2026 amounted to Rs.66.5Mn.

The Company recorded an overall profit after tax of Rs.55Mn in 2025/26 which reflected a significant increase of 98% compared to the profit after tax of Rs.27.8Mn in 2024/25.

## Financial Capital

The Financial Capital of IAC comprises of its asset base, investments made by the Company, cash flows, equity and debt composition. These factors together generate value for the business and drive future revenue growth. The Company's financial capital strategy focuses on preserving liquidity, sustaining profitability and optimizing returns on capital employed.

### Asset Base

As of 31st March 2026, the Company's total asset base expanded slightly to Rs.1,705Mn, up from Rs.1,625Mn in the prior year, a 5% increase. This growth was driven by an increase in investment property and enhanced Right-of-Use Assets from 0.5Mn in FY 2024/25 to Rs.23.7Mn in FY 2025/26, and the WHT receivables increasing up to Rs.13.8Mn up from Rs.9.2Mn in the prior year.

The advance payment against future emoluments amounting to Rs. 41.875 Mn as of 31 March 2026 was settled in full by the Executive Director on 21 August 2026.

The Company's fixed assets general ledger includes assets balances coming from its initial year of operation which is over 60years of time period. As such, the general ledger balance of office equipment and the fixed assets register has a mismatch of Rs.5,205,723/-. The Board decided to clear this mismatch for 31 March 2026. There is no impact to the financial statements as the assets are fully depreciated as of 31 March 2026.

The multimedia project which the Company pursued during the year did not become successful as intended. As such the assets relating the project were sold to Web Sushi (Pvt) Ltd on 25 August 2026 for the value of which it was bought.

The main asset on the Balance Sheet of IAC is the Investment Property situated in Peliyagoda. During FY 2025/26 the property prices saw a slight upward movement when compared to FY 2024/25, which resulted in a slightly high fair value improvement of 9% YoY.

While the Return on Assets (ROA) showed a slight improvement to 3% from 2%, this moderation reflects strategic reinvestments aimed at future investment growth.

### Capital Structure

Managing the Company's capital by way of a methodical strategy is a cornerstone of the Company's consistent success. The goal of the Company's capital management is to secure robust capital to boost its business. Therefore, the Company systematically manages its capital structure and is conscious of the prevailing economic conditions.

# MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Performance and Way Forward

| | 2025/26 | 2024/25 | Change (%) |
|---|---|---|---|
| Earnings per Share - Rs. | 0.01 | 0.01 | - |
| Net Assets per Share - Rs. | 0.39 | 0.38 | 0.01 |
| Return on Equity (ROE) - % | 4% | 2% | 2% |
| Return on Equity (ROA) - % | 3% | 2% | 1% |
| Current Ratio (Times) | 1.63 | 1.70 | (0.07) |
| Debt Equity Ratio (Times) | 0.16 | 0.15 | 0.01 |

At present the Company's capital structure remains healthy and underleveraged. The Company's total equity base slightly increased by 4% from Rs.1,410Mn in 2024/25 to Rs.1,466Mn in 2025/26 financial year. On the other hand, the Company's total liabilities increased slightly by 11% to Rs.239Mn in comparison to Rs.215Mn in 2024/25. The increase in total liabilities is mainly attributable to increase in finance lease liabilities from Rs.0.26Mn to Rs.14.1Mn in FY 2025/26. In addition, the Company's deferred tax liability increased by 100% due to the liabilities arising from improvement in investment property valuations. The overall debt to equity ratio increased from 0.15 in FY 2024/25 to 0.16 as of 31st March 2026.

The Company's Return on Equity (ROE), which measures the profitability of the Company in relation to shareholders' equity, slightly improved to 4% for 2025/26 financial year when compared to 2% ROE in 2024/25. The Net Assets per share slightly increased from Rs.0.38 in FY 2024/25 to Rs.0.39 in FY 2025/26. At present over 84% of the liquid investments of IAC are held in equity investments. Thus, the liquid assets of the Company are invested in balanced portfolios between equity investments and fixed income investments.

As an Investment Holding company IAC is continuously exploring new frontiers to take strategic stakes where the targeted ROIs on those investments would be in line with the internal expectations. With a healthy balance sheet, balanced capital structure, a growing asset base and a well-balanced investment portfolio, IAC is well positioned to pursue sustainable growth initiatives amid a challenging operating environment.

# BOARD OF DIRECTORS

**Mr. Govindasamy Ramanan**

*CFA | MBA (University of Chicago, Booth School of Business)*

***Executive Director***

*(Appointed to the Board on 30th May 2014)*

***Sub-committee Roles***

Nil

***Details of other directorships***

Ninecap Corporate Solutions (Pvt) Ltd

Mr. Ramanan is an investor and entrepreneur who has wide expertise in financial markets, emerging technology, and corporate value creation. He draws from his stellar corporate life of more than 20 years at CXO level which propelled him to work closely with industry leaders to venture outside the confines of the corporate world to establish a pioneering private equity practice in Sri Lanka.

Mr. Ramanan is a CFA Charter Holder, a Chartered Management Accountant, and obtained his MBA from University of Chicago Booth School of Business.

**Mr. Nanda Kumara Dahanayake**

***Non-Executive Director***

*(Appointed to the Board on 13th February 2020)*

***Sub-committee Roles***

- Related Party Transactions Review Committee - Member
- Remuneration Committee - Member
- Board Audit Committee - Member
- Nominations and Governance Committee - Member

***Details of other directorships***

Nil

Mr. Dahanayake is an accomplished professional with vast experience in Bank Treasury Management. He worked as the Chief Executive Officer of the Primary Dealer subsidiary of NSB during the period 2006 to 2015 and as the CEO, he was instrumental in transforming the NSB Fund Management Company into a leading Primary Dealer from its very backward position. He has 25 years of experience in Bank Treasuries in the fields of Foreign Exchange, Money Market, Fixed Income Securities, managing FI portfolios and Treasury Back Office Operations. He has held positions of the Chief Dealer of Bank of Ceylon, the Head of Treasury/Chief Dealer at Nepal Bank of Ceylon and the Manager/Principal Dealer of Ceybank Securities Ltd., the Primary dealer arm of BOC. Mr. Dahanayake was instrumental in the setting up of the Treasury Division of Nepal Bank of Ceylon as its Head of Treasury.

Mr. Dahanayake has the Post Graduate Executive Diploma in Bank Management of the Institute of Bankers of Sri Lanka (2002) and has received the Prize for outstanding performance in International Banking & Treasury Management.

# BOARD OF DIRECTORS

**Mr. Rienzie Kishore Ignatius**

***Non-Executive Independent Director***

*(Appointed to the Board on 29th July 2021)*

***Sub-committee Roles***

- Board Audit Committee - Chairman
- Related Party Transactions Review Committee - Chairman
- Remuneration Committee - Member
- Nominations and Governance Committee - Member

***Positions held in other companies***

Printcare PLC - Chief Risk Officer

Mr. Kishore Ignatius brings over 30 years of extensive experience in Financial Accounting, Management Accounting, Auditing, Risk, and Compliance. He has a proven track record in senior leadership roles across prominent private sector organizations in Sri Lanka.

Mr. Ignatius is a Fellow of the Chartered Institute of Management Accountants (UK) (FCMA) and a Chartered Global Management Accountant (CGMA - USA). He also holds a Master of Business Administration (MBA) from the Postgraduate Institute of Management, University of Sri Jayewardenepura, Sri Lanka.

**Mr. Sivanandan Marimuthu**

***Non-Executive Independent Director***

*(Appointed to the Board on 29th July 2021)*

***Sub-committee Roles***

- Nominations and Governance Committee - Chairman
- Remuneration Committee - Chairman
- Board Audit Committee - Member
- Related Party Transactions Review Committee - Member

***Details of other directorships***

Pegasus Hotels of Ceylon PLC - Independent Non-Executive Director
Equity Two PLC - Independent Non-Executive Director
Equity One Ltd
Knightsbridge e-commerce Pvt Ltd
Silverfalls (Pvt) Ltd

Mr. Sivanandan Marimuthu is a career banker with over 25 years of experience having served international banks in senior leadership capacities. He holds a Masters in Business Administration (MBA) from the University of Wollongong - Australia, a Bachelor of Commerce from Loyola College - Chennai and he is also a Management Accountant.

Mr. Sivanandan's experience in the banking sector is extensive, being a part of the country management team for Standard Chartered Bank Sri Lanka. He has contributed across all key functions such as Retail Banking, Banking Operations, Operational Risk Management, Compliance and Assurance, Project Implementations, Administration and Audit. He also has headed the Country Audit and Operational Risk Function for Standard Chartered Bank and has conducted audits for the banking group in other country offices too.

# BOARD OF DIRECTORS

**Mr. Rajeepan Raguneethan**

***Non-Executive Independent Director***

*(Appointed to the Board on 30th September 2021)*

***Sub-Committee Roles***

Nil

***Details of other directorships***

Evercore Properties (Pvt) Ltd

Raj Raguneethan (Raj) is a seasoned leader with over 30 years of experience in the Information Technology sector. He possesses a strong focus on driving business growth, implementing go-to-market strategies, and leading sales and solutions teams in the Business Applications, Digital Commerce, and Cloud Platform domains across the Asia Pacific and Japan (APJ) region.

Raj is deeply committed to advocating for customers and ensuring their success in their digital transformation efforts. He consistently fosters a winning growth mindset within his teams, resulting in a strong track record of scaling businesses and achieving remarkable results in the APJ market. With extensive experience in the Technology sector, Raj has gained a comprehensive understanding of business opportunities, challenges, and effective solutions.

In his most recent role, Raj served as the regional leader of **Microsoft's** Retail and Consumer Goods strategic and enterprise business for the Asia region. He was an integral part of Microsoft's extended leadership team in Asia and the worldwide retail and consumer goods leadership team. Prior to this role, Raj held the position of Business Applications(D365) leader for the Asia TZ region at Microsoft. During this tenure, he led the launch of Microsoft's Business Applications Dynamics-365 (D365) Service Cloud and Power Platform in the Asia region.

Before joining Microsoft, Raj served as the Senior Regional Director at **Oracle,** where he was part of the core leadership team responsible for the Oracle Commercial Applications Business in the APJ region. He played a key role in the development of a go-to-market strategy that led to the establishment of a new Commercial business in 2007. Prior to that, he led Oracle Supply Chain applications products for the Asia Pacific region, collaborating with the Oracle development and sales team to ensure the product direction met the current and future needs of global customers.

Raj holds a Post Graduate degree from the University of Macquarie, Sydney, and a Technology Degree from UK. He is also a member of the Singapore Institute of Directors. Currently, he is completing his Executive Director course from Singapore Management University (SMU).

Raj belongs to the global tech community and now coming back to his roots by leading the trend towards investing back in his homeland of Sri Lanka.

# ENTERPRISE RISK MANAGEMENT

## ENTERPRISE RISK MANAGEMENT PROCESS

**At IAC, the focus of the risk management process is the identification and mitigation of risks impacting the Company and its business objectives.** Moreover, the objective of our risk management is to add maximum sustainable value to all the activities of the organization. It marshals the understanding of the potential benefits and threats of all those factors which can affect the organization. Further it increases the probability of success and reduces both the probability of failure and uncertainty of achieving the organization's overall objectives. As the Company is exposed to a wider range of risks arising from a dynamic business environment which it operates, it must address the risks based on its risk appetite and risk tolerance.

## RISK IDENTIFICATION

**Systematically and continuously identify risks faced in meeting corporate objectives**

Risk identification is the process of determining risks that could potentially prevent the Company from achieving its strategic objectives. The Board continuously evaluate the Risk profile of the Company. As the Company is exposed to a wider range of risks arising from a dynamic business environment which it operates, it must address the risks based on its risk appetite and risk tolerance.

Risk appetite is the level of risk the Company is willing to accept and has been set in the framework of collaboration between risk assessment processes and its ability to mitigate and control existing and emerging risks.

## RISK ASSESSMENT

**Assess the significance of risks to enable the development of Risk Responses**

Once the risks have been identify, the **likelihood of** the risk occurring and the potential impact **if the risk** does occur are assessed using following risk matrix.

| Impact | Low | Medium | High |
|---|---|---|---|
| Major | Short Term Measures (Mitigate or Transfer) | Immediate Actions (Mitigate or Exploit) | Immediate Actions (Mitigate or Exploit) |
| Moderate | Routine Procedures (Accept or Avoid) | Short Term Measures (Mitigate or Transfer) | Immediate Actions (Mitigate or Exploit) |
| Minor | Routine Procedures (Accept) | Routine Procedures (Accept) | Short Term Measures (Mitigate or Transfer) |

**Likelihood**

**Risk Likelihood:** An assessment of the likelihood of the risk occurring after taking into consideration of the key controls in place.

**Risk Impact:** An assessment of the potential financial or non-financial impact of the risk, if it were to materialize, after taking account of the controls in place.

## RISK MANAGEMENT AND MONITORING

At IAC monitoring and review of the risk profile and the risk response plans are carried out as a continuous process. Such continuous monitoring provides assurance that the risks are being managed as expected and enables to assess whether the risk response plans remain relevant for the Company.

Risks monitoring consists of regular communication, regular review and audits of internal control systems and evaluation by key executives at appropriate levels of IAC.

While everyone at IAC is responsible for enterprise risk management in their respective areas, certain staff categories have specific responsibilities. The policy, design and framework for enterprise risk management is driven by the Board and managed by the Senior Management team.

The Board of Directors is responsible for the Company's corporate governance and to ensure to maintain a sound risk management framework coupled with sound internal control systems within the organization. The Directors are responsible to

# ENTERPRISE RISK MANAGEMENT

the Shareholders for providing strategic direction to the Company and safeguarding the assets of the Company. Therefore, at IAC the responsibility for setting an effective risk management framework rests with the Board of Directors.

The Board has delegated authority to the Audit Committee to oversee the development and implementation of policies relevant for identification of risks and monitoring the effectiveness of procedures in place to mitigate such risks.

The following table in brief highlights the risks encountered by the Company and the measures taken by the Company to manage potential risks.

| | Risk Type | Risk Description | Implication | Risk mitigating Strategy |
|---|---|---|---|---|
| 1 | Macroeconomic and Political Risk | Economic Risk, Interest Rate Risk, Credit Risk, Market Risk arising from uncertain macroecomomic and political factors | • Macro-economic factors such as GDP, Inflation, interest rates, exchange rates, government policies could affect the fixed income investments as well as equity market investments<br>• Risk of default or unable to pay interest/ principal in a timely manner by the financial institutions<br>• Exposure to adverse economic conditions in both equity and fixed income markets could result in loss of investment value and drop in expected investment returns | • Maintaining a diversified investment portfolio<br>• Monitoring closely the changing economic fundamentals to determine the impact on fixed income vs equity investments<br>• When a risk is identified in one class of investments, the funds would be shifted between asset classes promptly by the Management with the concurrence of the Investment Committee |
| 2 | Operational Risk | Risk of losses resulting from inadequate internal processes and systems | • Poor internal controls could lead to disruption in ongoing operations<br>• Misappropration of company's assets/ funds could lead to long-term business losses | • Maintaining proper internal controls to safeguard company's assets<br>• Periodic reporting on compliance status on regulatory requirements and other internal controls to the Audit Committee<br>• Regular backup of Company databse to prevent data loss |

# ENTERPRISE RISK MANAGEMENT

| | Risk Type | Risk Description | Implication | Risk mitigating Strategy |
|---|---|---|---|---|
| 3 | Compliance Risk | Risk arising from failure to comply with regulations imposed by Regulatory Bodies such as CSE, SEC, SLAASMB and regulatory requirements of the Companies Act | • Regulatory Bodies could impose penalties<br>• Risk of Trading Suspension a new point may lead to reputational damage of the Company | • Periodic evaluation and upgrade of regulations and policies<br>• Seeking independent professional advise as necessary<br>• Periodic training programmes are conducted for compliance work related staff to ensure they are updated of any changes in applicable laws and regulations<br>• Reviews are conducted on a quarterly basis by the Audit Committee to ensure that the company is in compliance with all applicable regulatory requirements<br>• Obtaining periodic confirmations from Statutory Bodies to ensure that all statutory payments have been made or provided for by the Company |
| 4 | Human Capital and Labour Risk | Risk of losses resulting from human errors, low productivity, weak internal control systems and fraud | • Weak systems and internal controls could affect the decision making process at the Management and Board Level | • Continuous monitoring of adequacy and accuracy of internal control systems<br>• Continuous training and development of employees<br>• Involving external expertise to monitor the internal system assurance function on a periodic basis |

## ENTERPRISE RISK MANAGEMENT

| | Risk Type | Risk Description | Implication | Risk mitigating Strategy |
|---|---|---|---|---|
| 5 | Finance Risk | The risk arising due to investment strategy, factors inherent to investment instruments and composition of the portfolio which affect the return of the portfolio/ investments | • Return on surplus funds would be affected if funds are not invested with the most suitable financing institution and most interest yielding investment options<br>• Negative impact on cost of funding due to change in interest rates | • Ongoing monitoring of the Treasury Management function to ensure surplus funds yield the best return to the Company<br>• Maintaining an appropriate combination of investments<br>• Continuous monitoring of interest rates and exchange rates; and negotiating with the existing financial institutions on the banking facilities when required<br>• Implementation of effective Treasury Management function to diminish finance risk<br>• Regular review of ongoing investments and portfolio by the Investment Committee to ensure maximum ROI |

## ENTERPRISE RISK MANAGEMENT

| | Risk Type | Risk Description | Implication | Risk mitigating Strategy |
|---|---|---|---|---|
| 6 | IT Related Risk | Risk of failures in IT systems could affect the smooth functioning of day-to-day operations of the Company.<br>Corruption of database system hardware. | • Breakdown of daily operational functions.<br>• Inability to meet regulatory deadlines due to system breakdowns.<br>• Could affect the reputation and credibility of the Company | • Maintaining proper back-up systems to avoid data loss.<br>• Installation of proper software protection systems to ensure data security<br>• Maintaining a disaster recovery plan<br>• Company uses a Cloud-based Accounting System for data entry<br>• Company has provided work from home workstation facilities for key staff to ensure operational activities could happen seamlessly following a disaster or disruptive event |

# ANNUAL REPORT OF THE BOARD OF DIRECTORS

**For the financial year ended 31 March 2026**

The Directors of Industrial Asphalts (Ceylon) PLC have pleasure in presenting their Annual Report on the affairs of the Company together with the Audited Financial Statements for the year ended 31 March 2026 and the Independent Auditor's Report which were approved by the Board on 9th of October 2026.

The details set out herein provide information required by the Companies Act No. 7 of 2007, Listing Rules issued by the Colombo Stock Exchange and are guided by recommended best Accounting Practices.

## Legal Status

Industrial Asphalts (Ceylon) PLC was incorporated on 30 June 1964 under the provisions of the Companies Ordinance (Cap 145) and re-registered under the Companies Act, No.7 of 2007. The Company was listed on the Main Board of the Colombo Stock Exchange on 1st January 1978.

## Principal Activities

The principal activities of the Company are carrying out investment activities. Industrial Asphalts (Ceylon) PLC is an investment holding company with interest in various ventures and investments including but not limited to the Bitumen space. There were no changes in the principal activities of the Company during the Financial Year under review.

## Changes to the Company Structure

There were no changes to the Company structure during the financial year under review.

## Review of Operations

The Company reported a net profit after tax of Rs.55.1Mn for 2025/2026 Financial Year against a net profit after tax of Rs.27.8Mn for comparative period 2024/2025. A more comprehensive review of the operations of the Company during the financial year and the results of those operations are contained in the Executive Director's Report and Management Discussion & Analysis on pages 4 to 7 of the Annual Report. These reports, together with the Audited Financial Statements reflect the state of affairs of the Company for the financial year under review.

## Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company.

The Directors' responsibility in relation to the Financial Statements is detailed under the Statement of Directors' responsibility on page 21 of the Annual Report.

## Financial Statements

The Company prepared its Financial Statements according to the Sri Lanka Accounting Standards (SLFRS/ LKAS) issued by the Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No.7 of 2007 and the Listing Rules of the Colombo Stock Exchange. The Financial Statements of the Company, duly certified by the Financial Controller, were approved by the Board of Directors and signed by two (2) members of the Board and are given on pages 52 to 89 of the Annual Report.

## Accounting Policies

All relevant applicable standards have been followed in presenting the Financial Statements for the year ended 31 March 2026. The significant accounting policies adopted in the preparation of the Financial Statements are given on pages 60 to 73 of the Annual Report.

## Independent Auditor's Report

The Independent Auditor's Report on the Financial Statements of the Company is given on pages 52 to 55 of the Annual Report.

## Going Concern

The Board of Directors has reviewed the Company's business plans and the financial position and is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly, the Financial Statements are prepared on the "Going Concern Concept".

## Financial Results

Summarized results for the financial year under review is set out below.

# ANNUAL REPORT OF THE BOARD OF DIRECTORS

| Year ended 31 March | 2026 Rs.'000 | 2025 Rs.'000 |
|---|---|---|
| Revenue | **89,915** | 62,926 |
| Results from operating activities | **138,168** | 35,725 |
| Net Finance Cost | **(8,760)** | (15,007) |
| Profit/(Loss) before Tax | **103,875** | 37,291 |
| Income Tax (expense)/ Reversal | **(49,356)** | (9,428) |
| Profit/(Loss) for the year | **54,518** | 27,863 |

*The Financial Statements of the Company are set out in pages 52 to 89 of the Annual Report.*

**Reserves**
The movement of the reserves is given on page 58 under Statement of Changes in Equity.

**Dividends**
The Directors have not recommended the declaration of dividend for the financial year ended 31st March 2026 (F/Y 2024/25 - Nil).

**Corporate Donations**
During the year under review, the Company made charitable donations amounting to Rs.471,647/-.

**Taxation**
The Company has adopted accounting policy of making provision for deferred taxation. The Company's liability to income tax has been computed in accordance with the provisions of the Inland Revenue Act No.24 of 2017 and Amendment Act No. 45 of 2022 passed in Parliament on 9th December 2022 for the financial year 2025/26. Details are given in Note 21 to the Financial Statements.

**Investment Property**
The Land and buildings of the Company are classified and accounted for as Investment Property. The Directors have adopted the fair value model for accounting for Investment Property. Extent, locations and valuations of the Company's Investment Properties are given in Note 2 to the Financial Statements.

**Property, Plant & Equipment**
Details of property, plant and equipment and their movement during the year are given in Note 1 to the Financial Statements.

**Investments**
Details of Company's investments in Government Securities, quoted investments and other investments are given in Notes 7 and 8 to the Financial Statements.

**Events after the Reporting Date**
No significant events have occurred after the reporting period that require adjustments or disclosure in the Financial Statements other than those mentioned in Note 24 to the Financial Statements.

**Capital Commitments and Contingent Liabilities**
There has been no capital commitments or contingent liabilities other than those disclosed in Note 23 to the Financial Statements.

## Share Information

**Stated Capital**
The Stated Capital of the Company as at 31 March 2026 was Rs.156.6Mn consisting of 3,749,411,250 ordinary shares. Please refer Note 11 to the Financial Statements.

**Share Information and Substantial Shareholdings**
As at 31 March 2026, there were 7,124 registered Shareholders of the Company (5,343 Shareholders as at 31 March 2025).

Information on the distribution schedule of shareholders, twenty largest shareholders of the Company, float adjusted market capitalization, percentage of shares held by the public, number of public shareholders and under which option the Company complies with the Minimum Public Holding Requirement and; market value of shares, earnings, dividends, net assets per share and information on share trading as per the Section 7.6 of the Listing Rules of the Colombo Stock Exchange are presented under Shareholders Information on pages 92 to 93 of the Annual Report.

# ANNUAL REPORT OF THE BOARD OF DIRECTORS

## Board of Directors

The following were the Directors of the Company as at 31 March 2026.

1. Mr. G. Ramanan - Executive Director
2. Mr. S. Sivanandan - Senior Independent Director
3. Mr. N. K. Dahanayake - Non-Executive Director
4. Mr. R. Kishore Ignatius - Non-Executive Independent Director
5. Mr. R. Raguneethan - Non-Executive Independent Director

The Directors' profiles are given on pages 8 to 10 of this Annual Report.

## Directors' Interest in Shares

Directors and their shareholding as at 31 March 2026 were as follows:

| | No. of shares 31.03.2026 | No. of shares 31.03.2025 |
|---|---|---|
| Mr. G. Ramanan | 1,800,693,010 | 1,800,693,010 |
| Mr. S. Sivanandan | 8,100,000 | 7,700,000 |
| Mr. N. K. Dahanayake | 1,000,000 | 1,000,000 |
| Mr. R. Kishore Ignatius | Nil | Nil |
| Mr. R. Raguneethan | 7,017,338 | 7,017,338 |

The Directors or close family members do not have any material business relationship with other Directors of the Company.

### Directors' Interest Register

As required by the Companies Act, No.7 of 2007, an Interests Register was maintained by the Company during the period under review. Directors have made declarations as provided for in Section 192 (2) of the Companies Act. The Interest Register is available for inspection as required under the Companies Act.

### Directors' Interest in Contracts

Directors of the Company make necessary declarations of their interests in contracts which are duly recorded in the Directors' Interest Register. The Directors will have no direct or indirect interest in any contracts or proposed contracts with the Company other than those disclosed in the Interest Register. During the Financial Year under review there were no such interested transactions that require disclosures.

### Directors' Remuneration and Fees

Details of Directors' remuneration and fees are set out in Note 20 to the Financial Statements.

## Related Party Transactions

### Non-recurrent Related Party Transactions

There were no non-recurrent Related Party Transactions of which the aggregate value exceeded 10% of the Equity or 5% of the Total Assets of the Company during the financial year ended 31st March 2026, which require specific disclosures in the Annual Report in terms of section 9.14.8 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka.

### Recurrent Related Party Transactions

There were no recurrent Related Party Transactions which in aggregate exceeded 10% of the Gross Revenue as per the latest Audited Financial Statements, which require specific disclosures in the Annual Report in terms of section 9.14.8 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka.

The Company's transactions with Related parties, as detailed in Note 25 to the Financial Statements, have complied with Section 9 of Colombo Stock Exchange Listing Rules and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka as declared by the Board of Directors.

# ANNUAL REPORT OF THE BOARD OF DIRECTORS

## Board Committees

The Board while assuming overall responsibility and accountability for the management of the Company, has established five (5) Board Sub-committees; Audit Committee, Related Party Transactions Review Committee, Remuneration Committee, Nominations and Governance Committee and the Investment Committee in order to monitor, review and enhance the accountability of key areas of business operations.

These Sub-Committees operate based on terms of reference set out by the Board.

The Sub-committee compositions and information pertaining to its functions are set out in respective Committee Reports.

| Sub-committee Report | Page Reference |
|---|---|
| Audit Committee | 23 |
| Remuneration Committee | 27 |
| Related Party Transactions Review Committee | 32 |
| Nominations and Governance Committee | 29 |
| Investment Committee | 35 |

## Risk and Internal Control

The Board of Directors is satisfied that there exists an effective and comprehensive system of internal controls to monitor, control and manage the risks to which the Company is exposed, to carry out its business in an orderly manner, to safeguard its assets and to secure as far as possible the reliability and accuracy of records.

The Directors periodically review and evaluate the risks that are faced by the Company. Risk exposures and the steps taken by the Company to manage the risks are detailed under the 'Enterprise Risk Management' on page 11 of this Annual Report.

## Corporate Governance

The Directors acknowledge their responsibility for the Company's corporate governance and the system of internal controls. The Directors are responsible to the Shareholders for providing strategic direction to the Company and safeguarding the assets of the Company. The Board is satisfied with the effectiveness of the system of internal control for the period up to the date of signing the Financial Statements.

The performance of the Company is evaluated at regular review meetings. These meetings provide an opportunity to ensure that progress is in line with agreed targets. Regular Board Meetings are held to further strengthen the review process and ensure compliance with all statutory and regulatory obligations.

The main corporate governance practices of the Company are set out on pages 36 to 49 of the Annual Report.

The Board has ensured that the Company has complied with the Corporate Governance Rules as per the Listing Rules of the Colombo Stock Exchange and would affirm the following:

- The Company has not engaged in any activity which contravenes the applicable laws and regulations.
- The Company has made all endeavors to ensure equitable treatment to Shareholders.
- The Internal Controls and Risk Management Framework is effective and consistently monitored.
- The Company operates on the assumption of being a going concern.

## Statutory Payments and Compliance with Laws and Regulations

The Directors confirm that, to the best of their knowledge, all taxes and duties due to the Government and all contributions, levies and taxes payable in respect of the employees and all other known statutory dues as at the reporting date have been paid and/ or provided for in these Financial Statements.

# ANNUAL REPORT OF THE BOARD OF DIRECTORS

### Employee issues and Industrial Relations

There were no material issues relating to employees and Industrial relations during the financial year under review.

### Equal Opportunities

The Company is committed to provide equal opportunities to all employees irrespective of their gender, marital status, age, religion, race or disability. It is the Company's policy to give full and fair consideration to persons, with respect to applications for employment, continued employment, training, career development and promotion, having regard for each individual's particular aptitudes and abilities.

### Independent Auditors

The Company's Auditors during the period under review were Messrs B.R. De Silva & Co., Chartered Accountants. The fees paid to auditors are disclosed in Note 20 to the Financial Statements.

Based on the declaration from Messrs B.R. De Silva & Co., Chartered Accountants, and as far as the Directors are aware, the Auditors did not have any relationship or interest in the Company other than as disclosed in the above paragraph.

### Acknowledgment of the contents of the Annual Report

As required by section 168 (1) (k) of the Companies Act No.07 of 2007, the Board of Directors hereby acknowledge the contents of this Annual Report.

This Annual Report is signed for and on behalf of the Board by:

(Sgd.)
**G. Ramanan**
*Executive Director*

(Sgd.)
**S. Marimuthu**
*Director*
Colombo
9th October 2026

(Sgd.)
**Ninecap Corporate Solutions (Pvt) Ltd.**
*Secretaries*
Colombo
9th October 2026

# STATEMENT OF DIRECTORS' RESPONSIBILITY

Set out below are the responsibilities of the Directors in relation to the Financial Statements of the Company and this statement should be read in conjunction with the Auditors' Statement set out in the Auditors' Report on pages 52 to 55 of this Annual Report.

The Board of Directors are responsible for preparation of Financial Statements for each financial year and present Financial Statements to the Shareholders in accordance with the relevant provisions of the Companies Act No.7 of 2007 and other statutes which are applicable in preparation of Financial Statements. The Financial Statements comprise of the Statement of Financial Position as of 31 March 2026, the Statement of Comprehensive Income, Statement of Changes in Equity, Cash Flow Statement for the year ended and Notes thereto.

The Board of Directors confirm that the Financial Statements of the Company give a true and fair view of the Financial Position of the Company as at 31 March 2026 and Financial Performance of the Company for the year ended 31 March 2026, irrespective of the auditor's opinion given in the audit report.

The Financial Statements of the Company for the year ended 31 March 2026 incorporated in this Annual Report have been prepared in accordance with the Companies Act No.7 of 2007, Sri Lanka Financial Reporting Standards (SLFRSs and LKASs) and Listing Rules of the Colombo Stock Exchange.

The Directors are responsible to select suitable accounting policies which are applied in a consistent manner and appropriate estimates and judgements made to reflect the true substance and form of transactions.

As per section 148 of the Companies Act No.7 of 2007, the Directors are required to maintain sufficient accounting records to disclose, with reasonable accuracy, the financial position of the Company. The Directors have therefore caused the Company to maintain proper books of accounts and regular review financial reports at their meetings. The Board also reviews and approves all interim Financial Statements prior to their release to the Colombo Stock Exchange and the public.

The Directors have taken reasonable measures to safeguard the assets of the Company and to prevent and detect frauds and other irregularities. In this regard, the Directors have laid down effective and comprehensive internal control systems.

The Auditors of the Company, Messrs B.R. De Silva & Co., Chartered Accountants, who were appointed in accordance with a resolution passed at the last Annual General Meeting were provided with all necessary information required by them in order to carry out their audit irrespective of the an opinion which is contained on page 52 to 55 of this Annual Report.

Directors confirm that to the best of their knowledge all taxes, duties and levies payable by the Company and all contributions relating to the employees which were due and payable as of the reporting date, have been paid or where relevant, provided for.

Directors confirm that after considering the financial position, operating conditions and regulatory and other factors, the Directors have a reasonable expectation that the Company possesses adequate resources to continue in operation for the foreseeable future and that the Going Concern basis is the most appropriate in the preparation of these Financial Statements.

The Board of Directors is of the opinion that Board has discharged its responsibilities as set out above.

By order of the Board

(Sgd.)
**Ninecap Corporate Solutions (Pvt) Ltd.**
Secretaries
Colombo
9th October 2026

# SENIOR INDEPENDENT DIRECTOR'S STATEMENT

The Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka, along with the Section 9.6.3 of the CSE Listing Rules, advises the appointment of a Senior Independent Director (SID) in the instances where the Chairperson and the Chief Executive Officer (CEO) roles are held by the same person, where the Chairperson is not an Independent Non-Executive Director, or where the Chairperson and CEO are close family members or related parties. Industrial Asphalts (Ceylon) PLC appointed a Senior Independent Director with effect from 15th July 2024, to further strengthen the governance framework given the presence of an Executive Director. The Senior Independent Director plays a vital role in improving the Board's effectiveness, accessing the Company's operations and ensuring transparency in governance matters.

Industrial Asphalts (Ceylon) PLC remains dedicated to the principles of good governance and consistently strives to uphold best practices. The Company ensures strict compliance with mandatory requirements while also voluntarily adhering to additional standards as and when required, to enhance value creation to its stakeholders.

As the Senior Independent Director, I am involved in governance discussions with the Executive Director as necessary, available to all Directors for confidential consultations regarding the Company's affairs when needed, and act as an additional point of contact for shareholders on governance related matters.

(Sgd.)
**S. Marimuthu**
Senior Independent Director

9th October 2026

# REPORT OF THE AUDIT COMMITTEE

In terms of Section 9.13.5 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka, this report details the manner in which the Audit Committee discharged its duties and responsibilities during the financial year under review.

## Introduction

The Audit Committee of Industrial Asphalts (Ceylon) PLC was established as a sub-committee of the Main Board in accordance with the Listing Rules of Colombo Stock Exchange and the Code of Best Practice on Corporate Governance jointly issued by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

The Audit Committee supports the Board in fulfilling its oversight responsibilities for financial reporting, internal controls and risk management processes, external audit and regulatory compliance requirements of the Company.

## Terms of Reference

The Audit Committee has a Board approved Terms of Reference designed to delegate authority and establish the duties and responsibilities and the scope of work of the Committee.

## Key functions and responsibilities of the Audit Committee

The Audit Committee reports to the Board.

Key function of the Audit Committee of Industrial Asphalts (Ceylon) PLC is to assist the Board in following aspects:

- To ensure preparation, fair presentation of financial statements and assure adequacy of disclosures in the financial statements in accordance with the Sri Lanka Financial Reporting Standards (SLFRS/LKAS);
- To ensure compliance with financial reporting requirements and other information requirements stipulated in the Companies Act No. 07 of 2007, Listing Rules of the Colombo Stock Exchange, SEC Act and other relevant financial reporting related regulations and requirements;
- Review Company's processes to ensure adequacy and effectiveness of the Company's internal control systems and Risk Management framework to meet the requirements of the Sri Lanka Auditing Standards, SLFRS/LKAS and general best commercial practice;
- Establish procedures to identify, monitor and manage significant business and financial risks;
- Ensure independence, performance and the qualification of the Company's external auditors.
- To make recommendations to the Board pertaining to appointment, re-appointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors.

Accordingly, the Audit Committee carries out its responsibilities under various functional aspects such as financial reporting, internal controls and risk management, compliance, external audit, and regulatory reporting for the betterment of the Company and with a view of safeguarding the interests of the shareholders and all other stakeholders.

# REPORT OF THE AUDIT COMMITTEE

### Composition of the Audit Committee

In accordance with Section 9.13.3(1)(a) of the Listing Rules of the Colombo Stock Exchange the composition of the Audit Committee of Industrial Asphalts (Ceylon) PLC as of the reporting date is as follows:

| Name of Director | Nature of Directorship | Committee Status | Date of appointment |
|---|---|---|---|
| Mr. R. Kishore Ignatius | Independent Non-executive Director | Chairman | 23 August 2021 |
| Mr. Sivanandan Marimuthu | Independent Non-executive Director | Member | 23 August 2021 |
| Mr. N.K. Dahanayake | Non-executive Director | Member | 6 September 2024 |

The Audit Committee composition comprise exclusively of Non-executive Directors and the majority on the Committee are independent.

The Company Secretary functions as the Secretary to the Audit Committee.

### Financial Acumen of the Committee

The Directors have the required financial knowledge and professional skills to carry out their functions effectively and efficiently. The Chairman of the Committee, Mr. R. Kishore Ignatius is a Fellow of the Chartered Institute of Management Accountants UK (FCMA) and the profiles of each committee member are given on pages 8 to 10.

### Meetings of the Committee

The Audit Committee meets as often as required in addition to the regulated quarterly meetings as stipulated by the CSE Listing Rules. The quorum for the meetings requires the majority of those in attendance to be independent directors.

The Audit Committee held five (5) meetings during the financial year ended 31st March 2026, including meetings on a quarterly basis prior to recommending the financial statements to be released to the market.

The Executive Director and the Financial Controller were present at these meetings on invitation. The External Auditors attend meetings on invitation. Meeting agendas are prepared by the Company Secretary and provided to the members of the Committee in advance along with required previous meeting minutes.

The key findings and views of the Audit Committee were communicated to the Board of Directors by tabling the minutes of the meetings of the committee at the subsequent Board Meetings, and with clarifications and elaboration at Board Meetings as and when required.

In addition, the Chairman of the Committee attends the Annual General Meeting of the Company and responds to any questions from the shareholders on the activities of the Committee.

The Audit Committee holds private meetings with the External Auditor on an annual basis, without Management present, either at the Committee's direction or at the External Auditor's request.

The attendance of the Committee members at the Audit Committee meetings held during the year ended 31st March 2026 are given below:

| Name of Director | Attended/ Eligible to Attend |
|---|---|
| Mr. R. Kishore Ignatius (Chairman - Audit Committee) | 5/5 |
| Mr. S. Marimuthu | 5/5 |
| Mr. N.K. Dahanayake | 5/5 |

# REPORT OF THE AUDIT COMMITTEE

## Financial Reporting and Compliance

During the financial year ended 31st March 2026 the Audit Committee reviewed and discussed the Interim Financial Statements and Annual Financial Statements with the Management in order to ensure its compliance with statutory requirements of Sri Lanka Accounting Standards, Companies Act No.7 0f 2007, SEC Act and the Listing Rules of the Colombo Stock Exchange; and recommended to the Board of their approval prior to releasing the same to the Colombo Stock Exchange.

This review included:

- The evaluation of the appropriateness of the Accounting Standards and Accounting Policies adopted by the Company in preparation and presentation of the Financial Statements;
- Assessing the adequacy and validity of the significant estimates and judgement made by the Management on significant and complex accounting transactions and understanding their impact on the Financial Statements;
- Compliance with the relevant Accounting Standards and applicable regulatory requirements;
- Evaluating related party transactions to ensure all transactions and procedures are carried out with integrity and within the specified rules.
- Discussion of Key Audit Matters in connection with the preparation of the Financial Statements;
- Assessing the follow-up actions taken by the Management to enhance the fair presentation of Financial Reports;
- Assessing the Company's ability to continue as a going concern in the foreseeable future.

In accordance with section 9.13.4(1) of the Listing Rules of the Colombo Stock Exchange, the Audit Committee has received assurance from the Executive Director and the Financial Controller that the Company's financial records have been maintained properly during the financial year ended 31st March 2026 and the financial statements give a true and fair view of the Company's operations and finances. Further, the Committee has received assurance from the KMPs on the adequacy and effectiveness of the Company's risk management and internal control systems.

The Audit Committee is responsible for compliance with applicable laws and regulations stipulated by various Regulators.

The Committee carries out following functions to ensure compliance with regulatory requirements:

- Reviews the effectiveness of the system established by the Management to monitor compliance with regulatory requirements
- Obtains and reviews regular updates on regulatory requirements applicable to the Company
- Addresses any non-compliances identified by the Management, External Auditors and ensures that necessary actions are taken to rectify such non-compliances
- Reviews and evaluates letters received from Regulatory Bodies on non-compliances and improvements suggested, and follow up on actions taken by the Management to address such issues

The Audit Committee confirms compliance for the financial year under review, with Sri Lanka Accounting Standards issued by Institute of Chartered Accountants of Sri Lanka, Listing Rules of the Colombo Stock Exchange, Companies Act No.07 of 2007, SEC Act and other relevant financial reporting related regulations and requirements.

## Internal Controls and Risk Management

The Audit Committee is responsible to review the adequacy and effectiveness of the internal controls and the risk management framework established within the organization to safeguard the assets of the Company. The Committee ensures that the risk management framework in place meets the requirements of the Sri Lanka Auditing Standards.

The Company's Risk Management Framework is detailed in this Annual Report on pages 11 to 15.

During the reporting period the Audit Committee reviewed the adequacy and the effectiveness of the Company's internal control system and the procedures relating to governance and risk management framework. Accordingly, the Audit Committee is satisfied that the Company's internal

# REPORT OF THE AUDIT COMMITTEE

controls and the risk management framework in place provide a reasonable assurance that the financial position of the Company is adequately monitored, and the Company's assets are safeguarded.

## External Audit

The Audit Committee is responsible for supervision of all matters associated with the appointment, terms, remuneration and performance of the External Auditors and for reviewing the scope and results of the audit. Hence, the Audit Committee is responsible for ensuring that the Company's external audit function is maintained as per the Company's Audit Charter.

Messrs B.R. De Silva & Co., Chartered Accountants (approved by the SEC) acted as the Company's External Auditor for financial year 2025/26.

Before the conclusion of the audit the Committee met with the External Auditors to discuss all key audit matters.

Based on the key audit matters discussed, the Board obtained professional advice on the valuation of the investment property from KPMG Real Estate & Valuation Services (Pvt) Ltd and obtained legal advice from Nithi Murugesu and Associates on the payment of advance to the Key Management Personnel during the year.

There were no non-audit services obtained from the External Auditors during the year.

Having considered the engagement letter, the Audit Committee approved and recommended to the Board the audit fees for the current engagement.

## Appointment of External Auditors

Appointment of Statutory Auditors for the year ending 31st March 2027 will be decided by the shareholders of the company at the forthcoming Annual General Meeting, the date of which is to be notified in due course.

## Discharge of duties

During the financial year under review, the Audit Committee discharged its responsibilities effectively, including:

- Reviewing quarterly and annual financial statements
- Overseeing internal controls, risk management and regulatory compliance requirements
- Engaging with the External Auditor on the audit scope, approach and key audit matters
- Engaging professionals to seek advise on specific matters to conclude the audit.

The Audit Committee is satisfied that it has effectively discharged its duties during the financial year ended 31st March 2026, and remains committed to assisting the Board in ensuring proper financial reporting, internal controls and good governance.

(Sgd.)
**R. Kishore Ignatius**
Chairman
Audit Committee

9th October 2026

# REPORT OF THE REMUNERATION COMMITTEE

In terms of Section 9.12.8 of the Listing Rules of the Colombo Stock Exchange, this report details the manner in which the Remuneration Committee discharged its duties and responsibilities during the financial year under review.

## Introduction

The Remuneration Committee of Industrial Asphalts (Ceylon) PLC was established as a sub-committee of the Main Board in accordance with the Listing Rules of Colombo Stock Exchange and the Code of Best Practice on Corporate Governance jointly issued by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

The Remuneration Committee supports the Board in fulfilling its oversight responsibilities for establishing a formal and transparent procedure for developing remuneration policy on all Directors and Key Management Personnels (KMPs) of the Company.

## Terms of Reference

The Remuneration Committee has a Board approved Terms of Reference designed to delegate authority and establish the duties and responsibilities and the scope of work of the Committee.

## Composition of the Remuneration Committee

In accordance with Section 9.12.6(1)(a) of the Listing Rules of the Colombo Stock Exchange the composition of the Remuneration Committee of Industrial Asphalts (Ceylon) PLC as of the reporting date is as follows:

| Name of Director | Nature of Directorship | Committee Status | Date of appointment |
|---|---|---|---|
| Mr. Sivanandan Marimuthu | Senior Independent Director | Chairman | 23 August 2021 |
| Mr. N.K. Dahanayake | Non-executive Director | Member | 13 February 2020 |
| Mr. R. Kishore Ignatius | Independent Non-executive Director | Member | 6 September 2024 |

The Committee composition comprise exclusively of Non-Executive Directors and the majority on the Committee are independent. In accordance with Section 9.12.6(2) of the Listing Rules of the Colombo Stock Exchange the Chairman of the Remuneration Committee is an Independent Non-Executive Director. The composition does not include the Executive Directors.

The Company Secretary functions as the Secretary to the Remuneration Committee.

## Meetings of the Committee

The Remuneration Committee meets as and when required, at dates and times which are specified in advance.

The Committee had two (2) meetings during the financial year ended 31 March 2026.

The attendance of the Committee members at the Remuneration Committee meetings held during the year ended 31st March 2026 are given below:

| Name of Director | Attended/ Eligible to Attend |
|---|---|
| Mr. S. Marimuthu (Chairman - Remuneration Committee) | 2/2 |
| Mr. R. Kishore Ignatius | 2/2 |
| Mr. N.K. Dahanayake | 1/2 |

# REPORT OF THE REMUNERATION COMMITTEE

When required, relevant Operational Officers attend meetings by invitation.

**Role of the Committee**

The Remuneration Committee reports to the Board through tabling the Committee proceedings and recommendations at successive Board Meetings.

The Remuneration Committee is responsible for reviewing and recommending the framework and policy for remuneration of Senior Management, Executive Directors and Non-executive Directors of the Company. It is ensured that the remuneration at each level of management is competitive and based on performance they are rewarded in a fair manner.

The policy on remuneration is geared to attract and retain the best professional talent to the Company and to motivate and encourage them to perform at the highest possible level.

Evaluation of performance ensures equality and fairness without discrimination of gender, age, ethnicity, religion or any other consideration.

The Remuneration Policy ensures that a formal and transparent procedure is followed for fixing the remuneration packages of individual Directors. No Director is involved in deciding his own remuneration. The Remuneration Committee shall recommend to the Board for approval of the remuneration payable for Executive Directors and KMPs.

Where required the Remuneration Committee shall obtain the service of external consultant/ expertise to ascertain the relevance of remuneration levels applicable to Directors and KMPs.

The aggregated remuneration of the Board of Directors and the Key Management Personnels (KMPs) are disclosed in the notes to the Financial Statements.

(Sgd.)
**S. Marimuthu**
Chairman
Remuneration Committee

9th October 2026

# REPORT OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

In terms of Section 9.11.6 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka, this report details the manner in which the Nominations and Governance Committee discharged its duties and responsibilities during the financial year under review.

## Introduction

The Nominations and Governance Committee of Industrial Asphalts (Ceylon) PLC was established as a sub-committee of the Main Board in accordance with the Listing Rules of Colombo Stock Exchange and the Code of Best Practice on Corporate Governance jointly issued by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

The Committee is responsible for ensuring that the Board is appropriately structured with individuals who possess the required competencies, experience and independence to guide the Company's long-term strategy. The Committee is also responsible for succession planning for Directors and oversight of the matters relating to corporate governance and best practices.

## Terms of Reference

The Nominations and Governance Committee has a Board approved Terms of Reference designed to delegate authority and establish the duties and responsibilities and the scope of work of the Committee.

## Composition of the Nominations and Governance Committee

In accordance with Section 9.11.4 of the Listing Rules of the Colombo Stock Exchange the composition of the Nominations and Governance Committee of Industrial Asphalts (Ceylon) PLC as of the reporting date is as follows:

| Name of Director | Nature of Directorship | Committee Status | Date of appointment |
|---|---|---|---|
| Mr. Sivanandan Marimuthu | Senior Independent Director | Chairman | 6 September 2024 |
| Mr. N.K. Dahanayake | Non-executive Director | Member | 6 September 2024 |
| Mr. R. Kishore Ignatius | Independent Non-executive Director | Member | 6 September 2024 |

The Committee composition comprise exclusively of Non-Executive Directors and the majority on the Committee are independent. The Chairman of the Nominations and Governance Committee is an Independent Non-Executive Director. The composition does not include the Executive Directors.

The Company Secretary functions as the Secretary to the Nominations and Governance Committee

## Meetings of the Committee

The Committee shall meet at least once a year, and at such other times as the members of the Committee shall require.

The Committee had one (1) meeting during the financial year ended 31 March 2026.

The attendance of the Committee members at the Remuneration Committee meetings held during the year ended 31st March 2026 are given below:

| Name of Director | Attended/ Eligible to Attend |
|---|---|
| Mr. S. Marimuthu (Chairman - NGC Committee) | 1/1 |
| Mr. R. Kishore Ignatius | 1/1 |
| Mr. N.K. Dahanayake | 1/1 |

# REPORT OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

When required, the Executive Director and relevant Operational Officers attend the meetings by invitation.

### Role of the Committee

The Nomination and Governance Committee reports to the Board through tabling the Committee proceedings and recommendations at successive Board Meetings.

### Board Diversity

The Committee has set a process to regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) required of the Board compared to its current position and make recommendations to the Board with regard to any changes. This is to ensure that the Board and its Committees have the appropriate balance of skills, experience, diversity, knowledge and independence to enable them to discharge their respective responsibilities and duties effectively. As of the reporting date, the Board collectively comprises of individuals with expertise in Finance and Strategy, Auditing and Risk Management, Operations and IT Strategy, representing a mix of age groups and professional backgrounds.

Brief profiles of the Board of Directors are given on pages 8 to 10 of this Annual Report.

### Process for Board Appointments/ Re-appointments/ Re-elections

The Committee has a formal documented policy for the nomination and appointment of new Directors and for re-election and re-appointment of the Directors to the Board and Sub-Committees.

When appointing Directors, the Committee considers key factors such as academic/ professional qualifications, skills, experience and key attributes required for eligibility, taking into consideration the nature of the business operations of the Company and the industry specific requirements. Individuals who are proposed as Independent Non-Executive Directors are required to meet the independence requirements specified in the CSE Listing Rules. For Independent Directors, any factors affecting the independence and objectivity are reviewed. When recommending a Director for re-lection/ re-appointment, the Committee evaluates their ongoing time commitment, active participation in meetings and attendance.

In accordance with Article 90 of the Articles of Association of Industrial Asphalts (Ceylon) PLC, members comprising one third of the Board of Directors except the Managing Director or Joint Managing Director, are required to stand for retirement by rotation at least once in every three years. A retiring Director is eligible for re-election at the Annual General Meeting. Also, in terms of Section 210 and 211 of the Companies Act No.07 of 2007, Directors who are over 70 years of age must be re-appointed by the shareholders at the Annual General Meeting.

### Processes adopted by the Company to inform the Independent Directors of major issues relating to the Company

As part of good governance practices, it is essential to keep independent Directors informed of any major issues concerning the Company. The Independent Directors are regularly updated through Board Meetings and timely communication through Board Papers and other relevant documentation. Also, the Independent Directors have direct access to the Management Team and the Company Secretary for clarification or additional information as required.

### Director Induction and Training

The Board of Directors are given the opportunity to obtain an in-depth understanding of the Company's business, its strategies, risks and processes, changes in laws and regulations relevant to the Company on a continuous basis; by involving the Directors in training and development. This enables the Directors to discharge their duties effectively. During the financial year the Directors were educated of the changes in Listing Rules, Corporate Governance regulations and other compliance requirements applicable for the Company.

### Performance Evaluation

The Nominations and Governance Committee conducts periodic evaluation of the performance of the Board of Directors to ensure effective leadership and governance structure.

### Independence of Directors

The Non-Executive Directors bring independent objective judgement to bear on Board decisions by constructively challenging management and helping to develop the Company's strategic objectives. The

# REPORT OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

Non-Executive Directors independence is assessed upon appointment and annually. The Committee confirms that all Independent Non-Executive Directors meet the criteria set out in the Listing Rules of the Colombo Stock Exchange for determining independence.

### Compliance with CSE Corporate Governance Requirements

The Committee confirms that the Company has complied with the Corporate Governance requirements stipulated in the Listing Rules of the Colombo Stock Exchange. There were no instances of non-compliance during the year under review.

(Sgd.)
**S. Marimuthu**
Chairman
Nominations and Governance Committee
9th October 2026

# REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

In terms of Section 9.14.8 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka, this report details the manner in which the Related Party Transactions Review Committee discharged its duties and responsibilities during the financial year under review.

## Introduction

The Board established the Related Party Transactions Review Committee (RPTRC) as a Board Sub-Committee to ensure that the Company complies with the requirements of the Code of Best Practices on Related Party Transactions issued by Listing Rules of Colombo Stock Exchange and the Code of Best Practice on Corporate Governance jointly issued by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

The Related Party Transactions Review Committee assists the Board in fulfilling its oversight responsibilities for ensuring that all related party transactions of the Company are carried out in a fair, transparent and independent manner, in the best interests of the Company and its shareholders.

## Terms of Reference

The Related Party Transactions Review Committee has a Board approved Terms of Reference designed to delegate authority and establish the duties and responsibilities and the scope of work of the Committee.

## Composition of the Related Party Transactions Review Committee

In accordance with Section 9.14.2(1) of the Listing Rules of the Colombo Stock Exchange the composition of the Related Party Transactions

| Name of Director | Nature of Directorship | Committee Status | Date of appointment |
|---|---|---|---|
| Mr. R. Kishore Ignatius | Independent Non-executive Director | Chairman | 23 August 2021 |
| Mr. N. K. Dahanayake | Non-executive Director | Member | 13 February 2020 |
| Mr. Sivanandan Marimuthu | Independent Non-executive Director | Member | 1 April 2024 |

The Related Party Transactions Review Committee composition comprise exclusively of Non-executive Directors and the majority on the Committee are independent.

The Company Secretary functions as the Secretary to the RPTR Committee.

## Meetings of the Committee

The Committee had four (4) meetings during the financial year ended 31 March 2026 to comply with Listing Rule No. 9.14.4(1) of the Colombo Stock Exchange.

The attendance of the Committee members at the RPTRC meetings held during the year ended 31st March 2026 are given below:

| Name of Director | Attended/ Eligible to Attend |
|---|---|
| Mr. R. Kishore Ignatius (Chairman - RPTR Committee) | 4/4 |
| Mr. S. Marimuthu | 4/4 |
| Mr. N.K. Dahanayake | 3/4 |

The Executive Director and other members of the Board attend meetings by invitation.

# REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

**Policies and Procedures**

The Committee has adopted the Board approved Related Party Transactions Policy in accordance with the rules pertaining to Related Party Transactions set out in Section 9.14 of the Listing Rules of the Colombo Stock Exchange. This policy is reviewed and updated on a regular basis to be in line with updates provided by the regulatory authorities.

The Related Party Transactions Policy provides guidance and direction on all Related Party Transactions.

The Policy objectives are as follows:

- To ensure proper review, approval and disclosure of Related Party Transactions in accordance with regulatory requirements.
- To ensure that the interests of shareholders as a whole are taken into account by the Company when entering into Related Party Transactions.

Related parties are identified in accordance with the criteria set out in the Sri Lanka Accounting Standards (LKAS 24) as well as the CSE Listing Rules. As per the Related Party Transactions Policy of the Company, the Company Secretary would identify and update the related parties list and communicate to the Board periodically. The Financial Controller would monitor the transactions of the Company with the identified related parties to determine transactions which would require shareholder/Board approval as well as immediate market disclosures.

The members of the Board of Directors of the Company have been identified as Key Management Personnel (KMP) to ensure good governance.

**Functions of the Committee**

The Related Party Transactions Review Committee reports to the Board.

The key function of the Committee is to ensure on behalf of the Board that all related party transactions of the Company are consistent with the Code of Best Practices on Related Party Transactions.

Except for transactions mentioned in Rule 9.14.10 of CSE Listing Rules pertaining to Related Party Transactions, all other Related Party Transactions are reviewed in advance by the RPTRC. If the transaction is expressed to be conditional on such review, prior to the completion of the transaction the approval of the Committee will be obtained.

The Committee shall update the Board of Directors on the Related Party Transactions of the Company on a quarterly basis.

Make recommendations to obtain shareholder approval for applicable related party transaction as per the provisions in the Code of Best Practice and Section 9.14 of CSE Listing Rules. Such approval shall be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.

The Committee ensures that no Director of the Company shall participate in any discussion of a proposed related party transaction for which he or she is a related party, unless such Director is requested to do so by the Committee for the express purpose of providing information concerning the related party transaction to the Committee.

The Committee reviews the economic and commercial substance of both recurrent and non-recurrent related party transactions.

The Committee obtains appropriate professional, and expert advice from suitable qualified persons to carry out its functions as and when required.

The Committee shall make immediate market disclosures on applicable related party transactions as required by the CSE Listing Rules.

Further shall make appropriate disclosures on related party transactions in Annual Report as required by the CSE Listing Rules.

# REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

### Activities during the Year

The RPTR Committee convened quarterly. The minutes of all meetings were documented and communicated to the Board of Directors at successive Board Meetings, for information purposes.

Details of Related Party Transactions entered into by the Company during the year ended 31st March 2026 are disclosed in Note 25 of Notes to the Financial Statements.

The Committee confirms that all applicable rules in the Code of Best Practice on Related Party Transactions and Section 9 of CSE Listing Rules have been complied with by the Company during the financial year ended 31st March 2026.

### Declaration

A Declaration by the Board of Directors on compliance with the Rules pertaining to the Related Party Transactions is included in the Annual Report of the Board of Directors on page 18 of this report.

(Sgd.)
**R. Kishore Ignatius**
Chairman
Related Party Transactions Review Committee
9th October 2026

# REPORT OF THE INVESTMENT COMMITTEE

The Investment Committee of Industrial Asphalts (Ceylon) PLC was established as a sub-committee of the Main Board with the objective of evaluating prospective investments within the authority delegated by the Board.

### Functions and responsibilities of the Investment Committee

The Investment Committee reports to the Board.

Key functions and responsibilities of the Investment Committee of Industrial Asphalts (Ceylon) PLC are as follows:

- The Investment Committee reviews prospective investments, the investment strategy of the Company to ensure it is within the Risk appetite of the Company
- The Committee will make their assessments and notify their recommendations to the Board on new investments and divestment of existing investments
- Reviews the adequacy and effectiveness of Treasury Management function of the Company
- Examines the annual investment plans formulated by the Company
- Reviews the effectiveness of Management Information System in place for investments of the Company

The Committee is authorized by the Board to act in accordance with its terms of reference and is authorized to obtain any information which is necessary to discharge its duties from employees of the Company.

### Composition of the Investment Committee

As at 31st March 2026 the Investment Committee of Industrial Asphalts (Ceylon) PLC comprised of three (3) Non-executive Directors; Mr. Sivanandan Marimuthu (Chairman of the Committee), Mr. R. Kishore Ignatius and Mr. Nanda Kumara Dahanayake, whose profiles are given on pages 8 to 10 of the Annual Report. The Chairman of the Committee is an Independent Director.

The Company Secretary functions as the Secretary to the Investment Committee.

### Meeting Attendance

The Investment Committee meets as and when necessary, at the call of any member of the Committee at dates and times which are specified in advance.

Executive Director, other members of the Board and Senior Management Personnel may attend the meetings on invitation.

The Committee is authorized by the Board to seek external independent professional advice at the Company's expense. The Committee may invite external parties with relevant professional experience to attend its meetings if it considers necessary.

### Summary of Activities during the year

During the year the Investment Committee together with the Board of Directors comprehensively reviewed ongoing and new investments of the Company and expressed their opinion and recommendations to the Board for further action.

(Sgd.)
**S. Marimuthu**
Chairman
Investment Committee
9th October 2026

# CORPORATE GOVERNANCE

The Board of Directors is committed to maintain the highest standards of corporate governance practiced in the interest of stakeholders while maintaining business integrity, appropriate ethical standards and professionalism in all its operations and activities. The Board ensures that the Company is in compliance with relevant statutory and regulatory requirements including requirements of the Companies Act No.7 of 2007, Listing Rules of Colombo Stock Exchange, requirements of Securities and Exchange Commission of Sri Lanka and other applicable laws and regulations. The Directors are responsible to establish sound internal control systems including comprehensive risk management framework, to safeguard the Company's assets, ensure accuracy and reliability of records and accountable for overall management of the Company.

This Corporate Governance Report includes summary of compliance with the Companies Act No. 07 of 2007, and sections 7.6 and 9 of the Listing Rules of the Colombo Stock Exchange during the FY25/26. It highlights the Board Governance during the financial year under review and subsequent to the reporting date.

### Statement of Compliance with Corporate Governance Requirements

In terms of sections 7.6 and 9 of the Listing Rules of the Colombo Stock Exchange, Industrial Asphalts (Ceylon) PLC has complied with the relevant provisions under Corporate Governance Rules which are applicable to entities listed on the Main Board.

In compliance with Section 9.2.1 and 9.2.3 of the Listing Rules of the Colombo Stock Exchange, the Company confirms that the following policies have been established and are maintained in accordance with the said rules:

1. Policy on matters relating to the Board of Directors
2. Policy on Board Committees
3. Policy on Corporate Governance, Nominations and Re-election
4. Policy on Remuneration
5. Policy on Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities
6. Policy on Risk management and Internal controls
7. Policy on Relations with Shareholders and Investors
8. Policy on Environmental, Social and Governance Sustainability
9. Policy on Control and Management of Company Assets and Shareholder Investments
10. Policy on Corporate Disclosures
11. Policy on Whistleblowing
12. Policy on Anti-Bribery and Corruption

Shareholders could access the above policies by contacting the Company Secretaries of Industrial Asphalts (Ceylon) PLC via email address; **info@iac.lk**

In compliance with Section 9.1.3 of the Listing Rules of the Colombo Stock Exchange the Directors affirm that:

- The Board has established and maintains all required Board Policies while carrying out regular reviews to ensure that best practices are followed in its day-to-day operations.
- The Board has constituted all mandated Board Sub-Committees, namely, Audit Committee, Remuneration Committee, Nominations and Governance Committee, Related Party Transactions Review Committee. These Committees meet all regulatory requirements and function based on Board approved Terms of Reference.
- The Company has adhered to regulated procedures for shareholder dealings and adoption of resolutions, maintaining transparency and accountability in shareholder communications.
- The Company has adhered to regulations relating to the Board composition.
- The Board has appointed a Senior Independent Director to the Board to further strengthen the governance framework given the presence of an Executive Director.
- The Board has ensured that all Directors continue to satisfy the 'Fit and Proper' Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange.
- Declarations of independence have been obtained from all Independent Directors for the financial year under review.
- All disclosure requirements relating to the Board of Directors, Board Sub-Committees and Corporate Governance Rules have been made in accordance with the CSE Listing Rules.

# CORPORATE GOVERNANCE

- The Board of Directors affirms that the Company has complied with Section 9 of the Listing Rules of the Colombo Stock Exchange on Related Party Transactions for the financial year ended 31st March 2026.

The Board of Directors remains committed to the principles of good governance and consistently strives to uphold best practices. The Company ensures strict compliance with mandatory requirements while also voluntarily adhering to additional standards as and when required, to enhance value creation to its stakeholders.

## Governance Structure

Industrial Asphalts (Ceylon) PLC's Corporate Governance Structure is centred around the Board of Directors. The Board is supported by Board Sub-committees and the Management Team headed by the Executive Director. Board Sub-committees are responsible for specific areas of governance and report directly to the Board. The Company Secretary ensures compliance with statutory and regulatory requirements and provides the Board with effective communication and guidance on Corporate Governance Best Practices.

## The Board of Directors

### Board Balance and Board Composition

The Board of Directors is responsible for the governance practices established within the Company and for overall value creation to the Company, to its shareholders and other stakeholders.

The Board balance is achieved through structure, composition and diversity.

The Board of Industrial Asphalts (Ceylon) PLC comprise of Directors with balanced skills, experience and industry expertise which enables to effectively discharge its duties. Appropriate Board size ensures accountability and promotes a healthy and constructive debate. As of 31 March 2026, the Board comprised of five (5) Directors, of whom one (1) is an Executive Director and the remaining four (4) are Non-Executive Directors, three (3) of whom are Independent Directors.

In accordance with best practices in Corporate Governance, the Board has appointed a Senior Independent Director (SID) to the Board with effect from 15th July 2024. The role of the Senior Independent Director and the Executive Director are distinctly separated. The Executive Director is responsible for the management of day-to-day operations of the Company and execution of the corporate strategy, while the Senior Independent Director plays a vital role in ensuring balanced governance. The SID facilitates transparent communication with all the stakeholders of the Company and ensures integrity of Board processes, thereby strengthening the Board's overall accountability and independence.

### Board Diversity

The Board diversity is achieved through age, gender, expertise, tenure, and independence which ensures effective governance structure.

### Age Diversity

The Board members span various age groups, where younger members often offer dynamic insights in strategic decision making, while more seasoned individuals offer wisdom derived from years of industry expertise.

### Expertise Diversity

The Board members possess expertise in financial management, auditing and risk management, technology and innovation, banking and business management, as well as organisational development. Expertise diversity enables the Board to provide comprehensive oversight and strategic guidance to address complex challenges and capitalise on business opportunities within the Company's risk appetite and long-term business strategy.

### Gender Diversity

The Board acknowledges that gender diversity is essential for developing a culture of inclusivity and thus remains committed to enhancing gender diversity on the Board.

### Independence

The independence of the Non-Executive Directors was determined according to the CSE Listing Rules. Each Non-Executive Director has submitted a declaration of independence/ non-independence for the year. The Board makes a determination annually as to the independence/ non-independence of each Non-Executive Director.

The Non-Executive Directors bring independent objective judgement to bear on Board decisions by constructively challenging management and helping to develop the Company's strategic objectives. By maintaining a balanced composition of independent

# CORPORATE GOVERNANCE

Directors, the Board mitigate conflicts of interest, enhance transparency and promotes highest standards of integrity and ethical conduct.

In terms of section 9.7.3 and 9.7.4 of the CSE Listing Rules the Company obtained an annual declaration from the Directors confirming that they have met the Fit and Proper assessment criteria for the financial year under review.

The profiles of all the Directors detailing their areas of expertise are given on pages 8 to 10 of the Annual Report.

The Company has established policies to make immediate market disclosures with regard to changes in the directorate and composition of Board Sub-Committees in accordance with Section 9.10.2 and 9.10.3 of CSE Listing Rules.

### Financial Acumen

The Board acknowledges financial acumen as a core competency essential for decision making and effective governance. Thus, the Board comprise of Directors with sufficient financial knowledge and professional skills to carry out their functions effectively and efficiently.

### Board and Sub-Committee Meetings

The Board, the Audit Committee and the Related Party Transactions Review Committee meet at least once every quarter, whereas the other Sub-Committees convene at varying frequencies based on each Committee's requirements.

The Board met on four (4) occasions during the year under review. The Directors' attendance at the Board meetings held during the year ended 31st March 2026 are given below.

| Name of Director | Attended/ Eligible to Attend |
|---|---|
| Mr. G. Ramanan | 4/4 |
| Mr. N. K. Dahanayake | 4/4 |
| Mr. Kishore Ignatius | 4/4 |
| Mr. S. Marimuthu | 4/4 |
| Mr. R. Raguneethan | 3/4 |

The Sub-Committee meetings attendance details are given in respective Sub-Committee reports in this Annual Report.

Board meetings are convened on a quarterly basis. The Board is provided with sufficient notice period and the Board Papers are presented in advance to ensure that the Directors are properly prepared for the Board Meetings. In addition to regular meetings, the Board of Directors convene as needed to discuss strategically important matters.

As per the Company's Articles of Association in some instances the Board also make urgent decisions by way of circular resolution, where all relevant information pertaining to the circular resolution are made available to the Directors to make the decisions. As a practise of good governance, all circular resolutions which are passed during a quarter are tabled and ratified at the subsequent meeting by the Board.

Board and Sub-committee meetings held by means of audio, or audio and visual communication are also allowed under the Articles of Association of the Company.

### Board Minutes

Board Minutes are prepared by the Company Secretary. Minutes of the Board Meetings are circulated to all Directors in advance and adopted at the subsequent Board Meetings.

### Timely Supply of Information

The Board of Directors are constantly updated and supplied with timely, accurate and comprehensive information in order to carry out their duties effectively.

**Directors have access to following information.**

- ✓ Board minutes and Board papers are circulated to the Directors beforehand
- ✓ Advise and services provided by the Company Secretary
- ✓ Advise and services provided by external experts and professionals if required
- ✓ Regular information update from the Management on the affairs of the Company, monthly organizational performance, updates on changes in regulatory requirements

### Obtaining Independent Professional Advise and Continuous Training and Development

The Board is encouraged to seek independent professional advice, when necessary, at the Company's expense and also have access to the Company Secretary to obtain advice and services as required.

# CORPORATE GOVERNANCE

The Board of Directors are given the opportunity to obtain an in-depth understanding of the Company's business, its strategies, risks and processes, changes in laws and regulations relevant to the Company on a continuous basis; by involving the Directors in training and development. This enables the Directors to discharge their duties effectively.

### Appointments to the Board

The appointment of Directors to the Board is decided by the Board in accordance with the Articles of Association of the Company and in compliance with rules of governance. All proposed new appointments will be recommended by the Nominations and Governance Committee based on a formal, accurate and transparent process. There were no new Director appointments during the financial year under review.

Information relating to change in Directorate is communicated to the Shareholders by way of appropriate announcements to the Colombo Stock Exchange.

### Re-election of Directors

In accordance with the Articles of Association of the Company, members comprising one third of the Board of Directors except the Managing Director or Joint Managing Director, are required to stand for retirement by rotation at least once in every three years. A retiring Director is eligible for re-election at the Annual General Meeting.

The Nominations and Governance Committee carries out a formal assessing process when recommending Directors for re-election.

### Company Secretary

The Company Secretary is appointed by the Board of Directors of the Company. The Company Secretary ensures that the Board, Sub-committee and Shareholder meetings are conducted in accordance with the Articles of Association of the Company and based on corporate governance rules. The Company Secretary liaises with the Colombo Stock Exchange on the Company's communications. It is the responsibility of the Company Secretary for making announcements with regard to AGMs and EGM to the shareholders and for accurate recording of proxy voting.

### Delegation of Authority

The Board has delegated some of its functions to Board Sub-committees based on each committee's areas of responsibility and expertise. Each Sub-committee has a Board approved Terms of Reference, enabling the Committees to focus on their delegated areas of responsibility. All Sub-committees report to the Board of their recommendations and minutes of these meetings are tabled, discussed and ratified at the Board Meetings.

The Board has also delegated the authority to the Executive Director to facilitate the effective function of daily business affairs of the Company as per the set strategies, goals and objectives of the Board and to ensure high standards of governance. A team of Senior Management assists the Executive Director in carrying out the day-to-day functions of the Company.

The Board has discussions with the Executive Director on the short term, medium term, and long-term objectives of the Company. Additionally, the Board meets with Senior Management regularly to review operational matters and disseminate the Board's plan for the future.

### Board Committees

The Board has established five (5) Sub-Committees in order to monitor, review and enhance the accountability of key areas of business operations. Following are the Board Committees of the Company as of the reporting date.

1. Audit Committee
2. Remuneration Committee
3. Related Party Transactions Review Committee
4. Nominations and Governance Committee
5. Investment Committee

These Sub-Committees operate based on terms of reference set out by the Board.

### Audit Committee

The composition of the Audit Committee and the Report of the Audit Committee is given on pages 23 to 26 of this Annual Report.

### Remuneration Committee

The composition of the Remuneration Committee and the Report of the Remuneration Committee is given on page 27 to 28 of this Annual Report.

# CORPORATE GOVERNANCE

**Related Party Transactions Review Committee**
The composition of the Related Party Transactions Review Committee and the Report of the RPTR Committee is given on pages 32 to 34 of this Annual Report.

**Nominations and Governance Committee**
The composition of the Nominations and Governance Committee and the Report of the Committee is given on the pages 29 to 31 of this Annual Report.

**Investment Committee**
The composition of the Investment Committee and the Report of the Investment Committee is given on page 35 of this Annual Report.

## Code of Conduct for Directors and employees

The Board has established an Internal Code of Business Conduct and Ethics for Directors and employees, which emphasizes on the following:

- Prohibiting Conflicts of Interest
- Protecting confidential and proprietary information
- Treating employees, business partners and competitors fairly
- Encouraging accurate, transparent, timely and understandable disclosure information
- Safeguarding and proper use of company assets
- Complying with applicable laws, rules and regulations
- Encouraging the reporting of any unlawful or unethical behaviour

**Trading in Company Shares**
The Board has established a SOP on dealing in the shares of the Company by Directors, employees and connected parties.

Any personnel possessing material non-public information about the Company must not engage in transactions involving Company securities until such information has been released to the public and thereafter under the consent of the Company Secretary to ensure that all rules and regulations pertaining to share trading by connected parties have been complied with.

Directors, employees and connected parties must also refrain from trading in shares of other connected party listed entities, on the basis of material confidential information obtained in the course of employment or service as a director.

## Managing Conflict of Interest

All Directors and employees are required to avoid situations in which their personal, family or financial interests conflict or even appear to conflict with those of the Company. The Board has established a SOP where the Company Secretary will notify the Board of the updated details of Board representations and related parties in order to avoid conflict of interest. Further, any Director who has an interest in a matter under discussion shall excuse themselves from the subject matter and refrain from voting on the subject matter, to avoid conflict of interest.

The details of Directorships of the Board of Directors is given in Director profiles of this Annual Report.

**Anti Bribery and Corruption**
As part of the Internal Code of Business Conduct and Ethics, under no circumstances may an employee offer or accept gifts, invitations, privileges or any other kind of incentives that may reward or influence a business decision.

## Accountability

**Financial Reporting**
The Board of Directors is responsible for timely publication of Financial Statements annually and quarterly basis. These Financial Statements are prepared based on Sri Lanka Financial Reporting Standards (SLFRS/LKAS) and in compliance with the Listing Rules of Colombo Stock Exchange. Board ensures that these publications include all relevant financial and non-financial information that needs to be communicated to the shareholders.

**Internal Controls**
The Board of Directors is responsible for maintaining a sound internal control system within the organization to safeguard the Company's assets. The Board has delegated this responsibility to the Audit Committee and the responsibility of the Audit Committee with this regard is given on pages 23 to 26 of this Annual Report.

## Investor Relations and Communication to shareholders

The Board of Directors policy is to disclose all relevant information to stakeholders, within the bounds of prudent commercial judgement.

# CORPORATE GOVERNANCE

The Annual General Meeting (AGM) and other General Meetings are the main form of Company's communication with the shareholders. The Company ensures that the notice of the AGM along with the Annual Report containing the performance of the Company for the financial year under review are delivered to the shareholders at least 15 working days prior to the scheduled meeting.

The Company ensures that the Annual Report for each financial year will be provided to the shareholders within five (5) months of the completion of the financial year. Annual Reports shall be uploaded on the Company's corporate website and on the Colombo Stock Exchange website. Further, periodic Financial Statements shall be made available on the Colombo Stock Exchange website.

Information relating to Company's operations and information that is of importance to shareholders will be disclosed through Corporate Disclosures uploaded on the Colombo Stock Exchange website.

The Company Secretary is designated for Shareholder communications at any time through contact details provided on the Corporate Information page of this Annual Report.

### Material Transactions

The Board of Directors ensures that all proposed material transactions are disclosed to the shareholders on a timely manner, and that the Company complies with all disclosure requirements as specified in the Listing Rules and necessary shareholder approvals are obtained for the transactions which require shareholder approval as per the Companies Act and Listing Rules.

### Annual Report of the Board of Directors

The Annual Report of the Board of Directors on the Affairs of the Company for 31 March 2026 is given on pages 16 to 20 of this Annual Report.

# CORPORATE GOVERNANCE

## Disclosures

The tables given below provide the relevant details and disclosures mandated by the Companies Act No.7 of 2007 and the Listing Rules of the Colombo Stock Exchange.

**Appendix 1 : Annual Report Disclosures mandated by the Companies Act No.7 of 2007**

| Rule No. | Requirement | Compliance Status | Details |
|---|---|---|---|
| 168 (1) (a) | The nature of the business of the Company together with any change thereof during the accounting period | Compliant | Page 16 |
| 168 (1) (b) | Signed Financial Statements of the Company for the accounting period completed | Compliant | Page 52 to 89 |
| 168 (1) (c) | Auditor's Report on Financial Statements of the Company | Compliant | Page 52 to 55 |
| 168 (1) (d) | Accounting Policies and any changes therein | Compliant | Page 60 to 73 |
| 168 (1) (e) | Particulars of the entries made in the interest register during the accounting period | Compliant | Page 19 |
| 168 (1) (f) | Remuneration and other benefits paid to Directors of the Company during the accounting period | Compliant | Page 84 |
| 168 (1) (g) | Corporate Donations made by the Company during the accounting period | Compliant | Page 17 |
| 168 (1) (h) | Information on the Directorate of the Company during and at the end of the accounting period | Compliant | Page 18 and; Page 8 to 10 |
| 168 (1) (i) | Amount paid/ payable to the External Auditors as audit fees and fees for other services rendered during the accounting period | Compliant | Page 84 |
| 168 (1) (j) | Auditor's relationship or any interest in the Company | Compliant | Page 20 |
| 168 (1) (k) | Acknowledgment of the contents of this Report and Signatures on behalf of the Board | Compliant | Page 20 |

# CORPORATE GOVERNANCE

**Appendix 2 : The summary of compliance with the Corporate Governance requirements under the Section 7.6 of the Listing Rules of the Colombo Stock Exchange**

| Rule No. | Requirement | Compliance Status | Details |
|---|---|---|---|
| **Contents of Annual Report** | | | |
| i) | Names of persons who during the financial year were Directors of the Entity | Compliant | Page 8 & 10 - Board of Directors |
| (ii) | Principal activities of the Entity and its Subsidiaries during the year and any changes therein | Compliant | Page 16 - Annual Report of the Board of Directors |
| (iii) | The names and the number of shares held by the 20 largest holders of voting and non-voting shares denominated in LKR or any other class of shares denominated in foreign currency and the percentage of such shares held | Compliant | Page 92 to 93 - Shareholders Information |
| (iv) | (a) In respect of a Local Entity which has its LKR denominated Shares listed on the Exchange, such Entity shall disclose the float adjusted market capitalization, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement, in respect of voting ordinary shares. The public holding percentage (%) in respect of non- voting ordinary Shares (where applicable). Provided however, this Rule shall not be applicable to Entities whose Securities are listed on the Empower Board in the Alternate Market Segment.<br>(b) In respect of a Local Entity which has its Foreign Currency denominated Shares listed on the Exchange, such Entity shall disclose the public holding percentage (%) and the number of public shareholders. | Compliant<br>Not Applicable | Page 92 to 93 - Shareholders Information |
| (v) | A statement of each director's holding and Chief Executive Officer's holding in each class of shares of the Entity denominated in LKR and in Foreign Currency (as applicable). | Compliant | Page 18 - Annual Report of the Board of Directors |
| (vi) | Information pertaining to material foreseeable risk factors of the Entity | Compliant | Page 11 to 15 -Enterprise Risk Management |
| (vii) | Details of material issues pertaining to employees and industrial relations of the Entity | Compliant | Page 20 - Annual Report of the Board of Directors |
| (viii) | Extents, locations, valuations and the number of buildings of the Entity's Land Holdings and Investment Properties | Compliant | Page 75 - Notes to the Financial Statements |
| (ix) | Number of shares representing the Entity's stated capital | Compliant | Page 81 - Notes to the Financial Statements |
| (x) | A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings | Compliant | Page 92- Shareholders Information |
| (xi) | Financial Ratios and market price information | Compliant | Notes to the Financial Statements, Shareholders Information and Five-Year Financial Summary |

# CORPORATE GOVERNANCE

| Rule No. | Requirement | Compliance Status | Details |
|---|---|---|---|
| (xii) | Significant changes in the Entity's or its Subsidiaries' fixed assets and the market value of land, if the value differs substantially from the book value | Compliant | Page 74 - Notes to the Financial Statements |
| (xiii) | If during the Financial Year the Entity has raised funds through an Initial Public Offering and/or a further issue of Securities (as applicable); | Not applicable | During the year under review, there were no public issues, rights issues or private placements |
| (xiv) | Employee Share Option Schemes and Employee Share Purchase Schemes | Not applicable | The Company does not have Employee Share Option Schemes or Employee Share Purchase Schemes |
| (xv) | Disclosures pertaining to Corporate Governance Practices in terms of Section 9 of the Listing Rules | Compliant | Please refer Appendix 3 |
| (xvi) | Related Party Transactions exceeding 10% of the Equity or 5% of the total assets of the Entity as per Audited Financial Statements, whichever is lower. Details of investments in a Related Party and/or amounts due from a Related Party to be set out separately. | Compliant | Page 32 & 34 - Report of the Related Party Transactions Review Committee |
| (xvii) | Additional disclosures to be disclosed as per Section 7 of CSE Listing Rules, in the event a Listed Entity has its Foreign Currency denominated Securities listed on the Exchange | Not applicable | The Company does not have Foreign Currency denominated Securities listed on the CSE |

**Appendix 3 : The summary of compliance with the Corporate Governance requirements under the Section 9 of the Listing Rules of the Colombo Stock Exchange**

| Rule No. | Requirement | Compliance Status | Details |
|---|---|---|---|
| **9.1 Corporate Governance Rules** | | | |
| 9.1.3 | Extent of Compliance with Corporate Governance Rules | Compliant | Page 36 - Corporate Governance |
| **9.2 Policies** | | | |
| 9.2.1 | Availability of Policies | Compliant | Specified set of Policies established and maintained by the Company. Details available on Company Website |
| 9.2.2 | Waivers and exemptions from compliance with the Code of business conduct and ethics | Not Applicable | No waivers or exemptions from compliance with the |
| 9.2.3 | Disclosures in the Annual Report on Policies | Code | Page 36 - Corporate Governance |
| 9.2.4 | Requesting of Policies by Shareholders | Compliant | Page 36 - Corporate Governance |

# CORPORATE GOVERNANCE

| Rule No. | Requirement | Compliance Status | Details |
|---|---|---|---|
| **9.3 Board Committees** | | | |
| 9.3.1 | Establishment of Board Committees<br>a. Nominations and Governance Committee<br>b. Remuneration Committee<br>c. Audit Committee<br>d. Related Party Transactions Review Committee | Compliant | Page 19 - Annual Report of the Board of Directors - |
| 9.3.2 | Composition, Responsibilities and Disclosures | Compliant | Please refer Sub-committee Reports for details |
| 9.3.3 | Chairperson of Board Committees | Compliant | Please refer Sub-committee Reports for details |
| **9.4 Adherence to principles of democracy in the adoption of meeting procedures and the conduct of General Meetings with Shareholders** | | | |
| 9.4.1 | Maintain records of all resolutions and information pertaining to its adoption | Compliant | The Company Secretary maintains records of all resolutions and requisite information. |
| 9.4.2 a - c | Communication and relations with Shareholders and Investors | Compliant | Page 40 - Corporate Governance - Investor Relations and Communication to shareholders |
| 9.4.2 d | Holding general meetings virtually/hybrid means | Compliant | The Company adhere to the guidelines issued by CSE on conducting virtual/hybrid shareholder meetings when convening meetings virtually |
| **9.5 Policy on matters relating to the Board of Directors** | | | |
| 9.5.1 | Formal governing policy on matters relating to the Board of Directors | Compliant | Page 37 - Corporate Governance - The Board of Directors |
| 9.5.2 | Disclosures in the Annual Report relating to 9.5.1 | Compliant | The Company has fully complied with the requirements in the policy. |

# CORPORATE GOVERNANCE

| Rule No. | Requirement | Compliance Status | Details |
|---|---|---|---|
| **9.6 Chairperson and CEO** | | | |
| 9.6.1 | The Chairperson of every Listed Entity shall be a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed by such Entity in terms of Rule 9.6.3 | Compliant | SID has been appointed Page 37 - Corporate Governance - The Board of Directors |
| 9.6.2 | Where the Chairperson of a Listed Entity is an Executive Director and/ or the positions of the Chairperson and CEO are held by the same individual, such Entity shall make a Market Announcement. | Compliant | SID has been appointed with effect from 15th July 2024. Market announcement has been made as per the rules |
| 9.6.3 a - c | Listed Entity shall appoint an Independent Director as the SID if the Chairperson is an Executive Director | Compliant | SID has been appointed with effect from 15th July 2024. Market announcement has been made as per the rules |
| 9.6.3 e | The SID shall make a signed explanatory disclosure in the Annual Report demonstrating the effectiveness of the duties of the SID | Compliant | Page 22 - Senior Independent Director's Report |
| 9.6.4 | Entity shall set out the rationale for appointment of SID in the Annual Report | Compliant | Page 37 - Corporate Governance - The Board of Directors |
| **9.7 Fitness of Directors and CEO** | | | |
| 9.7.1 | Listed Entities shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons as required in terms of the Listing Rules | Compliant | The Board Nominations and Governance Committee has been delegated with the authority to ensure that the Directors and the CEO meet the fitness and propriety criteria under the Listing Rules |
| 9.7.2 | Listed Entities shall ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper as required in terms of these Rules before such nominations are placed before the shareholders' meeting or appointments are made. | Compliant | The Nomination and Governance Committee evaluate the fit and proper of the proposed director in terms of the Listing Rules before recommending the same for the approval of the Board |
| 9.7.3 and 9.7.4 | Annual Declaration from Directors on Fit and Proper Assessment Criteria | Compliant | the Company obtained an annual declaration from the Directors confirming that they have met the Fit and Proper assessment criteria for the financial year under review |
| 9.7.5 | Disclosures in the Annual Report | Compliant | Page 38 - Corporate Governance - The Board of Directors |

# CORPORATE GOVERNANCE

| Rule No. | Requirement | Compliance Status | Details |
|---|---|---|---|
| **9.8 Board Composition** | | | |
| 9.8.1 | The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors. | Complaint | The Board comprised of five (5) Directors as of the reporting date |
| 9.8.2 | Minimum number of Independent Directors, (Min: 2 or 1/3 of total number, whichever is higher) | Complaint | The Board comprised of three (3) Independent Directors as of the reporting date |
| 9.8.3 | Criteria for determining independence | Complaint | As of reporting date the Company has met the criteria for determining independence |
| 9.8.5 a - b | Declaration | Compliant | Page 37 – Corporate Governance – The Board of Directors |
| **9.9 Alternate Directors** | | | |
| 9.9 a - e | Appointment of Alternate Director | To be complied as and when required | No Alternate Directors were appointed to the Board throughout the reporting period |
| **9.10 Disclosures relating to Directors** | | | |
| 9.10.1 | Policy on maximum number of Directorships | Compliant | Policy on matters relating to the Directors established and maintained |
| 9.10.2 | Appointment of new Directors | Not Applicable | No new Director appointments during the reporting period |
| 9.10.3 | Changes to composition | Compliant | Any changes to composition of Board Committees were duly disclosed |
| 9.10.4 | Annual Report Disclosures<br>a. Name, qualifications and profile<br>b. Nature of expertise in relevant functional areas<br>c. Material business relationships<br>d. Nature of directorship<br>e. total number and names of other directorships<br>f. Attendance at Board meetings<br>g. Sub-committee memberships<br>h. Attendance at sub-committee meetings<br>i. TOR and powers of SID | Compliant | Refer to:<br><br>Page 8 to 10<br>Board of Directors Profiles<br><br>Page 34 - Corporate Governance -<br>The Board of Directors<br><br>Page 23 to 35<br>Sub-Committee Reports<br><br>Page 22 -<br>Senior Independent Director's Report |

# CORPORATE GOVERNANCE

| Rule No. | Requirement | Compliance Status | Details |
|---|---|---|---|
| **9.11 Nominations and Governance Committee** | | | |
| 9.11.1-5 | Listed Entities shall have a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11 | Compliant | Page 29 to 31 Nominations and Governance Committee |
| 9.11.6 | Disclosures in the Annual Report | Compliant | Page 29 to 31 Nominations and Governance Committee |
| **9.12 Remuneration Committee** | | | |
| 9.12.2 | Availability of Remuneration Committee | Complaint | Company has established the Remuneration Committee |
| 9.12.3 and 9.12.4 | Remuneration Policy - Executive directors/non-executive directors | Complaint | Page 27 to 28 Remuneration Committee |
| 9.12.5 | Terms of Reference | Complaint | Page 27 to 28 Remuneration Committee |
| 9.12.6 (1) | Composition | Compliant | Page 27 to 28 Remuneration Committee |
| 9.12.6 (2) | Chairperson of Remuneration Committee | Complaint | Page 27 to 28 Remuneration Committee |
| 9.12.7 | Functions | Complaint | Page 27 to 28 Remuneration Committee |
| 9.12.8 | Disclosures in the Annual Report | Complaint | Page 27 to 28 Remuneration Committee |
| **9.13 Audit Committee** | | | |
| 9.13.1 | Audit and Risk functions | Complaint | Both the risk and audit functions are performed by the Board Audit Committee. |
| 9.13.2 | Terms of Reference | Complaint | Page 23 to 26 - Audit Committee |
| 9.13.3 (1) to (6) | Composition | Compliant | Page 23 to 26 - Audit Committee |
| 9.13.4 | Functions | Complaint | Page 23 to 26 - Audit Committee |
| 9.13.5 | Disclosures in the Annual Report | Complaint | Page 23 to 26 - Audit Committee |

# CORPORATE GOVERNANCE

| Rule No. | Requirement | Compliance Status | Details |
|---|---|---|---|
| **9.14 Related Party Transactions Review Committee** | | | |
| 9.14.1 | Availability of Related Party Transactions Review Committee (RPTRC) | Complaint | Company has established the RPTRC |
| 9.14.2 | Composition | Complaint | Page 32 to 34 - Related Party Transactions Review Committee |
| 9.14.3 | Functions | Complaint | Page 32 to 34 - Related Party Transactions Review Committee |
| 9.14.4 (1) | Quarterly Meetings | Complaint | Page 32 to 34 - Related Party Transactions Review Committee |
| 9.14.4 (2) | Access to knowledge or expertise to assess all aspects of proposed related party transactions | Complaint | Page 32 to 34 - Related Party Transactions Review Committee |
| 9.14.4 (3) | Approval by Board of Directors | Complaint | Page 32 to 34 - Related Party Transactions Review Committee |
| 9.14.4 (4) | Conflict of interest | Complaint | Page 32 to 34 - Related Party Transactions Review Committee |
| 9.14.5 | Review of related party transactions by Related Party Transactions Review Committee | Complaint | Page 32 to 34 - Related Party Transactions Review Committee |
| 9.14.6 | Shareholder Approval | To be complied as and when required | Page 32 to 34 - Related Party Transactions Review Committee |
| 9.14.7 (1) | Immediate Disclosures | To be complied as and when required | Page 32 to 34 - Related Party Transactions Review Committee |
| 9.14.8 | Disclosures in the Annual Report | Complaint | Page 32 to 34 - Related Party Transactions Review Committee |
| 9.14.9 | Acquisitions and disposal of assets from related parties | To be complied as and when required | Page 32 to 34 - Related Party Transactions Review Committee |
| **9.17 Additional Disclosures** | | | |
| 9.17 | Additional Disclosures in Annual Report | Compliant | Page 16 to 20 - Annual Report of the Board of Directors - |

# FINANCIAL STATEMENTS


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# INDEPENDENT AUDITOR'S REPORT

B.R.DE SILVA & CO.
Chartered Accountants

A member of Nexia International

**TO THE SHAREHOLDERS OF INDUSTRIAL ASPHALTS (CEYLON) PLC**
**Report on the Audit of the Financial Statements**

## Disclaimer of Opinion

We were engaged to audit the Financial Statements of Industrial Asphalts (Ceylon) 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 Material Accounting Policy Information.

We do not express an opinion on the accompanying Financial Statements of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these Financial Statements.

## Basis for Disclaimer of Opinion

1. Assessment of Fair Value of Investment Property and Gain on Change in Fair Value

   As disclosed in "Note 2.3 - Accounting Judgements, Estimates and Assumptions Related to Investment Property" to the Financial Statements, the valuation method is described as the Market Approach - Comparison Method for determining the value of the leasehold right of the land.

   However, we have not been furnished with sufficient and appropriate comparable information relating to similar-nature leasehold asset values that have been considered in arriving at the fair value of the investment property as at the reporting date.

   The Market Approach generally includes an analysis of the nature of the property, analysis of the actual transactions in the vicinity, comparing the transacted property with the subject property, and determining the comparison price to the subject property.

   This property is currently subject to a commercial sub-lease that generates annual rental income of approximately Rs. 46,307,625/=. However, an estimated annual market rental income of Rs. 110,407,610/= has been considered as a significant input in estimating the fair value as at 31st March 2026.

   We have not been furnished with sufficient appropriate information and supporting evidence to support the reasonableness and accuracy of the inputs used in the valuation.

   In the absence of the above processes and supporting information to support that the above due process has been followed, we are unable to ascertain the accuracy of the valuation placed on the Investment Property as at the reporting date.

Partners : N.S.C.De Silva FCA, FCMA (UK), CGMA, L.C.Piyasena FCA, L.L.S.Wickremasinghe FCA
S.M.S.S.Bandara MBA, FCA, D.S.De Silva LLB, Attorney - at - Law ACA, ACMA (UK), CGMA

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# INDEPENDENT AUDITOR'S REPORT

2. Deposits and Pre-payments: Advance against Key Management Personnel Emoluments - Rs. 41,875,000/=

   As per the Board Resolution No. 02/2025, the Company has approved an advance payment of Rs. 52,500,000/= representing twenty per cent (20%) of the expected future profit-sharing arising from the proposed disposal of its leasehold land.

   Pursuant to this resolution, the Company has granted an advance/interest free loan of Rs. 41,875,000/= to the Executive Director / Managing Director during the year under review as part of the expected future profit-sharing from the disposal proceeds. According to the books of accounts, this amount has been recognised as "Advance - ED Profit Sharing" and presented in the Financial Statements under "Advance against Key Management Personnel Emoluments."

   In our opinion, the granting of this advance /interest free loan constitutes to non-compliance with Section 217 of the Companies Act, No. 07 of 2007, as the conditions prescribed under that section for granting loans or advances to a Director had not been satisfied.

3. Property, Plant and Equipment

   I. Additions During the Year: Multimedia Camera Equipment

      During the reporting year, the Company has recorded a purchase of multimedia camera equipment amounting to Rs. 4,205,500/= as additions to Property, Plant and Equipment. However, these assets have been subsequently handed back to the original supplier of this equipment without charging a fee from the former seller, and thus, they have not been used to generate a source of income for the Company during the year.

      In addition to the above, a consultancy fee of Rs. 1,650,000/= also had been paid to the same supplier who has provided the multimedia camera equipment. However, no formal agreement has been made available to support the nature, scope, terms or basis of the consultancy services and the related payment that has been made.

      As a result of this, we were unable to obtain sufficient and appropriate audit evidence to determine the commercial substance of this transaction. Further, we could not assess whether the Company received any economic benefits from the purchase of the equipment or whether the related accounting treatment in the Financial Statements is appropriate.

   II. Disposals During the Year : Motor Vehicle and Office Equipment

      During the year, the Company derecognised Motor Vehicle with a cost of Rs. 2,270,705/= and Office Equipment with a cost of Rs. 5,205,723/=. Both had been fully depreciated. These assets had been disposed of in prior years but had not been removed from the books of accounts until the current year, when they were derecognised through general ledger clearing entries.

      We were not provided with an itemised listing of the assets derecognised, or with documentation evidencing the authorisation of the disposals, and the consideration, if any, received.

      Accordingly, we were unable to obtain sufficient appropriate audit evidence regarding the completeness and accuracy of these adjustments, and whether any proceeds from the disposals were appropriately accounted for.

# INDEPENDENT AUDITOR'S REPORT

4. Deferred Tax Liability : Rs. 88,323,177/= and Deferred Tax Asset : Rs. 29,029,430/=

   As stated in Note 5 to the Financial Statements, the Company has recognised a Deferred Tax Liability of Rs. 88,323,177/= and a Deferred Tax Asset of Rs. 29,029,430/= as at the reporting date.

   We were unable to determine whether these balances were correctly stated, as the Company had not correctly determined the taxable temporary differences arising from changes in the fair value of the investment property. In determining the taxable temporary difference arising from the fair value of the Investment Property, the Company has deducted an amount of Rs. 550,000,000/= for the purpose of deferred taxation. We were not provided with sufficient appropriate evidence to support this deduction.

   Further, the Company had recognised a Deferred Tax Asset on unused tax losses without adequately considering the availability of sufficient taxable temporary differences or convincing evidence of future taxable profits.

   Accordingly, the Deferred Tax Liability and Deferred Tax Asset may be materially misstated as at the reporting date.

5. Expenses and Outgoings

   I. The Company has incurred expenditure amounting to Rs. 7,231,415/= in relation to the "Bitumen" project during the year. The management has not furnished adequate supporting documentation, including project plans, approvals, agreements, progress reports, or other relevant evidence to substantiate the nature, purpose, commercial rationale, and business benefit of the project. Accordingly, we were unable to obtain sufficient appropriate audit evidence regarding the occurrence, validity, and appropriateness of the related expenditure recognized in the Financial Statements.

   II. Entertainment expenses amounting to Rs. 7,239,390 /= have been incurred by a Director on behalf of the Company and subsequently reimbursed by the Company during the year. Included in this amount were expenses amounting to Rs. 2,767,421 /= relating to prior periods.

   However, we have been unable to obtain sufficient appropriate audit evidence to establish the business purpose and nature of certain expenditures included within the reimbursed balance.

   Accordingly, we were unable to determine whether such expenditures were incurred wholly for the purposes of the Company's operations or whether the related reimbursements should have been identified, accounted for, and disclosed as related party transactions in accordance with LKAS 24 - "Related Party Disclosures".

6. Significant Deficiency in Internal Control Systems : Financial Reporting Process

   During the audit, the Company submitted six (6) successive sets of draft financial statements, each containing significant revisions to previously submitted reported amounts, classifications and disclosures. This indicates that the Company's financial reporting and period-end close controls including reconciliation and management review, did not operate effectively to prevent or detect misstatements in a timely manner.

**Emphasis of Matter**

We draw attention to Note 2.3 : Accounting Judgements, Estimates and Assumptions Related to the Investment, and Property and Note 24 : Events Occurring after the Financial Position Date to the Financial Statements, which describes the:

# INDEPENDENT AUDITOR'S REPORT

I. Proposed Disposal of the Investment Property : Corporate Disclosure

Pursuant to the Board Resolution dated 24th June 2025, the Board of Directors of the Company has resolved to sell the Investment Property to a designated buyer for a sum of Rs. 1,312,500,000/=, subject to obtaining the consent from the Urban Development Authority of Sri Lanka and the approval of the shareholders by way of special resolution.

II. Voluntary Offer (subsequently converted to a Mandatory Offer)

Arcasia Investment & Trading (Pvt) Ltd and ATX Partners (Pvt) Ltd made a voluntary offer to acquire all the issued shares in Industrial Asphalts (Ceylon) PLC amounting to three billion seven hundred and forty nine million four hundred and eleven thousand two hundred and fifty (3,749,411,250) shares at a price of Sri Lanka Cents Forty (Rs.0.40) per share. The Offer was approved by the Securities and Exchange Commission of Sri Lanka (SEC) on 24th July 2026 and the Voluntary Offer was converted to a Mandatory Offer with effect from 24th August 2026 with the acceptance of the offer by 50.16% shareholding. In terms of the Offer Document, the Offer has become unconditional as to acceptances,with effect from 24th August 2026.

Our opinion is not modified in respect of these matters emphasized.

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

The 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 responsibility is to conduct an audit of the Company's Financial Statements in accordance with Sri Lanka Auditing Standards and to issue an Auditor's Report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these Financial Statements.

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.

**Report on Other Legal and Regulatory Requirements**

Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, the Company has not complied with section 151 of the Companies Act No. 07 of 2007.

The CA Sri Lanka membership number of the Engagement Partner responsible for signing this Independent Auditor's Report is FCA 391.

B. R. DE SILVA & CO.
Chartered Accountants
Colombo 05.
Date 12/10/2026, LCP/PN/(1)/803

# STATEMENT OF FINANCIAL POSITION

AS AT 31ST MARCH

| | NOTE | 2026 | 2025 |
|---|---|---|---|
| | | Rs | Rs. |
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| Property, Plant & Equipment | 1 | 7,491,673 | 3,519,899 |
| Investment Property | 2 | 1,447,000,000 | 1,325,000,000 |
| Right Of Use Asset | 3 | 23,757,634 | 506,643 |
| | | 1,478,249,307 | 1,329,026,542 |
| Intangible Assets | 4 | - | - |
| Deferred Tax Asset | 5 | 29,029,430 | 33,959,360 |
| | | 1,507,278,737 | 1,362,985,902 |
| **Current Assets** | | | |
| Prepayments & Other Receivables | 6 | 42,758,525 | 1,404,027 |
| Financial Assets at Fair Value through Profit or Loss | 7 | 119,333,387 | 158,637,744 |
| Other Financial Assets | 8 | 22,570,086 | 93,583,129 |
| WHT Recoverable | 9 | 13,848,649 | 9,215,952 |
| Cash & Cash Equivalents | 10 | 164,344 | 130,310 |
| | | 198,674,991 | 262,971,162 |
| **TOTAL ASSETS** | | 1,705,953,728 | 1,625,957,064 |
| **EQUITY & LIABILITIES** | | | |
| **Capital & Reserves** | | | |
| Stated Capital | 11 | 156,642,070 | 156,642,070 |
| General Reserve | 12 | 15,141,299 | 15,141,299 |
| Retained Profit/(Loss) | | 1,294,791,763 | 1,238,857,813 |
| | | 1,466,575,132 | 1,410,641,182 |
| **Non-Current Liabilities** | | | |
| Deferred Tax Liability | 5 | 88,323,177 | 44,223,178 |
| Retirement Benefit Obligations | 13 | 18,906,485 | 16,500,375 |
| Lease Payable after one year | 14 | 10,208,353 | - |
| | | 117,438,015 | 60,723,553 |
| **Current Liabilities** | | | |
| Payable on Equity Investments | | - | 45,572,818 |
| Lease Payable within one year | 14 | 3,959,787 | 260,054 |
| Accrued Expenses | 15 | 6,995,318 | 5,822,731 |
| Refundable Rent Deposit Received | 16 | 35,400,000 | 35,400,000 |
| Unclaimed Dividends | | 1,684,775 | 1,684,775 |
| Bank Overdraft | 10 | 73,900,700 | 65,851,951 |
| | | 121,940,581 | 154,592,329 |
| **TOTAL EQUITY & LIABILITIES** | | 1,705,953,728 | 1,625,957,064 |

The Notes to the Financial Statements from pages 60 to 89 form an integral part of these Financial Statements.
I certify that these Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.

Sgd.
S. Fernanado
**Financial Controller**

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
Signed for and on behalf of the Board by:-

Sgd.
G. Ramanan
**Director**

Sgd.
R.Kishore Ignatius
**Director**

9th October 2026

# STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH

| | NOTE | 2026 Rs. | 2025 Rs. |
|---|---|---|---|
| **Revenue** | 17 | 89,915,058 | 62,926,169 |
| Other Income | 18 | 20,398,910 | 125,000 |
| Administrative Expenses | | (94,145,165) | (74,507,780) |
| Surplus on Revaluation of Investment Property | 2 | 122,000,000 | 47,182,000 |
| **Results from Operating Activities** | | 138,168,803 | 35,725,389 |
| Unrealized Gain/ (Loss) on Financial Asset at FVTPL | | (25,533,630) | 16,573,138 |
| Finance Cost | 19 | (8,760,021) | (15,007,358) |
| Net Finance Income/(Charges) | | (8,760,021) | (15,007,358) |
| Profit/(Loss) Before Taxation | | 103,875,152 | 37,291,169 |
| Income Tax (Expenses)/Reversal | 21 | (49,356,547) | (9,428,060) |
| **Net profit/(loss) for the year** | | 54,518,605 | 27,863,109 |
| **Other comprehensive income/(expenses) for the year** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| Actuarial gain/(loss) on defined benefit plans | 13 | 1,088,727 | (2,172,071) |
| Tax effects on Other Comprehensive Income | 21 | 326,618 | 651,621 |
| Other comprehensive income/(expenses) for the period, net of tax | | 1,415, 345 | (1,520,450) |
| **Total comprehensive income/(expenses) for the period** | | 55,933,950 | 26,342,659 |
| **Profit attributable to:** | | | |
| Equity Holders | | 54,518, 605 | 27,863,109 |
| **Total comprehensive income attributable to:** | | | |
| Equity Holders | | 55,933,950 | 26,342,659 |
| **Earnings per share** | | | |
| Diluted & Basic Earnings/(Loss) per Ordinary Share (Rs) | 22 | 0.01 | 0.01 |

The Notes to the Financial Statements from pages 60 to 89 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH

| | Stated Capital Rs | General Reserve Rs | Retained Earnings Rs | TOTAL Rs |
|---|---|---|---|---|
| **Balance as at 31st March 2024** | 156,642,070 | 15,141,299 | 1,212,515,154 | 1,384,298,523 |
| Net Profit for the period | - | - | 27,863,109 | 27,863,109 |
| **Other comprehensive income/(expenses) net of tax** | | | | |
| Actuarial gain/(loss) on defined benefit plans | - | - | (2,172,071) | (2,172,071) |
| Tax effects on Other Comprehensive Income | - | - | 651,621 | 651,621 |
| **Total Comprehensive Income/(Expenses) for the period** | - | - | 26,342,659 | 26,342,659 |
| **Transactions with Equity Holders** | | | | |
| Dividend to Equity Holders | - | - | - | - |
| Shares issued during the year | - | - | - | - |
| | - | - | - | - |
| **Balance as at 31st March 2025** | 156,642,070 | 15,141,299 | 1,238,857,813 | 1,410,641,182 |
| Net Profit for the period | - | - | 54,518,605 | 54,518,605 |
| **Other comprehensive income/(expenses) net of tax** | | | | |
| Actuarial gain/(loss) on defined benefit plans | - | - | 1,088,727 | 1,088,727 |
| Tax effects on Other Comprehensive Income | - | - | 326,618 | 326,618 |
| **Total Comprehensive Income/(Expenses) for the period** | - | - | 55,933,950 | 55,933,950 |
| **Transactions with Equity Holders** | | | | |
| Dividend to Equity Holders | - | - | - | - |
| Shares issued during the year | - | - | - | |
| - | | | | |
| **Balance as at 31st March 2026** | 156,642,070 | 15,141,299 | 1,294,791,763 | 1,466,575,132 |

The Notes to the Financial Statements from pages 60 to 89 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH

| | 2026 Rs. | 2025 Rs. |
|---|---|---|
| Profit/(Loss) before Taxation for the period | 103,875,152 | 37,291,169 |
| **Adjustments for** | | |
| Provision for Depreciation | 2,297,269 | 5,608,155 |
| Right Of Use Asset Depreciation | 4,839,988 | 1,013,286 |
| Surplus on revaluation of Investment Property | (122,000,000) | (47,182,000) |
| Unrealized (Gain) / Loss on Financial Asset at FVTPL | 25,533,630 | (16,573,138) |
| Fixed Asset Disposal (Gain) / Loss | (20,398,910) | (125,000) |
| Finance Cost | 8,760,021 | 15,007,358 |
| Provision for Gratuity | 3,494,837 | 12,979,023 |
| **Operating Profit before Working Capital Changes** | 6,401,987 | 8,018,853 |
| (Increase)/Decrease in Deposits & Prepayments | (41,354,498) | (918,326) |
| Increase/( Decrease) in Dividend Payables | - | - |
| Increase/( Decrease) in Accrued Expenses | 1,172,587 | 4,773,726 |
| | (33,779,924) | 11,874,253 |
| Interest Paid | (8,760,021) | (15,007,358) |
| Gratuity paid | - | (87,500) |
| WHT Paid | (4,632,697) | (4,072,101) |
| **Cash inflow/(outflow) from Operating Activities** | (47,172,641) | (7,292,706) |
| **Cash Flows from Investment Activities** | | |
| Purchase of Property, Plant & Equipment | (6,270,133) | (6,287,059) |
| Investment in Right of Use Assets | (11,838,240) | - |
| Investment in Quoted Companies | 13,770,728 | 102,826,641 |
| Settlement of Payable on Equity Investments | (45,572,818) | 455,453 |
| Investment in Other Financial Assets | 71,013,043 | (88,244,762) |
| Sales Proceeds from Property, Plant & Equipment | 20,400,000 | 125,000 |
| **Cash inflow/(outflow) from Investment Activities** | 41,502,580 | 8,875,273 |
| **Cash Flows from Financing Activities** | | |
| Repayment of lease liability | (2,344,652) | (472,299) |
| **Cash inflow/(outflow) from Financing Activities** | (2,344,652) | (472,299) |
| Net Change in Cash & Cash Equivalents | (8,014,715) | 1,110,268 |
| **Cash & Cash Equivalents** | | |
| At the beginning | (65,721,641) | (66,831,909) |
| Net change in Cash & Cash Equivalents as above | (8,014,715) | 1,110,268 |
| **At the end (Note below)** | (73,736,356) | (65,721,641) |
| **Cash & Cash Equivalents** | | |
| Cash at Bank & in Hand | 164,344 | 130,310 |
| Bank Overdraft | (73,900,700) | (65,851,951) |
| As at 31st March | (73,736,356) | (65,721,641) |

The Notes to the Financial Statements from pages 60 to 89 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH

## 1. REPORTING ENTITY

### 1.1 Corporate Information

Industrial Asphalts (Ceylon) PLC is a Public Limited Liability Company incorporated and domiciled in Sri Lanka. The registered office and the principal place of the business are located at MMBL Pathfinder Office Complex, No. 345/D, Negombo Road, Peliyagoda.

### 1.2 Principal activities & Nature of Operations

During the year, the principal activities of the Company were carrying out investment activities. The Company is an Investment Holding Company with interest in various ventures and investments included but not limited to the Bitumen space.

### 1.3 Number of Employees

The staff strength of the Company as at 31st March 2026 was 5 (2025 - 6 staff).

## 2. BASIS OF PREPARATION

### 2.1 Statement of Compliance

The Financial Statements comprising the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows together with Notes to the Financial Statements are prepared and presented in accordance with Sri Lanka Financial Reporting Standards (SLFRSs) and Sri Lanka Accounting Standards (LKASs), (hereafter "SLFRS") laid down by the Institute of Chartered Accountants of Sri Lanka (ICASL). The presentation of the Financial Statements is in compliance with the requirements of the Companies Act No. 07 of 2007.

The Financial Statements were authorised for issue by the Board of Directors on 9th October 2026.

### 2.2 Basis of Measurement

The financial statements have been prepared on a historical cost basis except where appropriate disclosures are made with regard to fair value under relevant notes.

### 2.3 Functional Currency & Presentation Currency

The financial statements are presented in Sri Lankan Rupees, unless otherwise indicated.

### 2.4 Presentation of Financial Statements

The assets and liabilities of the Company presented in the Financial Statements are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern. No adjustments have been made for inflationary factors affecting the Financial Statements.

### 2.5 Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by Sri Lanka Accounting Standards LKAS 1 Presentation of Financial Statements.

### 2.6 Off Setting

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 recognized amount and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the Statement of Comprehensive Income unless required to be permitted by the Accounting Standards or interpretation, and specifically disclosed in the Accounting Policies of the company.

### 2.7 Significant Accounting Judgment, Estimate and Assumption

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

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH

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

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the Financial Statements is included in the respective notes.

### 2.7.1 Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. The Board is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the Company. Therefore, the Financial Statements continue to be prepared on the going concern basis.

### 2.7.2 Employee Benefit Liability

The cost as well as the present value of defined benefit plans - gratuity is determined using Actuarial Valuations. The Actuarial Valuation involves making assumptions about discount rates, future salary increases and other important related data. Due to the long term nature of employee benefits, such estimates are subject to significant uncertainty. Further details of assumptions together with an analysis of their sensitivity as carried out by the management in relation to the above key assumptions are given in Note 12.

### 2.7.3 Useful Life-time of the Property, Plant and Equipment

The Company review the residual values, useful lives and methods of depreciation of Property, Plant and Equipment at each reporting date. Judgment of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

### 2.7.4 Allowance for Doubtful Debts

Company reviews at each reporting date all receivables to assess whether an allowance should be recorded in the Statement of Profit or Loss. Management uses judgment in estimating such allowance considering the duration of outstanding and any other factors management is aware of that indicates uncertainty in recoverability.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### 3.1 FINANCIAL INSTRUMENTS

#### 3.1.1 Financial assets

#### (a) Initial recognition and measurement

Financial assets within the scope of SLFRS 9 are classified as amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. This assessment is referred to as the solely payments of principal and interest (SPPI) test and is performed at an instrument level. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

The Company's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables, quoted and unquoted financial instruments.

**(b) Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories

- Financial assets at amortized cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses
- Assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

**(c) Debt instruments**

➢ **Financial assets at amortized cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. The Company measures financial assets at amortized cost if both of the following conditions are met:

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

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired

➢ **Financial assets at fair value through OCI**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI.

The company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH

in other gains/ (losses). Interest income from theses financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line items in the income statement.

**(d) Equity Instruments**

- **Financial assets designated at fair value through OCI**

  Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under SLFRS 9 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

  Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

- **Financial assets at fair value through profit or loss**

  Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

  Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

  This category includes derivative instruments and listed equity investments which the company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established

**(e) Derecognition**

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH

**(f) Impairment of financial assets**

From 1 April 2018, the company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

**3.1.2 Financial liabilities**

**(a) Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, carried at amortized cost. This includes directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings.

**(b) Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

- **Financial liabilities at fair value through profit or loss**

  Financial liabilities at fair value through profit or loss financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

  Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by SLFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

**(c) Loans and borrowings**

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

**(d) Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH

When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

**(e) Offsetting of financial instruments**

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

**3.2 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. When measuring fair value of an asset or liability, the Company uses observable market data as far as possible.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows,

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

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

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

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

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

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

- In the principal market for the asset or liability

  or

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

  Or

  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 in 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH

### 3.3 Taxation

#### 3.3.1 Income Tax

Provision for the income tax liability is made on the basis of the profit for the year as adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and the subsequent amendments.

Current income tax assets and liabilities for the current and prior periods consist of amounts expected to be recovered from or paid to the Commissioner General of Inland Revenue. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

#### 3.3.2 Deferred Taxation

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

Deferred tax liabilities are recognised for all taxable temporary differences: except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and

Deferred tax assets is recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilized.

Industrial Asphalts (Ceylon) PLC reviews the carrying amount of deferred tax assets at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Company measures Deferred tax assets and liabilities at the tax rates that are expected to be applied to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Company recognizes in equity the deferred tax relating to items recognized directly in equity, and not in the income statement.

### 3.4 Events Occurring After the Reporting Date

All material events after the reporting date have been considered and where appropriate, adjustments or disclosures have been made in respective notes to the financial statements.

### 3.5 Property, Plant & Equipment

Items of property, plant and equipment except for land and buildings are stated at costs less accumulated depreciation and impairment. Such cost includes expenditure that is directly attributable to the acquisition of the asset and cost of replacing part of the asset when that cost is incurred, if the recognition criteria are met.

Land and buildings are stated at fair value less depreciation and impairment charged subsequent to the date of the revaluation.

Land and buildings of the Company are revalued at once in every 3-5 years on a roll over basis to ensure that the carrying amounts do not differ materially from the fair values at the reporting date.

On revaluation of an asset, any increase in the carrying amount is recognised to the revaluation reserve included in the equity section of the statement of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss, in which case the increase is recognized in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH

We recognize a revaluation deficit in profit or loss, except that a deficit directly offsetting a previous surplus on the same asset is directly offset against the surplus in the asset revaluation reserve.

**Subsequent Cost**

These are costs that are recognized in the carrying amount of an item if it is probable that the future economic benefits embodied within that part will flow to the company and it can be measured.

**Restoration Cost**

Expenditure incurred on replacement repairs or maintenance of Property, Plants Equipment in order to restore or maintain the future economic benefits expected from the originally assessed standard of performance is recognized as an expense when incurred.

**Reclassification to Investment Property**

When the use of a property changes based on commencement of an operating lease to another party, for a transfer from inventories to investment property, the property is measured at fair value and reclassified accordingly. Any difference between the fair value of the property at that date and its previous carrying amount shall be recognized in profit or loss.

**De-recognition**

Company derecognizes an item of property, plant and equipment upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

**Depreciation**

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives. Depreciation is generally recognized in profit or loss, unless the amount is included in the carrying amount of another asset. We do not depreciate land.

| .Class of Asset | % per Annam |
|---|---|
| Plant & Machinery | 10% |
| Office, Computer Equipment | 25% |
| Motor Vehicles | 25% |
| Building | 2% |
| Other Equipment | 25 |

Company now determines the depreciation charge separately for each significant part of an item of property, plant and equipment and begins to depreciate when it is available for use, rather than adopting a method whereby property, plant and equipment are depreciated fully in the year of disposal with no such charge being accounted for in the year of purchase.

**3.6 Investment Properties**

Investment property is property held either to earn rental income or capital appreciation or for both, but not for sale on the ordinary course of business, use in production or supply of goods and services or for administrative purposes.

**Basis of Recognition and Measurement**

Investment Properties are measured initially at cost. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions as at the reporting date. Gains or losses arising from changes in the fair values of investment properties are recognized in statement of profit or loss in the year in which they arise.

**De-recognition**

Investment Properties are derecognized 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 recognized in the statement of profit or loss in the year of retirement or disposal.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH

**Transfer to Investment Property**

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

**Determining Fair Value**

Formal valuations are carried out annually by a qualified valuer. External and independent valuers, having appropriate recognized professional qualifications and recent experience in the location and category of property being valued, values the Investment Property.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

**Disclosures**

**(a)** A reconciliation between the carrying amounts of investment property at the beginning and end of the period, showing the following: -

- Additions, disclosing separately those additions resulting from acquisitions and those resulting from subsequent expenditure recognized in the carrying amount of an asset
- Additions resulting from acquisition through business combinations
- Assets classified as held for sale or included in a disposal group classified as held for sale in accordance with SLFRS 5 (non-current assets held for sale) and other disposals
- Net gains or losses from fair value adjustments
- The net exchange differences arising on the translation of the financial statements into a different presentation currency, and on translation of a foreign operation into the presentation currency of the reporting entity
- Other changes

**(b)** The amounts recognized in profit or loss for,

- Rental income from investment property
- Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the period
- Direct operating expenses (including repairs and maintenance) arising from investment property that did not generate rental income during the period
- The cumulative change in fair value recognized in profit or loss on a sale of investment property from a pool of assets in which the cost model is used into a pool in which the fair value model is used

**(c)** Details of investment properties

- Location and extent
- Valuation techniques used in measuring fair value and significant unobservable inputs
- Valuation details - value details, effective date of valuation

## 3.7 Intangible Assets

**Basis of Recognition**

An Intangible Asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with LKAS 38 'Intangible Assets'. Accordingly, these assets are stated in the Statement of

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH

Financial Position at cost, less accumulated amortization and accumulated impairment losses, if any.

**Subsequent Expenditure**

Subsequent expenditure on Intangible Assets is capitalized only when it increases the future economic benefits embodied in these assets. All other expenditure is charged to the Income Statement when incurred.

**Useful Economic Lives, Amortization and Impairment**

The useful lives of Intangible Assets are assessed to be either finite or indefinite. The company does not possess intangible assets with indefinite useful lives. Useful economic lives, amortization and impairment of finite and indefinite intangible assets are described below:

Intangible Assets with Finite Lives and Amortization

Intangible Assets with finite lives are amortized over the useful economic lives. The amortization period and the amortization method for an intangible asset with finite useful life are reviewed at least at each Balance Sheet date. Changes in the expected useful life or the expected pattern of consumption of future economic benefit embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the Income Statement as an expense.

**Computer Software**

All computer software costs incurred, licensed for use by the Company, which are not integrally related to associated hardware, which can be clearly identified, reliably measured and it is probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category of intangible assets and carried at cost, less accumulated amortization and accumulated impairment losses, if any.

**Amortization of Intangible Assets**

Intangible assets are amortized using the straight line method to write down the cost over its estimated useful economic lives. Effective rates are as follows: -

| Class of Asset | % per Annam |
|---|---|
| Software | 50% |

The unamortized balances of intangible assets with finite lives are reviewed for impairment whenever there is an indication for impairment and recognized as expenses in the Income Statement to the extent that they are no longer probable of being recovered from the expected future benefits.

**De-recognition of Intangible Assets**

Intangible assets are derecognized on disposal or when no future economic benefits are expected from its use. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Income Statement.

**3.8 Leases**

**Right of use assets**

The Company recognizes right of use assets when the underlying asset is available for use. Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right of use assets are subject to impairment.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH

**Lease liabilities**

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

**Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

## 3.9 Inventories

Inventories are valued at the lower of cost or net realizable value after making due allowances for obsolete and slow moving items. Net realizable value is the price at which inventories can be sold in the ordinary course of business less estimated cost of completion and estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and conditions are accounted using the following cost formula: -

| | | |
|---|---|---|
| Raw Material weighted | - | At actual cost on average cost basis |
| Finished Goods & Work-in- Progress | - | At the cost of direct materials, fixed labour and an appropriate proportion of manufactory overheads based on normal capacity. |
| Goods in Transits | - | At actual cost. |

## 3.10 Impairment of Non-Financial Assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventory and deferred tax assets) to determine whether there is any indication of impairment. If any such indicator exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs

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

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds it recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have determined, net of depreciation or amortisation, if no impairment loss had been recognised.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH

### 3.11 Cash and Cash Equivalents

Cash and Cash Equivalents comprise of cash at bank and in hand balances. Cash and bank balances are stated at recoverable values. Bank overdrafts form an integral part of the Company's cash management and are included as a component of cash and cash equivalents for the purpose of preparing the Statement of Cash Flows.

### 3.12 Liabilities and Provisions

#### 3.12.1 Provisions

When company has a present obligation (legal or constructive) as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the company can reliably estimate the amount of the obligation, we recognize it as a provision in accordance with LKAS 37 - Provisions, Contingent Liabilities and Contingent Asset.

#### 3.12.2 Retirement Benefit Obligations

##### 3.12.2.1 Defined Benefit Plan - Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company is liable to pay retirement benefits under the Payment of Gratuity Act No. 12 of 1983. Provision has been made for retirement gratuities using "Project Unit Credit" (PUC) method as recommended by LKAS 19 "Employee Benefits". The present value of the defined benefit obligation is determined by discounting the estimated future cash flows based on the actuarial valuation carried out by an independent qualified actuary. The assumptions based on which the results of actuarial valuation was determined are included in Notes to the Financial Statements. Remeasurement of the defined benefit liability, which comprises actuarial gains and losses are recognised immediately in Other Comprehensive Income. The Company recognises the increase in defined benefit liability attributable to the current service cost in Profit or Loss together with the interest expenses. The liability is not externally funded.

However, under the payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continues service.

##### 3.12.2.2 Defined Contribution Plans - Employees' Provident Fund & Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statues and regulations. The Company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

### 3.13 Income Statement

#### Discontinued Operations

Discontinued operations are excluded from the results of continuing operations and are presented separately in the statement of comprehensive income.

#### Contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services are 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH

**Goods transferred at a point in time**

Under SLFRS 15, revenue is recognised upon satisfaction of performance obligation. The revenue recognition occurs at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

**Services transferred over time**

The company determines at contract inception whether it satisfies the performance obligation over time or at a point in time. For each performance obligation satisfied overtime, the company recognizes the revenue over time by measuring the progress towards complete satisfaction of that performance obligation

The following specific recognition criteria are used for the purpose of recognition of revenue that are in the scope of SLFRS 15:

**(a) Sale of Goods**

Revenue from sale of goods is recognized when the control of the goods have passed to the buyer, usually on delivery of the goods; with the Company not retaining neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

**(b) Interest**

Revenue is recognised on a time proportion basis that takes in to accounts the effective interest rate on asset.

**(c) Dividends**

Dividend Income is recognized when the shareholders' right to receive the payment is established.

**(d) Rental Income**

Rental Income arising on investment properties is accounted for on a straight-line basis over the lease terms.

**(e) Others**

Other income is recognized on an accrual basis.

**Borrowing Costs**

Borrowing costs are recognized as an expense in the year in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction, or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of that asset. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using Company's weighted average cost of borrowing after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investments. Interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for development, but only where activities necessary to prepare the asset for redevelopments are in

**Foreign Currency Translation**

Foreign currency gains or losses are reported on a net basis.

**3.14 Comparative figures**

Where necessary, the comparative figures have been reclassified to conform to the current year's presentation.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH

### 3.15 Earnings per share

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH

## 1 PROPERTY, PLANT & EQUIPMENT

| | Motor Vehicles Rs. | Office Equipment Rs. | Total Rs. |
|---|---|---|---|
| **Cost/ Valuation** | | | |
| Balance as at the beginning of the year | 24,972,078 | 19,671,797 | 44,643,875 |
| Additions during the year | - | 6,270,133 | 6,270,133 |
| Disposals during the year | (21,120,138) | (5,451,723) | (26,571,861) |
| Balance as at the end of the year | 3,851,940 | 20,490,207 | 24,342,147 |
| **Accumulated Depreciation** | | | |
| Balance as at the beginning of the year | 24,552,473 | 16,571,502 | 41,123,976 |
| Depreciation charge for the year | 139,868 | 2,157,401 | 2,297,269 |
| Disposals during the year | (21,119,048) | (5,451,723) | (26,570,771) |
| Balance as at the end of the year | 3,573,293 | 13,277,180 | 16,850,474 |
| **Net Book Value:** | | | |
| **As at 31st March 2026** | **278,647** | **7,213,026** | **7,491,673** |
| As at 31st March 2025 | 419,604 | 3,100,295 | 3,519,899 |
| **Impairment Provision:** | | | |
| **As at 31st March 2026** | **-** | **-** | **-** |
| As at 31st March 2025 | - | - | - |
| **Carrying Amount:** | | | |
| **As at 31st March 2026** | **278,647** | **7,213,026** | **7,491,673** |
| As at 31st March 2025 | 419,604 | 3,100,295 | 3,519,899 |

**1.1** Motor vehicles disposals include a fully depreciated motor vehicle amounting to the value Rs. 2,270,705/- which was disposed in 2021.The motor vehicle disposal was omitted from the financial statements in 2021, due to an oversight and subsequent adjustments were made to the financial statements in the year ended 31 March 2026.

## 2 INVESTMENT PROPERTY

| | 2026 Rs | 2025 Rs |
|---|---|---|
| Balance B/F | **1,325,000,000** | 1,277,818,000 |
| Transfers from/ (to) Property, Plant & Equipment | **-** | - |
| Change in Fair Value (Note 2.1) | **122,000,000** | 47,182,000 |
| FAIR VALUE | **1,447,000,000** | 1,325,000,000 |

Changes in the fair values are recognized as gain in profit or loss. All gains are unrealized.

### 2.1 AMOUNT RECOGNISED IN THE STATEMENT OF PROFIT OR LOSS FOR THE INVESTMENT PROPERTY

| | 2026 Rs | 2025 Rs |
|---|---|---|
| Rental Income (Note 17) | **46,307,625** | 40,710,000 |
| Surplus on Revaluation of Investment Property | **122,000,000** | 47,182,000 |
| Direct Operating Expenses | **-** | - |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH

## 2.2 DETAILS OF INVESTMENT PROPERTY

Investment Property represents Land & Building at No.28/1, New Nuge Road, Peliyagoda, which is under a 99 year old lease (commence from 04th June 1984) with the Urban Development Authority and with a provision for renewal for a further term of 99 years.

| | |
|---|---|
| Effective date of valuation | **31st March 2026** |
| Total Land extent | **02A - 00R - 30.5P** |
| Number of Buildings | **2** |

## 2.3 ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS RELATED TO INVESTMENT PROPERTY

Investment Properties of the Company are accounted for on the fair value model.

The Company obtained a valuation report for 31 March 2026 from Mr. N.A.A.D. Siri Nissanka, Chartered and Incorporated Valuer – FIV, FSVA, MSIZ, IRRV, FIABIC, on the basis of the Direct Capital Comparison Method. Mr. Nissanka's valuation treats the land as compensation land, received by the Company from the Government of Sri Lanka in lieu of freehold land lost during the 1983 civil disturbances, and accordingly values it on an effectively freehold basis. On this basis, the valuation given by Mr. Nissanka for 31 March 2026 is Rs. 1,850,000,000/-.

Subsequently, the Investment Property was revalued by Mr. Thushal De Silva – FRICS of KPMG Real Estate & Valuation Services (Private) Limited. KPMG's valuation instead reflects the Company's present leasehold interest in the land, for the remaining term of the lease, and applies the Comparison Method to the leasehold land interest and the Depreciated Replacement Cost (DRC) method to the building. Under this approach, the land element is valued by determining an equivalent market rental for the freehold land and converting it to a capital value for the remaining lease term of 57.21 years, using yields appropriate to leasehold interests of this nature. On this basis, the total fair valuation given by KPMG for the Investment Property as at 31 March 2026 is Rs. 1,447,000,000/-.

### Valuation of the investment property for 31 March 2026

| | |
|---|---|
| Leasehold land value | 1,336,000,000 |
| DRC value of the building | 111,000,000 |
| Total Valuation for 31 March 2026 | 1,447,000,000 |

The Board of Directors has considered both valuations and, having regard to the Company's present leasehold interest in the land, has adopted the more conservative valuation of Rs. 1,447,000,000/- given by KPMG Real Estate & Valuation Services (Private) Limited as the basis for the carrying value of the Investment Property as at 31 March 2026.

Investment property were appraised in accordance with LKAS 40 and International Valuation Standards published by the International Valuation Standards Committee (IVSC) and Royal Institution of Chartered Surveyors (RICS) Valuation - Global Standards (the "Red Book"), by the independent valuers.

In determining the fair value, the current condition of the property and future usability have been considered. Additionally the valuer has made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are approximated within appropriate range of values.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH

Investment Properties are considered under Level 2 of the fair value hierarchy.

**The following Investment properties are revalued during the financial year 2025/2026**

| Location | Type of Assets | Significant unobservable input Market value of purchase price | Fair value LKR Mn. | Correlation to fair value |
|---|---|---|---|---|
| No. 28/1, New Nuge Road, Peliyagoda | Land & Building | Rs.4.5 Mn | 1,447,000,000 | Positive |

The sensitivity of the Statement of Profit or Loss and Statement of Financial Position is the effect of the assumed changes in Market value of purchase price (taken individually, while other variables are held constant) on the profit or loss and carrying value of Investment Property for the year.

| | Fair Value/Gain or (Loss) on Investment Property Valuation Rs Mn | Investment Property Valuation Rs Mn |
|---|---|---|
| If Market value of purchase price Increases By 0.10% | 1.4 | 1,448.4 |
| If Market value of purchase price Decreases By 0.10% | (1.4) | 1,445.5 |

The Board of Directors of Industrial Asphalts (Ceylon) PLC on 24th July 2025 resolved, to sell the investment property situated at No. 28/1, New Nude Road, Peliyagoda to a designated buyer (not being a related party as per CSE Listing Rules) for a sum of Sri Lankan Rupees One Billion Three Hundred and Twelve Million Five Hundred Thousand (LKR 1,312,500,000/-), subject to obtaining the consent of the Urban Development Authority of Sri Lanka, and the approval of the shareholders by way of a Special Resolution.

## 3 RIGHT OF USE ASSETS

**3.1** The Company entered into a lease agreement with Pathfinder (Pvt) Ltd, located at 345/D, Negombo Road, Peliyagoda, for the rental of office premises. The lease commenced on 01st October 2025 and is due to expire on 30th September 2027, covering a lease term of 24 months.

| ASSET CLASS- BUILDING | 2026 | 2025 |
|---|---|---|
| Opening Balance | 506,643 | 1,519,929 |
| Additions | 2,272,738 | - |
| Disposals/ Terminations | - | - |
| Depreciation Charges | (1,074,828) | (1,013,286) |
| Closing Balance | 1,704,554 | 506,643 |

In determining lease liabilities and the corresponding right-of-use (ROU) assets in accordance with SLFRS 16, the Company applied a discount rate based on management's judgement. As the Company does not have any existing long-term borrowings, an incremental borrowing rate could not be directly derived from its own financing arrangements. Therefore, management estimated an appropriate rate by referencing prevailing market interest rates for borrowings with similar terms and risk characteristics.

A discount rate of 11% was applied, reflecting management's best estimate of the rate the Company would be expected to incur in the current economic environment for similar lease arrangements. This estimate involves significant judgement, and any reasonable change in the discount rate would have a material impact on the measurement of lease liabilities and right-of-use assets. A sensitivity analysis of the lease liability to changes in the discount rate is presented below.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH

| | Effect on financial position trough the ROU Asset | Effect on financial position trough the lease Liability |
|---|---|---|
| If Discount Rate Increases By 1% | (7,927) | (6,254) |
| If Discount Rate Decreases By 1% | 8,107 | 6,376 |

**3.2** The Company entered into a new lease agreement for purchase of motor vehicle on 3rd September 2025, covering a lease period of 48 months. A discount rate of 11% was applied based on the lease agreement with Commercial Bank of Ceylon PLC.

| ASSET CLASS- MOTOR VEHICLE | 2026 | 2025 |
|---|---|---|
| Opening Balance | - | - |
| Additions | 25,818,240 | - |
| Disposals/ Terminations | - | - |
| Depreciation Charges | (3,765,160) | - |
| Closing Balance | 22,053,080 | - |

## 4 INTANGIBLE ASSETS

| | 2026 Rs | 2025 Rs |
|---|---|---|
| **Cost** | | |
| Balance at the beginning of the year | 266,899 | 266,899 |
| Additions during the year | - | - |
| Balance at the end of the year | 266,899 | 266,899 |
| **Accumulated amortization** | | |
| Balance at the beginning of the year | 266,899 | 266,899 |
| Amortization Charge for the year | - | - |
| Balance at the end of the year | 266,899 | 266,899 |
| **WDV** | - | - |

Intangible Assets of the Company represents the Accounting Software of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH

## 5 DEFERRED TAX LIABILITY / (ASSET)

| | | 2026 Rs | 2025 Rs |
|---|---|---|---|
| | Balance at the beginning of the year | 10,263,818 | 1,487,379 |
| | Charge/(Reversal) for the year | 49,029,929 | 8,776,439 |
| | Balance at the end of the year | 59,293,747 | 10,263,818 |
| **5.1** | Deferred Tax Asset | (29,029,430) | (33,959,360) |
| | Deferred Tax Liability | 88,323,177 | 44,223,178 |
| | Net Deferred Tax Liabilities | 59,293,747 | 10,263,818 |
| **5.2** | Deferred Tax on Gratuity | (5,998,564) | (4,298,491) |
| | Deferred Tax on Actuarial Gain | 326,618 | (651,621) |
| | Deferred Tax on C/F Tax Losses - Note 5.3 | (19,966,025) | (28,160,399) |
| | Deferred Tax on Revaluation Surplus | 88,323,177 | 44,223,178 |
| | Deferred Tax on Property, Plant & Equipment | (514,612) | (778,872) |
| | Deferred Tax On Right Of Use Asset | (2,876,848) | (73,977) |
| | | 59,293,747 | 10,263,818 |

### 5.3 DEFERRED TAX ON CARRIED FORWARD TAX LOSSES

The Company recognises a deferred tax asset on carried forward unused tax losses as per LKAS 12 - Income Taxes. The Company utlises the carried forward unused tax losses against taxable investment income annually and has reasonable evidence that the unused carried forward tax losses will continue to be utlised against future taxable investment income.

Carried forward unused tax losses amounting to Rs.53,223,533/- will be expired by 31 March 2027. Therefore, the Company after evaluating the expected value of taxable investment income for FY 2026/27, has decided to impair 90% of the carried forward unused tax losses which expires by 31 March 2027. Accordingly, the carried forward unused tax losses balance for 31 March 2026 is Rs.66,553,416/-.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH

## 6 DEPOSITS & PREPAYMENTS

| | 2026 Rs | 2025 Rs |
|---|---|---|
| Refundable Deposit | 300,000 | 270,000 |
| Advance Payment for purchase of Motor Vehicle | - | 500,000 |
| Advance against Key Management Personnel emoluments - Note 25 | 41,875,000 | - |
| Loans to employees - Note 6.1 | 144,444 | - |
| Other Receivables | - | 223,353 |
| Prepayments | 439,081 | 410,674 |
| VAT Receivables | 3,600,597 | 3,600,597 |
| | 46,359, 122 | 5,004,624 |
| Less: Impairment for VAT Receivable | (3,600,597) | (3,600,597) |
| | 42,758, 525 | 1,404,027 |

### 6.1 LOANS TO EMPLOYEES

| | 2026 Rs | 2025 Rs |
|---|---|---|
| Balance at the beginning of the year | - | - |
| Loans granted during the year - Admin Staff | 260,000 | - |
| | 260,000 | - |
| Recovered during the year | (115,556) | - |
| Balance at the end of the year | 144,444 | - |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH

## 7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 2026 | | | 2025 | | |
|---|---|---|---|---|---|---|
| | No. of Shares | Fair Value Rs | Cost Rs | No. of Shares | Fair Value Rs | Cost Rs |
| **Investment in Quoted Companies** | | | | | | |
| Galadari Hotels (Lanka) PLC | - | - | - | 2,468,961 | 41,725,441 | 42,762,916 |
| Hatton National Bank PLC | - | - | - | 100,000 | 30,500,000 | 36,000,000 |
| Marawila Resorts PLC | - | - | - | 300,000 | 2,040,000 | 2,010,000 |
| Vallible Finance PLC | - | - | - | 31,798 | 1,720,272 | 1,682,114 |
| Sunshine Holdings PLC | - | - | - | 185,000 | 3,977,500 | 3,997,500 |
| Browns Investment PLC | - | - | - | 5,700,001 | 41,610,007 | 51,910,009 |
| Richard Pieris and Company PLC | - | - | - | 92,022 | 2,328,157 | 2,299,539 |
| CIC Holdings PLC | - | - | - | 75,000 | 8,793,750 | 8,839,951 |
| CIC Holdings PLC (Non-Voting) | - | - | - | 25,000 | 1,947,500 | 2,100,000 |
| First Capital Treasuries PLC | - | - | - | 383,179 | 8,813,117 | 9,598,503 |
| HNB Finance PLC | - | - | - | 175,000 | 700,000 | 700,000 |
| Lanka Milk Foods (CWE) PLC | - | - | - | 80,000 | 3,472,000 | 3,967,000 |
| Digital Mobility Solutions Lanka PLC | 563,250 | 77,306,063 | 88,912,813 | 100,000 | 7,310,000 | 8,821,556 |
| Royal Ceramics Lanka PLC | - | - | - | 100,000 | 3,700,000 | 3,693,682 |
| JAT Holdings PLC | 217,851 | 8,496,189 | 10,303,837 | - | - | - |
| Laugfs Gas PLC | 561,000 | 30,237,900 | 41,952,500 | - | - | - |
| Windforce PLC | 73,183 | 3,293,235 | 3,697,866 | - | - | - |
| TOTAL | | 119,333,387 | 144,867,016 | | 158,637,744 | 178,382,770 |

**7.1** The Company disposed the equity shares held in Digital Mobility Solution Lanka PLC and Laugfs Gas PLC subsequent to 31 March 2026.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH

## 8 OTHER FINANCIAL ASSETS

| | 2026 Rs | 2025 Rs |
|---|---|---|
| Short Term Investment in REPO | 22,319,403 | 93,332,445 |
| Investment in Fixed Deposits | 250,684 | 250,684 |
| | 22,570,086 | 93,583,129 |

## 9 WHT RECOVERABLE

| | 2026 Rs | 2025 Rs |
|---|---|---|
| WHT Recoverable | 9,215,952 | 5,143,851 |
| Gross Income Tax (Note 21) | - | - |
| | 9,215,952 | 5,143,851 |
| **Tax Credits** | | |
| WHT on Rent & Interest Income | 4,632,697 | 4,072,101 |
| | 13,848,649 | 9,215,952 |

## 10 CASH & CASH EQUIVALENTS

| | 2026 Rs | 2025 Rs |
|---|---|---|
| Cash at Bank | 119,465 | 96,803 |
| Cash in Hand | 44,879 | 33,507 |
| TOTAL | 164,344 | 130,310 |
| Less: Bank Overdraft | (73,900,700) | (65,851,951) |
| Cash & Cash Equivalents in the Cash Flow Statement | (73,736,356) | (65,721,641) |

## 11 STATED CAPITAL

| | 2026 Rs | 2025 Rs |
|---|---|---|
| Ordinary Shares as at the beginning of the year | 156,642,070 | 156,642,070 |
| Shares issued during the period | - | - |
| 3,749,411,250 Ordinary Shares as at the end of the year | 156,642,070 | 156,642,070 |

## 12 GENERAL RESERVES

| | 2026 Rs | 2025 Rs |
|---|---|---|
| General Reserves | 15,141,299 | 15,141,299 |

General reserves refer to transfers made from retained earnings in the previous years to meet any future contingencies of the Company.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH

## 13 RETIREMENT BENEFIT OBLIGATION

| | 2026 Rs | 2025 Rs |
|---|---|---|
| Balance at the beginning of the year | 16,500,375 | 1,436,781 |
| Current Service Cost | 1,679,796 | 1,627,815 |
| Interest Cost | 1,815,041 | 172,414 |
| Past Service Cost | - | 11,178,794 |
| Payments made during the year | - | (87,500) |
| Actuarial (Gain)/Loss | (1,088,727) | 2,172,071 |
| BALANCE AT THE END OF THE YEAR | 18,906,485 | 16,500,375 |

The Company carried out an actuarial valuation of the gratuity as at 31st March 2026 by Mr. K. Arumugam, IAI, Messrs. Actuarial and Management Consultant (Pvt) Ltd, a firm of professional actuaries. The valuation method used by the actuaries to value the liability is the "Projected Unit Credit Method", the method recommended by the LKAS 19.

| | |
|---|---|
| Discount rate | 11% |
| Future salary increase | 10% |
| Retirement Age | 60 |

### Sensitivity Analysis

A quantitative sensitivity analysis for significant assumptions as at 31st March 2026 is, as shown below

| | Effect on Profit or Loss | Present Value of Defined Benefit Obligation |
|---|---|---|
| If Discount Rate Increases By 1% | 972,908 | (972,908) |
| If Discount Rate Decreases By 1% | (1,049,980) | 1,049,980 |
| If Salary Increment Rate Increases By 1% | (1,116,564) | 1,116,564 |
| If Salary Increment Rate Decreases By 1% | 1,050,484 | (1,050,484) |

## 14 FINANCE LEASE LIABILITY

| | Amounts Payable After One year | Amounts Payable Within One year | 2026 Rs. | 2025 Rs. |
|---|---|---|---|---|
| Finance Lease Liability | 10,208,353 | 3,959,787 | 14,168,140 | 260,054 |
| | 10,208,353 | 3,959,787 | 14,168,140 | 260,054 |

### 14.1 Finance Lease Liability

| | 2026 Rs. | 2025 Rs. |
|---|---|---|
| Balance at the beginning of the year | 260,054 | 732,354 |
| Additions during the year | 16,252,738 | - |
| Interest expense for the year - Note 19 | 946,747 | 67,700 |
| Repayments during the year | (3,291,399) | (540,000) |
| Balance at the end of the year | 14,168,140 | 260,054 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH

## 15 ACCRUED EXPENSES

| | 2026 Rs. | 2025 Rs |
|---|---|---|
| Audit Fee Payable | 483,800 | 483,800 |
| Legal Fees Payable - Note 15.1 | 4,676,575 | - |
| Other Payables | 1,834,943 | 5,338,931 |
| | 6,995,318 | 5,822,731 |

### 15.1 Legal Fees Payable
Legal fees payable relates to the legal fee payable to the Law Firm, Varners, pertaining to the proposed sale of Investment Property, amounting to Rs.4,676,575/-.

## 16 REFUNDABLE RENT DEPOSIT RECEIVED
On 28th February 2018, the Company entered into an Agreement with Siam City Cement (Lanka) Ltd to lease out its property situated at No. 28/1, New Nuge Road, Peliyagoda, for a period of 10 years. According to the terms of the Lease Agreement, the Refundable Rent Deposit received as at 31st March 2019 amounted to Rs. 35.4 Million and the Lease Rental applicable from 1st May 2025 amounts to Rs. 3,901,375/- per month. As at the year end, the Refundable Rent Deposit balance amounted to Rs. 35.4 Million.

| | 2026 Rs | 2025 Rs |
|---|---|---|
| Opening Balance | 35,400,000 | 35,400,000 |
| Lease Rental Received during the period (Rs. 3,392,500 x 1 month) + (Rs.3,901,375 x 11 months) | 46,307,625 | 40,710,000 |
| Less: Income recognised (Rs. 3,392,500 x 1 month) + (Rs.3,901,375 x 11 months) | (46,307,625) | (40,710,000) |
| CLOSING BALANCE | 35,400,000 | 35,400,000 |

## 17 REVENUE

| | 2026 Rs | 2025 Rs |
|---|---|---|
| Rent Income from Investment Property | 46,307,625 | 40,710,000 |
| Dividend Income | 2,336,214 | 2,035,045 |
| Share Disposal Gain/(Loss) | 36,900,711 | 18,199,594 |
| Fixed Deposit and Other Interest Income | 19,886 | 22,015 |
| Repo Interest Income | 4,350,621 | 1,959,515 |
| | 89,915,058 | 62,926,169 |

Revenue comprises income earned in the ordinary course of the Company's principal investing activities, as permitted under the SLFRS Conceptual Framework (Presentation Of Financial statements) and LKAS1. These activities reflect the entity's business model and provide a true and fair view of its performance.

## 18 OTHER INCOME

| | 2026 Rs | 2025 Rs |
|---|---|---|
| Fixed Assets Disposal Gain/(Loss) | 20,398,910 | 125,000 |
| | 20,398,910 | 125,000 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH

## 19 FINANCE COST

| | 2026 Rs | 2025 Rs |
|---|---|---|
| Lease Interest Charge - Note 14.1 | 946,747 | 67,701 |
| Bank Charges | 94,708 | 48,970 |
| Overdraft Interest | 6,696,053 | 7,509,644 |
| Interest on Broker Credit | 1,022,514 | 7,381,043 |
| | 8,760,021 | 15,007,358 |

## 20 PROFIT/(LOSS) BEFORE TAXATION

| | 2026 Rs | 2025 Rs |
|---|---|---|
| **Profit/(Loss) before tax is stated after charging:** | | |
| Depreciation of Property, Plant & Equipment (Note 1) | 2,297,269 | 5,608,155 |
| Right Of Use Asset Depreciation (Note 3) | 4,839,988 | 1,013,286 |
| Personal Expenses (Note 20.1) | 17,468,504 | 25,014,545 |
| Directors Emoluments | 30,092,495 | 14,931,882 |
| Auditors Remuneration | 521,899 | 483,800 |
| **20.1** Salaries & Wages | 11,575,667 | 10,823,672 |
| Contribution to Defined Contribution Plans (EPF & ETF) | 2,398,000 | 1,211,850 |
| Contribution to Defined Benefit Plan for Gratuity | 3,494,837 | 12,979,023 |
| | 17,468,504 | 25,014,545 |

## 21 INCOME TAX EXPENSE/(REVERSAL)

| | 2026 Rs | 2025 Rs |
|---|---|---|
| **Current Tax Expense** | | |
| Income Tax for the Current Year | - | - |
| **Deferred Tax Expense** | | |
| Deferred Taxation | 49,356,547 | 9,428,060 |
| Deferred Tax OCI | (326,618) | (651,621) |
| **Total** | 49,029,929 | 8,776,439 |

**21.1** The Company is liable to Income Tax at 30% in accordance with the provisions of the Amendment Act No. 45 of 2022 passed in Parliament on 9th December 2022. The unused tax loss carried forward as at 31st March 2026 amounts to Rs. 66,553,416/-.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH

| 21.2 Reconciliation of accounting profit to income tax: | 2026 Rs | 2025 Rs |
|---|---|---|
| Profit/(Loss) before income tax | 103,875,152 | 37,291,169 |
| Tax effect on disallowable expenses - Note 21.3 | 42,569,129 | 23,139,013 |
| Tax effect on allowable expenses | (6,316,333) | (2,985,523) |
| Assessable charges | - | 125,000 |
| Income from separate sources - Note 21.4 | (165,085,058) | (86,296,122) |
| Total Business Income/(Loss) | (24,957,110) | (28,726,463) |
| Taxable Investment Income | 4,369,517 | 1,981,530 |
| Tax Losses set-off | (4,369,517) | (1,981,530) |
| Assessable Income/(Loss) | (24,957,110) | (28,726,463) |
| Less : Qualifying Payments | - | - |
| Business Income/(Loss) | (24,957,110) | (28,726,463) |
| Income Tax @ 30% | - | - |

| 21.3 Tax effect on disallowable expenses: | 2026 Rs | 2025 Rs |
|---|---|---|
| Depreciation of Property, Plant & Equipment | 2,297,269 | 5,608,155 |
| Right Of Use Asset Depreciation | 4,839,988 | 1,013,286 |
| Entertainment Expenses | 7,239,390 | 3,353,349 |
| Donations | 471,647 | 117,500 |
| Stock Brokering Fees | 8,603,914 | - |
| Expenses applicable to exempt income / final withholding payments | 14,675,339 | - |
| Lease Interest Expense | 946,747 | 67,701 |
| Provision for Gratuity | 3,494,837 | 12,979,023 |
| | 42,569,129 | 23,139,013 |

| 21.4 Income from separate sources : | 2026 Rs | 2025 Rs |
|---|---|---|
| **Excluded Amounts:** | | |
| Unrealized Gain/ (Loss) on Financial Asset at FVTPL | 25,533,630 | (16,573,138) |
| Fixed Assets Disposal Gain | (20,398,910) | (125,000) |
| Surplus on Revaluation of Investment Property | (122,000,000) | (47,182,000) |
| **Exempt Amount:** | | |
| Share Disposal Gain/(Loss) | (41,513,057) | (18,199,594) |
| **Amounts considered as Investment Income:** | | |
| Dividend Income | (2,336,214) | (2,234,861) |
| Interest Income on Fixed Deposit and REPO | (4,370,507) | (1,981,530) |
| | (165,085,058) | (86,296,123) |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH

## 22 DILUTED AND BASIC EARNINGS/(LOSS) PER ORDINARY SHARE

| | 2026 | 2025 |
|---|---|---|
| Profit/(Loss) for the year (Rs) | 55,171,841 | 27,863,109 |
| Weighted average Ordinary Shares in issue (nos) | 3,749,411,250 | 3,749,411,250 |
| Diluted and Basic Earnings/(Loss) per Ordinary Share (Rs) | 0.01 | 0.01 |

## 23 CAPITAL COMMITMENTS & CONTINGENCIES
There were no material capital commitments and contingencies as at 31st March 2026 .

## 24 EVENTS OCCURRING AFTER THE FINANCIAL POSITION DATE
No circumstances have arisen since the Balance Sheet date, which would require adjustments to or disclosure in the Financial Statements, except for the following disclosure.

**Binding share sale and purchase agreement and disposal of controlling interest in the Company -**
The Executive Director, Mr. Govindasamy Ramanan entered into a binding share sale and purchase agreement on 7th July 2026, with Arcasia Investment & Trading (Pvt) Ltd and ATX Partners (Pvt) Ltd, to sell one billion eight hundred million six hundred and ninety three thousand ten (1,800,693,010) amounting to approximately 48.03% of the total issued ordinary voting shares held by him in Industrial Asphalts (Ceylon) PLC. The market announcement pertaining to the same was published on the Colombo Stock Exchange on 8th July 2026.

**Voluntary Offer (subsequently converted to a Mandatort Offer) -**
Arcasia Investment & Trading (Pvt) Ltd and ATX Partners (Pvt) Ltd made a voluntary offer to acquire all the issued shares in Industrial Asphalts (Ceylon) PLC amounting to three billion seven hundred and forty nine million four hundred and eleven thousand two hundred and fifty (3,749,411,250) shares at a price of Sri Lanka Cents Forty (Rs.0.40) per share. The Offer was approved by the Securities and Exchange Commission of Sri Lanka (SEC) on 24th July 2026 and the Voluntary Offer was converted to a Mandatory Offer with effect from 24th August 2026 with the acceptance of the offer by 50.16% shareholding. In terms of the Offer Document, the Offer has become unconditional as to acceptances,with effect from 24th August 2026.

## 25 RELATED PARTY TRANSACTIONS
There were no recurrent or non-recurrent related party transactions during the financial year under review which require additional disclosures in the financial statements except for the following:-.

### 25.1 Transactions with Key Management Personnel
**Advance against Key Management Personnel emoluments**
Key Management Personnel comprise the Directors of the Company. During the year the Executive Director, Mr, G. Ramanan was granted an advance amounting to Rs.41,875,000/- against his future emoluments. The transaction was carried out based on Board approved Related Party Transactions Policy and based on Remuneration Committee and Board approval.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH

| | 2026 Rs | 2025 Rs |
|---|---|---|
| Advance against Key Management Personnel emoluments | 41,875,000 | - |

**Key Management Personnel Compensation**

Key management personnel comprise the Directors of the Company and details of compensation are given in Note 20 to the Financial Statements.

| | 2026 Rs | 2025 Rs |
|---|---|---|
| Short Term Employee Benefit | 30,092,495 | 14,931,882 |

## 26 ASSETS PLEDGED AS SECURITY

| Name of Bank | Facility Amount | Security | Carrying amount of Assets Pledged | |
|---|---|---|---|---|
| | | | 2026 Rs | 2025 Rs |
| Commercial Bank of Ceylon PLC | Overdraft - Rs.75 Mn | Investment Property at 28/1, New Nuge Road, Peliyagoda | 1,447,000,000 | 1,325,000,000 |

## 27 COMPARATIVE FIGURES

Certain comparative figures have been restated to conform to the classification and presentation adopted as at 31st March 2026.

## 28 FINANCIAL INSTRUMENTS

SLFRS 7 requires the disclosure of risk information to be based on the information provided internally to the entity's key management personnel, as defined in LKAS 24.

**Credit Risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was

| Maturity analysis of financial assets | Carrying amount | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|
| | | Less than 01 Year | | More than 1 year | | |
| | | 6 months or less | 6 - 12 months | 1 - 2 years | 2 - 5 years | 5 years |
| Other Financial Assets | 22,570,086 | 22,319,403 | 250,684 | - | - | - |
| Cash & Cash Equivalents | 164,344 | 164,344 | - | - | - | - |
| | **22,734,430** | 22,483,746 | 250,684 | **-** | **-** | **-** |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH

## 29 FINANCIAL INSTRUMENTS (CONTD.)

### Liquidity Risk

The following are the contractual maturities of financial liabilities,

| Maturity Analysis of Financial Liabilities | Carrying amount | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|
| | | Less than 01 Year | | More than 1 year | | |
| | | 6 months or less | 6 - 12 months | 1 - 2 years | 2 - 5 years | 5 years |
| Accrued Expenses | **6,721,723** | - | 6,721,723 | - | - | - |
| Bank Overdrafts | **73,900,700** | 73,900,700 | - | - | - | - |
| | **80,622,423** | 73,900,700 | 6,721,723 | - | - | **-** |

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

### Interest Rate Risk

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was;

| | Carrying Amount | |
|---|---|---|
| | 2025/2026 | 2024/2025 |
| **Fixed Rate Instruments** | | |
| Financial assets | 22,570,086 | 93,583,129 |
| Financial Liabilities | - | - |
| | 22,570,086 | 93,583,129 |
| **Variable Rate Instruments** | | |
| Financial assets | **-** | - |
| Financial Liabilities | **-** | - |
| | **-** | - |

### Fair Value Disclosures

| | Carrying Amount | Fair Value |
|---|---|---|
| **Financial assets** | | |
| Other Financial Assets | 22,570,086 | 93,583,128 |
| Cash and cash equivalents | 164,344 | 130,310 |
| | 22,734,430 | 93,713,438 |
| **Financial liabilities** | | |
| Accrued Expenses | 6,721,723 | 5,493,911 |
| Bank overdrafts | 73,900,700 | 65,851,950 |
| | 80,622,423 | 71,345,861 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH

## 30 FINANCIAL ASSETS & LIABILITIES BY CATEGORIES

Financial assets and liabilities in the tables below are split into categories in accordance with SLFRS 9.

### Financial Assets

| | 2026 Rs | 2025 Rs |
|---|---|---|
| **Financial Asset at Fair Value through P&L** | | |
| Investment in Quoted Company | 119,333,387 | 158,637,744 |
| | 119,333,387 | 158,637,744 |
| **Financial Asset at amortised cost** | | |
| Other Financial Assets | 22,570,086 | 93,583,128 |
| Cash and Cash Equivalents | 164,344 | 130,310 |
| | 22,734,430 | 93,713,438 |
| **Financial Liability** | | |
| **Financial Liabilities at amortised cost** | | |
| Accrued Expenses | 6,721,723 | 5,493,911 |
| Bank overdrafts | 73,900,700 | 65,851,950 |
| | 80,622,423 | 71,345,861 |

# FIVE YEAR FINANCIAL SUMMARY

## OPERATING RESULTS FOR THE PERIOD

| Year ended 31 March | 2026 | 2025 |
|---|---|---|
| **Continuing Operations** | | |
| Revenue | 89,915,058 | 62,926,169 |
| Other Income | 20,398,910 | 125,000 |
| Gross Profit | 110,313,968 | 63,051,169 |
| Results from operating activities | 138,168,803 | 35,725,389 |
| Unrealized Gain/ (Loss) on Financial Asset at FVTPL | (25,533,630) | 16,573,138 |
| Net Finance Income/ (Charges) | (8,760,021) | (15,007,358) |
| Profit/ (loss) before taxation | 103,875,152 | 37,291,168 |
| Tax (Expense)/ Reversal | (49,356,547) | (9,428,060) |
| Profit/ (loss) after taxation | 54,518,605 | 27,863,109 |
| **Profit/ (loss) from Discontinued Operations** | - | - |
| Profit/ (loss) for the year | 54,518,605 | 27,863,109 |
| Other Comprehensive Income/ (Expense) | 1,415,345 | (1,520,450) |
| **Total Comprehensive Income for the year** | 55,933,950 | 26,342,659 |
| **Total Comprehensive Income - Equity Holders** | 55,933,950 | 26,342,659 |
| **FINANCIAL POSITION** | | |
| Assets | | |
| Non-current Assets | 1,507,278,737 | 1,362,985,902 |
| Current Assets | 198,674,991 | 262,971,162 |
| **Total Assets** | 1,705,953,728 | 1,625,957,064 |
| **Equity** | | |
| Stated Capital | 156,642,070 | 156,642,070 |
| General Reserve | 15,141,299 | 15,141,299 |
| Retained Earnings | 1,294,791,763 | 1,238,857,813 |
| **Total Equity** | 1,466,575,132 | 1,410,641,182 |
| Non-current Liabilities | 117,438,015 | 60,723,553 |
| Current Liabilities | 121,940,581 | 154,592,329 |
| **Total Equity and Liabilities** | 1,705,953,728 | 1,625,957,064 |
| Ordinary Voting Shares (Nos.) | 3,749,411,250 | 3,749,411,250 |
| **RATIOS** | | |
| Return on Equity (ROE) - % | 4% | 2% |
| Basic Earnings per share (EPS) - Rs. | 0.01 | 0.01 |
| Current Ratio | 1.63 | 1.70 |
| Net Assets per share - Rs. | 0.39 | 0.38 |
| Debt to Equity Ratio (Times) | 0.16 | 0.15 |
| Equity Multiplier | 1.16 | 1.15 |
| Market price per share (end) - Rs. | 0.40 | 0.40 |
| Dividend per share (DPS) - Rs. | - | - |
| Dividend pay out Ratio (%) | - | - |
| Dividend pay out Ratio (%) | - | - |

Rs.

| 2024 (Restated) | 2023 | 2022 |
|---|---|---|
| 29,255,062 | 55,031,025 | 43,692,428 |
| - | - | - |
| 29,255,062 | 55,031,025 | 43,692,428 |
| 11,744,481 | 213,696,343 | 230,899,244 |
| 20,998,775 | (57,316,940) | - |
| (7,062,930) | (2,771,482) | (51,499) |
| 25,680,326 | 153,607,922 | 230,847,745 |
| (6,659,840) | (5,820,101) | 4,509,033 |
| 19,020,486 | 147,787,820 | 235,356,778 |
| - | - | (6,348,677) |
| 19,020,486 | 147,787,820 | 229,008,102 |
| (180,830) | (334,493) | 618,529 |
| 18,839,656 | 147,453,327 | 229,626,630 |
| 18,839,656 | 147,453,327 | 229,626,630 |
| | | |
| 1,303,260,121 | 1,271,548,777 | 1,085,070,698 |
| 256,058,995 | 178,419,480 | 171,184,871 |
| 1,559,319,117 | 1,449,968,257 | 1,256,255,569 |
| | | |
| 156,642,070 | 156,642,070 | 156,642,070 |
| 15,141,299 | 15,141,299 | 15,141,299 |
| 1,212,515,154 | 1,193,697,621 | 1,046,244,294 |
| 1,384,298,523 | 1,365,480,990 | 1,218,027,663 |
| 24,265,412 | 13,964,879 | 342,826 |
| 150,755,182 | 70,522,388 | 37,885,079 |
| 1,559,319,117 | 1,449,968,257 | 1,256,255,569 |
| 3,749,411,250 | 3,749,411,250 | 3,749,411,250 |
| | | |
| 1% | 11% | 19% |
| 0.01 | 0.04 | 0.06 |
| 1.70 | 2.53 | 4.52 |
| 0.37 | 0.36 | 0.32 |
| 0.13 | 0.06 | 0.03 |
| 1.13 | 1.06 | 1.03 |
| 0.30 | 0.30 | 0.40 |
| - | - | - |
| - | - | - |
| 2% | 19% | 1% |

# SHAREHOLDERS INFORMATION

## Distribution Schedule of Shareholders

| Holdings (Shares) | 31 March 2026 | | | 31 March 2025 | | |
|---|---|---|---|---|---|---|
| | No. of Holders | Total Shares | Holdings % | No. of Holders | Total Shares | Holdings % |
| 1 - 1,000 | 2,077 | 638,329 | 0.02% | 1,347 | 444,241 | 0.01% |
| 1,001 - 10,000 | 1,864 | 9,557,634 | 0.25% | 1,326 | 6,976,823 | 0.19% |
| 10,001 -100,000 | 1,876 | 80,796,650 | 2.15% | 1,539 | 68,548,415 | 1.83% |
| 100,001 - 1,000,000 | 1,021 | 364,136,914 | 9.71% | 885 | 320,523,552 | 8.55% |
| Over 1,000,000 | 286 | 3,294,281,723 | 87.86% | 246 | 3,352,918,219 | 89.43% |
| | 7,124 | 3,749,411,250 | 100.00% | 5,343 | 3,749,411,250 | 100.00% |

## Public Holding

| | 31 March 2026 | | | 31 March 2025 | | |
|---|---|---|---|---|---|---|
| | Holders | Shares | % | Holders | Shares | % |
| Public Holding | 7,118 | 1,930,485,902 | 51.49% | 5,336 | 1,930,885,902 | 51.50% |
| Total Holding | 7,124 | 3,749,411,250 | 100.00% | 5,343 | 3,749,411,250 | 100.00% |
| Float Adjusted Market Capitalization | | 772,194,361 | | | | 772,354,361 |

**The Company complies with the Minimum Public Holding Requirement under option 5 as set out in the Listing Rules 7.13.1(a) as at reporting date.**

## Twenty Largest Shareholders

| Name of Shareholder | 2026 No. of Shares | % | 2025 No. of Shares | % |
|---|---|---|---|---|
| MR. GOVINDASAMY RAMANAN | 1,800,693,010 | 48.03% | 1,800,693,010 | 48.03% |
| MR. B. SRIKUMAR | 160,000,000 | 4.27% | 160,000,000 | 4.27% |
| MISS. ANNE JUDITH SYLVIA NIMSMI AMERASINGHE | 76,500,000 | 2.04% | 76,500,000 | 2.04% |
| SAMPATH BANK PLC/MR SHABBIR ABBAS GULAMHUSEIN | 66,223,946 | 1.77% | 66,223,946 | 1.77% |
| MRS. S. BALENDRA | 56,565,103 | 1.51% | 6,565,103 | 0.18% |
| MR. DON BUDDHADASA WETHASINGHE | 54,000,000 | 1.44% | 54,000,000 | 1.44% |
| SAMPATH BANK PLC/SENTHILVERL HOLDINGS (PVT) LTD | 35,635,382 | 0.95% | 176,510,524 | 4.71% |
| MR. M.A.A.H. MOOSAJEE | 31,450,000 | 0.84% | - | - |
| MRS. M.A.C. FELSINGER | 29,000,000 | 0.77% | - | - |
| MR. A.D.I. PUSHPAKUMARA | 27,263,474 | 0.73% | 1,113,474 | 0.03% |
| MR. M.L.C. FERNANDO | 25,000,000 | 0.67% | 16,000,000 | 0.43% |
| DIALOG FINANCE PLC/S.A.DE SILVA AND D.R.DE SILVA | 19,600,000 | 0.52% | 19,600,000 | 0.52% |
| MR. MODERAGE MARIAN JANEK WAAS JAYASEKARA | 17,521,111 | 0.47% | 17,521,100 | 0.47% |
| MRS. PREMILA O. BOGAHALANDA | 16,731,000 | 0.45% | 16,731,000 | 0.45% |
| STAR PACKAGING (PVT) LTD | 15,000,000 | 0.40% | 15,000,000 | 0.40% |
| MR. M.A.M. AZLAM | 14,883,350 | 0.40% | 1,186,649 | 0.03% |
| MS. MANIKKU BADATHURU PESHALI SARANYA FERNANDO | 13,998,465 | 0.37% | 13,998,465 | 0.37% |
| MR. J. RUDRA & MRS. S.RUDRA | 13,000,000 | 0.35% | 6,000,000 | 0.16% |
| MR. N.D. DIAS | 13,000,000 | 0.35% | - | - |
| MRS. J. MYLVAGANAM | 11,097,000 | 0.30% | 11,097,000 | 0.30% |
| | 2,497,161,841 | 66.60% | 2,458,740,271 | 65.58% |

# SHAREHOLDERS INFORMATION

## Market Value of Shares

| For the Year ended | 31 March 2026 | 31 March 2025 |
|---|---|---|
| Highest price per share (Rs.) | 0.60 | 0.50 |
| Lowest price per share (Rs.) | 0.30 | 0.20 |
| Last traded price per share (Rs.) | 0.40 | 0.40 |

## Financial Calendar 2025/2026

In terms of the Section 7.4 of the Listing Rules of the Colombo Stock Exchange, Interim Financial Reports were issued as follows:

| Reports | Date of Release |
|---|---|
| First Quarter 2025/2026 Interim Financial Report | 7 August 2025 |
| Second Quarter 2025/2026 Interim Financial Report | 29 October 2025 |
| Third Quarter 2025/2026 Interim Financial Report | 10 February 2026 |
| Fourth Quarter 2025/2026 Interim Financial Report | 27 May 2026 |

# NOTES




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