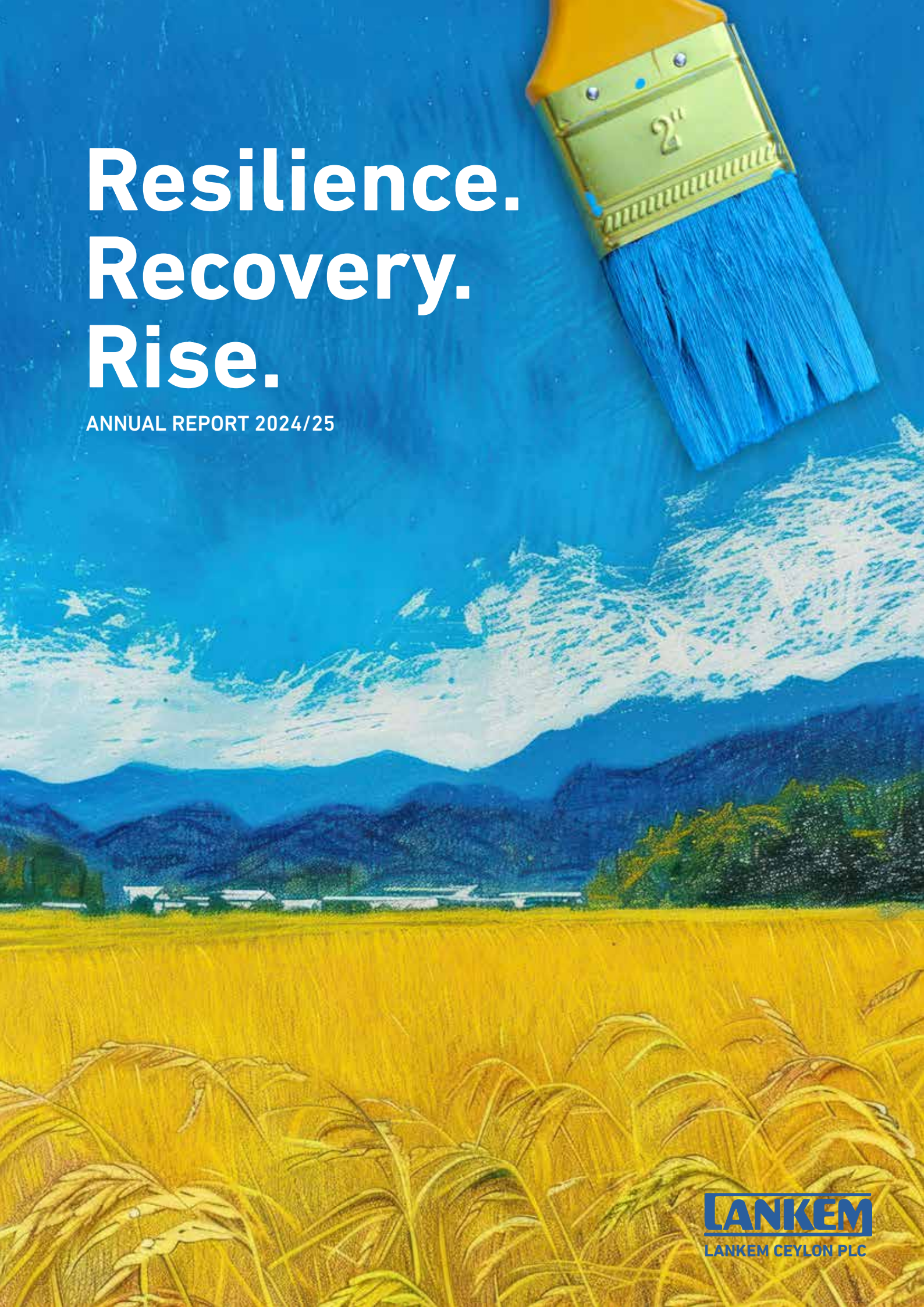


Resilience. Recovery. Rise.

ANNUAL REPORT 2024/25

LANKEM

LANKEM CEYLON PLC

CONTENTS

OVERVIEW

About this Report 3
Financial Highlights 4
Highlights of the Year 8
About us 10
Stronger Together 12
The Restructuring 13
Snapshot of Our Businesses 14

LEADERSHIP MESSAGES

Chairman's Message 19
Managing Director's Review 22

STRATEGIC & OPERATIONAL PERFORMANCE

Management Discussion & Analysis (MD&A) 26
HR Review 36
Sustainability Report 42

LEADERSHIP & GOVERNANCE

Board of Directors' Profiles 46
Annual Report of the Board of Directors 52
Corporate Governance 58
Risk Management Review 78
Remuneration Committee Report 82
Nominations & Governance Committee Report 83
Related Party Transaction Review Committee Report 86
Audit Committee Report 88
Statement of Directors' Responsibilities 91

FINANCIAL INFORMATION

Independent Auditor's Report 94
Statement of Profit or Loss and Other Comprehensive Income 98
Statement of Financial Position 99
Statement of Changes In Equity 101
Statement of Cash Flow 103
Notes to The Financial Statements 105

SUPPLEMENTARY INFORMATION

Ten Year Summary 198
Share Information 200
Notice of Meeting 202
Notes 204
Form of Proxy 207
Corporate Information **Inner Back Cover**

Resilience. Recovery. Rise.

Every great journey faces moments of trial that test endurance, challenge belief, and demand more than what seems possible. At Lankem, we have faced such a chapter. But rather than yield, we endured. We adapted. We found strength not in the absence of challenge, but in our response to it.

Resilience was our foundation. It was built in the quiet commitment of our teams, the steadfast support of our stakeholders, and the clarity of our long-term vision. In the face of rising costs, shifting markets, and internal transformation, we stayed the course in a pragmatic, purposeful, and determined way.

Recovery followed as each strategic, operational, and financial decision was made with discipline and care. Our focus sharpened. Inefficiencies were addressed. New opportunities were explored. Slowly but surely, the tide began to turn.

And now, we rise. With renewed momentum, we are moving confidently into a future shaped by innovation, sustainability, and value creation. Our businesses are stronger, our strategies clearer, and our aspirations greater. The story of Lankem this year is not just one of numbers. It is a story of grit, of thoughtful renewal, and of upward motion. A story of a company that did not merely weather the storm but emerged from it stronger, sharper, and ready to reach higher than ever before.

OVERVIEW

ABOUT THIS REPORT

This Annual Report of Lankem Ceylon PLC presents a detailed account of the Company's performance for the financial year ended 31st March 2025. It covers financial highlights, operational achievements, business segment performance, governance practices, and key strategic developments during the year under review.

The report is primarily prepared to meet the statutory and regulatory requirements of the Companies Act No. 7 of 2007 and the Colombo Stock Exchange (CSE). It is compiled in accordance with the Sri Lanka Financial Reporting Standards (SLFRS) and includes disclosures that reflect the expectations of our shareholders and broader stakeholder groups.

The content within this report pertains to the operations of Lankem Ceylon PLC and its subsidiaries, with a focus on the Company's main business segments: agrochemicals and paints. Comparative information is provided where relevant to support year-on-year performance analysis.

This report has not been prepared using the Integrated Reporting Framework. However, we continue to enhance the scope and quality of our disclosures in response to evolving stakeholder expectations and good corporate reporting practices.

The Board of Directors is responsible for ensuring the accuracy and completeness of this Annual Report and confirms that the report was approved on 14th August 2025.

Should you require further information or wish to provide feedback on this report, please contact us via [011 – 7766000].



OUR BUSINESS AREAS

Our Business Areas are Agri-Inputs, Paints, Chemicals, Consumer Products, Pest Control, Leisure and Packaging



VISION

The Preferred Brand



MISSION

To provide innovative, sustainable customer centric solutions and create optimal stakeholder value

FINANCIAL HIGHLIGHTS

Despite operating in a constrained economic environment, Lankem delivered a stable financial performance during the financial year 2024/25, maintaining consistency across key indicators while laying the foundation for long-term growth through prudent investment and fiscal discipline.

STABLE FINANCIAL METRICS

The Group's financial metrics; revenue, profit, and EBITDA remained largely in line with the previous year, with no material deviations reported. This reflects Lankem's resilience in sustaining core business operations amidst market volatility and cash flow pressures.

AGRO CHEMICALS DRIVES PERFORMANCE

Among the business segments, the agro chemicals division emerged as the strongest performer, making the most significant contribution to the Company's bottom line. Its continued growth, despite competition and market complexities, reaffirmed its strategic importance within the Group's diversified portfolio.

MANAGING COST AND EFFICIENCY

While cost management initiatives contributed only marginally to profitability, several measures were undertaken to improve operational efficiency. Notably, the Paints division increased its reliance on imported raw materials to reduce manufacturing costs. Meanwhile, transport expenses which is substantial operational cost across divisions was tightly controlled during the latter half of the year. In addition, the Company implemented a selective hiring freeze, limiting staff recruitment to essential operational roles, particularly in sales.

OVERCOMING FINANCIAL CHALLENGES

Lankem faced considerable financial challenges during the year, primarily due to extended credit terms in the market, which impacted cash flows and working capital cycles. In response, the Company reinforced its credit control mechanisms in the third quarter, introducing stringent monitoring and enforcement measures to improve collections.

Another key challenge was the limited access to import facilities in the early part of the year, which constrained inventory buildup. However, by securing enhanced facilities from financial institutions, the Company was able to mitigate this risk and improve on time inventory availability from the third quarter onwards.

FAVOURABLE MACROECONOMIC IMPACT

The stabilisation of the Sri Lankan rupee and a downward trend in interest rates provided a welcome relief for the Company. These macroeconomic shifts led to a reduction in both raw material procurement costs and finance related expenses, thereby positively impacting the Company's bottom line.

PRUDENT CAPITAL ALLOCATION AND KEY INVESTMENTS

With a cautious approach to capital allocation in light of tight cash flows, capital expenditure was restricted to essential operational needs. A notable investment during the year was the implementation of a Sales Force Automation (SFA) system in the agro chemicals segment marking a step forward in digital transformation and operational oversight.

The most significant capital commitment was the investment in a Single Super Phosphate (SSP) fertilizer plant through a fully owned subsidiary. This initiative underscores Lankem's long-term strategic vision to enhance its role in the agricultural value chain and generate sustainable returns.



PERFORMANCE HIGHLIGHTS



Stable Financial Metrics

- Revenue, profit, and EBITDA remained consistent with the previous year.
- No major deviations recorded despite market constraints.



Agro Chemicals Lead the Way

- Top performing division, contributing significantly to profitability.
- Supported by steady market demand and focused sales efforts.



Cost Control Initiatives

- The Paints Division has strived to always predominantly import raw materials; however, last year saw a notable increase in the percentage of imports as part of a strategic move to reduce the cost of goods manufactured. Transport expenses were strictly managed across all business units.
- Staff recruitment frozen except for essential sales roles.



Credit & Liquidity Management

- Extended market credit challenged cash flow in early quarters.
- Strengthened credit control function in Q3 improved debtor recovery.
- Additional financial facilities secured to ease working capital constraints.



Favourable Market Conditions

- Rupee stabilisation and lower interest rates reduced:
  - Raw material procurement costs
  - Finance costs



Strategic Capital Investments

- Investment in SSP Fertilizer Plant a landmark step towards local manufacturing capability.
- Capital investment made in Sales Force Automation (Agro segment) to improve digital efficiencies.

For the year ended 31st March	Consolidated		Company	
	2025 Rs. Mn	2024 Rs. Mn	2025 Rs. Mn	2024 Rs. Mn
Revenue	40,334	33,602	6,303	6,336
Gross Profit	8,845	7,504	1,851	1,877
Operating Profit	2,018	2,023	894	916
Profit/(Loss) Before Tax	258	(590)	383	310
Profit/(Loss) After Tax	(326)	(862)	315	333
Total Assets	35,871	29,467	11,652	9,873
Total Equity	8,841	7,546	2,637	2,292
Total Liabilities	27,030	21,921	9,015	7,581



Revenue

Rs. 40.3 Bn



Total Equity

Rs. 8.8 Bn



Total Assets

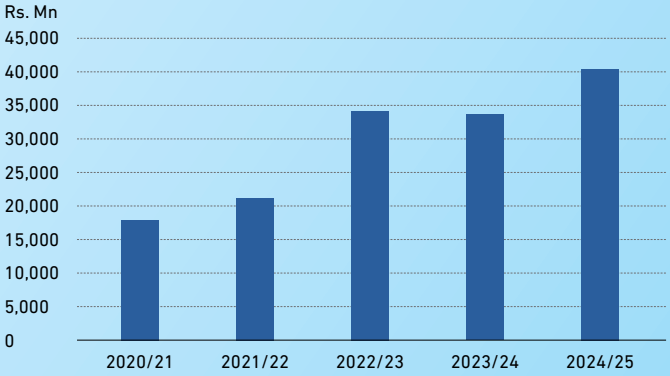
Rs. 35.9 Bn



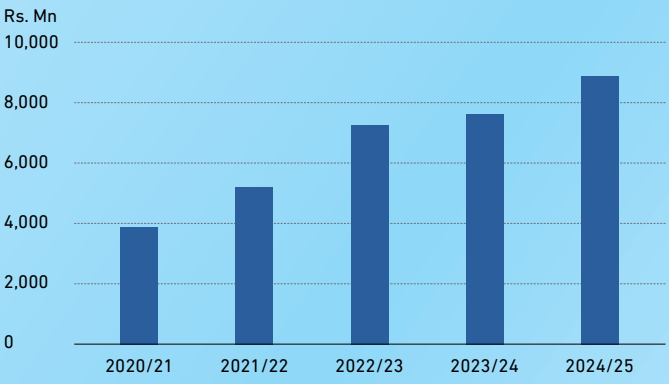
Net Assets Per Share

Rs. 70.80

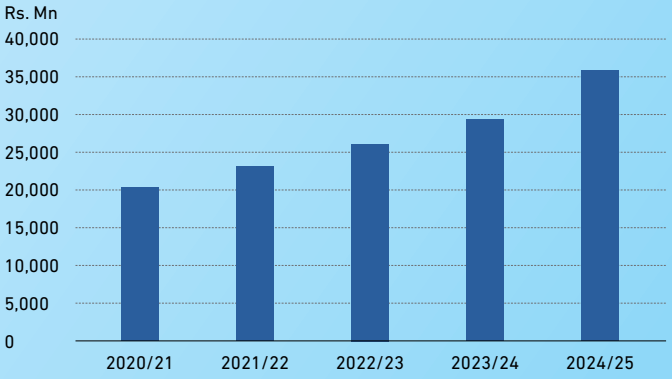
Revenue - Group



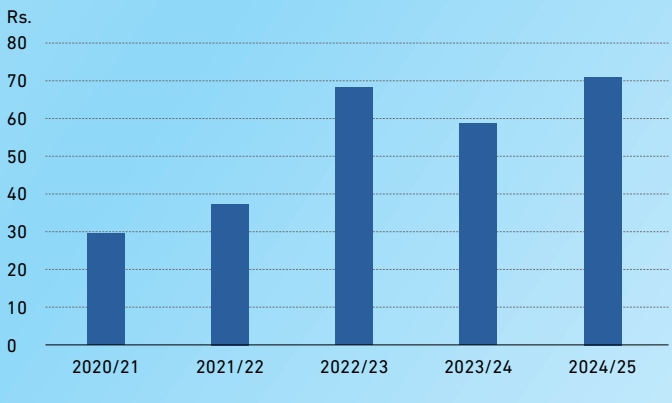
Total Equity - Group



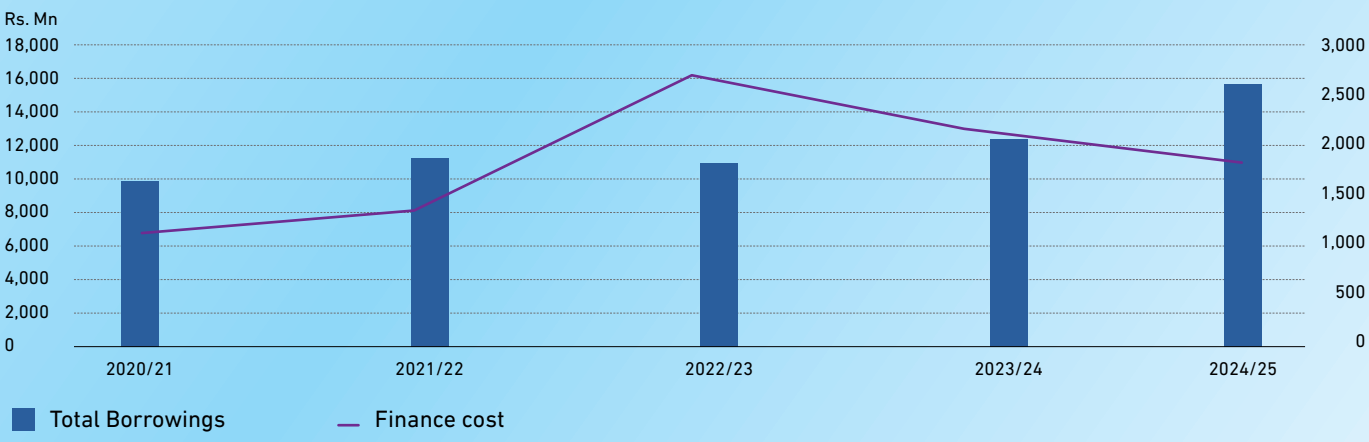
Total Assets - Group



Net Assets Per Share - Group



Total Borrowings



HIGHLIGHTS OF THE YEAR



The financial year 2024/25 marked a pivotal chapter in Lankem's journey, driven by a bold strategic move and the unwavering resilience of its teams across business divisions.

STRATEGIC INVESTMENT IN FERTILIZER MANUFACTURING

The standout achievement of the year was Lankem's investment in a Single Super Phosphate (SSP) fertilizer plant, initiated through a fully owned subsidiary. This forward looking venture reflects the Group's commitment to expanding its footprint in the agricultural value chain and enhancing national food security. Though commercial operations have yet to commence, the groundwork laid this year positions Lankem for long-term value creation and sectoral impact.

NAVIGATING A CHALLENGING ENVIRONMENT

Amidst a volatile operating climate, Lankem demonstrated agility in responding to macroeconomic pressures. Shrinking household incomes weighed heavily on non-essential consumer categories such as paints, while the proliferation of low quality substitutes created pricing and quality perception challenges for agrochemicals. Extended credit cycles in the market further hampered debtor collections across all divisions.

Another pressing concern was the difficulty in recruiting skilled personnel for key operational roles which is a gap that placed strain on business continuity and efficiency. Despite these headwinds, the Group remained focused on sustaining core operations and managing working capital prudently.



CUSTOMER ENGAGEMENT IN LEAN TIMES

Faced with limited advertising and promotional budgets, Lankem adopted a targeted approach to customer engagement. The Group organised several relationship-building initiatives such as Ifthar celebrations, distributor and dealer gatherings, applicator meets, and dealer incentive tours. These events strengthened frontline connections and reinforced loyalty across Lankem's diverse stakeholder network.

LOOKING AHEAD

While 2024/25 was a year of laying foundations rather than launching new products or innovations, the strategic steps taken in relation to the fertilizer investment signal a transformative path forward. As market dynamics stabilise, Lankem is poised to capitalise on emerging opportunities and build a more resilient, integrated business.

ABOUT US

Lankem Ceylon PLC stands as a leading diversified conglomerate with a rich legacy spanning over six decades. Since its incorporation in 1964 by Royal Dutch Shell and subsequent listing on the Colombo Stock Exchange in 1970, Lankem has evolved into a trusted name in Sri Lanka's chemicals, paints, consumer goods, and hospitality sectors. Today, the Company proudly operates across multiple key sectors including agri inputs, industrial chemicals, consumer goods, pest control services, and leisure services, maintaining a strategic presence that serves both everyday and essential needs.



OUR CORE PURPOSE AND VISION

In today's dynamic business environment, Lankem's core purpose remains steadfast: to be the preferred brand of the consumer across all our core business areas. Whether it is providing innovative agricultural inputs to empower farmers, manufacturing high quality durable industrial chemicals, delivering quality consumer goods, offering reliable pest control services, or creating memorable leisure experiences through our hospitality arm, we are driven by the commitment to create lasting value for all our stakeholders. Our vision is to nurture enduring relationships built on quality, trust, and service excellence.

LEGACY SHAPING OUR MARKET POSITION

Our heritage as a company with origins in the global Royal Dutch Shell group has profoundly shaped our identity and market positioning. Over the years, this legacy has instilled a culture of operational excellence, innovation, and corporate responsibility. Lankem's longstanding experience and knowledge in chemicals and consumer goods have allowed us to develop deep rooted relationships with customers and principals alike, reinforcing our reputation as a reliable market leader.

DIVERSE BUSINESS PORTFOLIO

Lankem's diversified operations encompass five core sectors:

- Agri Inputs: Supporting Sri Lanka's farmers with effective and innovative agricultural solutions.
- Industrial Chemicals: Supplying high-quality chemicals for various industrial applications.
- Consumer Goods: Delivering durable, trusted products that meet everyday needs.
- Pest Control Services: Providing effective, safe pest management solutions.
- Leisure Services: Operating hospitality ventures that offer quality experiences.

This broad portfolio enables Lankem to leverage synergies across sectors, driving growth while maintaining a balanced risk profile.





DIFFERENTIATION THROUGH VALUE CREATION

What truly sets Lankem apart in a competitive marketplace is our unwavering focus on creating value for the consumer. We believe in fostering lasting relationships by ensuring that every product and service we deliver meets the highest standards of quality, durability, and after-sales support. Our consumer-centric approach is anchored in building trust and satisfaction that transcend transactional exchanges.

OUR VALUES AND CULTURE

The foundation of Lankem's culture lies in integrity, pragmatism, and empathy that have guided us for more than 60 years. We strive to conduct our business with transparency and mutual respect, cultivating strong, mutually rewarding relationships with principals, customers, and partners. This enduring ethos remains the cornerstone of our long-term strategy as we navigate evolving market landscapes.

STAKEHOLDER ALIGNMENT

Recognizing that success depends on collaborative engagement, Lankem places great emphasis on aligning strategic objectives with stakeholder expectations. We promote clear communication and open dialogue to ensure that internal and external stakeholders understand, accept, and actively support our company goals. This inclusive approach creates a shared vision where all voices are heard and valued.

COMMITMENT TO SUSTAINABILITY AND SOCIAL RESPONSIBILITY

Lankem is committed to responsible business practices that minimize environmental impact and promote sustainable development. Initiatives such as the introduction of Robbialac CARBANO reflect our drive towards eco-friendly innovation. Beyond environmental stewardship, we uphold fair and transparent labor practices and engage actively in charitable activities such as community development programs that support the farmer network, reinforcing our role as a socially responsible corporate citizen.

ADAPTING TO CHANGE AND DRIVING INNOVATION

In an ever evolving market, Lankem remains agile by continuously adapting its business model to meet changing customer needs and industry trends. Our dedicated research and development team spearheads product innovation and operational improvements, ensuring we deliver the best solutions to farmers, industrial users, or consumers. Innovation is at the heart of our growth and operational excellence, helping us maintain competitive advantage and high service standards.

BUILDING STRONG PARTNERSHIPS

At Lankem, our relationships with partners, suppliers, and customers are built on a foundation of trust, transparency, and good governance. We work diligently to foster collaboration and uphold ethical business practices, which we consider essential for sustainable success in today's interconnected business environment.

STRONGER TOGETHER

At Lankem Ceylon PLC, the philosophy of "Stronger Together" has been instrumental in navigating the complexities and uncertainties of the 2024/25 financial year. Operating across diverse industries such as chemicals, consumer goods, agricultural inputs, pest control services, and leisure services requires specialized expertise and focus within each division. Yet, it is the spirit of collaboration particularly across our support functions that has enabled the Company to overcome challenges, innovate solutions, and drive sustained growth.

CROSS-FUNCTIONAL COLLABORATION: BUILDING A COHESIVE BACKBONE

While the nature of our diverse business sectors naturally limits extensive collaboration between divisions, cross-functional teamwork within our support departments (Human Resources, Supply Chain, Finance, and Information Technology) has been vital. These teams work closely together to streamline operations, optimize resource allocation, and maintain robust internal systems that support the entire organization. This collaboration ensures that critical business functions run smoothly, providing a strong backbone during periods of market volatility and operational demand.

INNOVATIVE PROBLEM SOLVING THROUGH TARGETED TEAMWORK

In 2024/25, the Company adopted a proactive approach by establishing special cross-functional teams on a project basis to address urgent challenges impacting performance. These teams brought together diverse perspectives and expertise, encouraging creative problem solving and rigorous analysis. This one-off exercise proved highly beneficial, yielding innovative ideas and uncovering root causes of key issues. The collaborative environment fostered during these sessions not only resolved immediate concerns but also enhanced the Company's problem solving capabilities for the future.

EMPLOYEE ENGAGEMENT: THE HEART OF RESILIENCE

We understand that motivated and engaged employees are fundamental to the Company's resilience. Despite budget constraints, Lankem invested in activities and initiatives to keep morale high and reinforce team spirit. This included organizing employee gatherings and high level training programs designed to enhance skills across factory floors, sales divisions, and support services. These efforts helped maintain a positive workplace atmosphere, improve internal communication, and create a sense of shared purpose that empowered employees to face challenges confidently.

LEADERSHIP EMPOWERMENT: STEERING THROUGH UNCERTAINTY

Strong leadership proved pivotal during periods of uncertainty and demanding market conditions. Our senior leadership team, under the active guidance of the Managing Director, engaged continuously with staff, particularly when divisional performances lagged. Weekly meetings were conducted to openly discuss challenges, progress, and action plans, fostering transparency and accountability throughout the organization. The Managing Director's direct interaction with sales teams served to boost motivation, reinforce targets, and align efforts with the Company's strategic goals. This visible and supportive leadership style helped sustain momentum and build trust across all levels.

THE "STRONGER TOGETHER" MINDSET IN ACTION: PAINTS DIVISION TURNAROUND

Perhaps the most compelling example of the "Stronger Together" ethos was the turnaround in our Paints division. Following eight months of underperformance, a concerted effort involving new leadership and close senior management involvement triggered a significant recovery in the final quarter. This achievement was not the result of isolated actions but a collective rallying of the entire division. Teams collaborated closely, shared insights, and overcame numerous operational and market related challenges. The successful turnaround stands as a testament to how unity and shared commitment can drive tangible results even in difficult times.

As Lankem looks ahead, the "Stronger Together" philosophy will continue to be a guiding force in our culture and strategic direction. By fostering collaboration across departments, empowering employees, and maintaining transparent and supportive leadership, we are confident in our ability to adapt, innovate, and create lasting value for our customers, partners, and stakeholders alike. In an increasingly complex business environment, it is clear that our strength lies in our unity which is working together to build a brighter future for all.

THE RESTRUCTURING

OPERATIONAL RESTRUCTURING FOR ENHANCED CONTROL AND DISCIPLINE

During the financial year 2024/25, Lankem Ceylon PLC undertook focused restructuring initiatives within select operational areas, aimed at improving control, efficiency, and financial discipline which is a key enablers of long-term performance.

TARGETED CHANGES TO STRENGTHEN OPERATIONS

The most notable restructuring was within the Sales Unit of the Paints segment, where the structure was revised to enhance visibility, tighten controls, and enable more effective sales monitoring. This move was driven by the need to ensure better alignment between market realities and sales execution, especially amidst a challenging economic landscape.

In parallel, the Company's credit control function was strengthened to bring in a more rigorous and structured approach to debtor management. With extended credit terms across the market posing a significant cash flow challenge, this initiative aimed to instill financial discipline and improve collection cycles across all business divisions.

OPERATIONAL EFFICIENCY OVER STRATEGIC REALIGNMENT

While the restructuring initiatives were limited in scope, their objectives were clear: to enhance operational efficiency, improve monitoring mechanisms, and establish greater financial control. These measures reflect Lankem's commitment to strengthening its core processes and building a more agile operating model, even in the absence of broad strategic realignment.

LIMITED GROUP-WIDE IMPACT

The restructuring had no material impact on the operations or structure of Lankem's subsidiaries. It remained focused on internal process enhancements across all segments and head office functions.

However, as part of its broader growth agenda, Lankem established a fully owned subsidiary to spearhead its entry into the fertilizer sector through the development of a Single Super Phosphate (SSP) manufacturing plant. While not a restructuring move per se, this new entity signals the Group's intent to expand its footprint in adjacent markets through targeted investments.

EARLY OUTCOMES AND FORWARD OUTLOOK

As of the reporting period, the commercial impact of the restructuring measures is yet to be fully realised. The benefits particularly from enhanced sales oversight and improved debtor control are expected to become more evident in the next financial year.

While these initiatives were not transformational, they reflect Lankem's pragmatic approach to organisational agility. By reinforcing foundational systems and processes, the Company is laying the groundwork for sustainable growth and stronger stakeholder value over time.

SNAPSHOT OF OUR BUSINESSES

Lankem Ceylon PLC (LCPLC) operates through a diversified business model that spans multiple industries, enabling it to remain resilient and responsive in a complex operating environment. With a clear focus on margin-led growth and operational sustainability, the Company's strategic direction continues to be shaped by its four primary business segments, along with contributions from its hotel, consumer goods and packaging sectors within the Group.

CORE BUSINESS SEGMENTS AND REVENUE CONTRIBUTION

LCPLC's portfolio is structured across four key business segments, each contributing distinct value to the Company's performance:

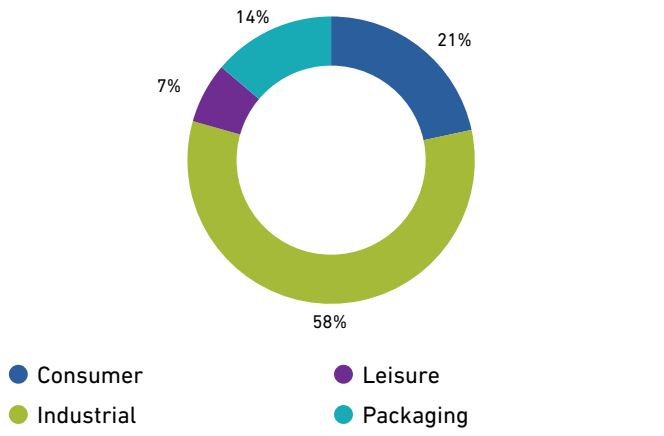
- Paints – 50%
- Agro (inclusive of agrochemicals, seeds, and fertilizers) – 42%
- Pest Control – 5%
- Industrial Chemicals – 3%

In addition, the Group manages interests in:

- Hospitality – through hotel assets aimed at capital appreciation and long-term investment value.
- Consumer Goods – targeting niche markets with a range of household products.
- Printing & Packaging – providing flexible packaging solutions to the FMCG markets

This balanced mix enables LCPLC to manage risk while leveraging synergies across its businesses.

Group Revenue contribution by business segments (2024/25)



PERFORMANCE HIGHLIGHTS BY SEGMENT

Paints Segment:

Accounting for half of the Company's revenue, the Paints business remains a cornerstone of LCPLC's operations. During 2024/25, the division underwent an internal restructuring of its sales function, enhancing operational oversight and improving salesforce efficiency. A strategic recruitment drive was undertaken at multiple levels, including senior management, reinforcing leadership and market responsiveness. The onboarding of 10–15 new distributors further expanded LCPLC's market reach, especially into semi-urban and rural areas, strengthening the distribution network and driving channel penetration.

Agro Segment:

The Agro division, which encompasses agrochemicals, seed products, and fertilizers, contributed 42% to revenue and demonstrated strong strategic advancement this year. Most notably, LCPLC entered the fertilizer manufacturing space through a fully owned subsidiary established to develop a Single Super Phosphate (SSP) plant. This marks a pivotal step in vertical integration, enhancing supply chain control and enabling long-term cost competitiveness. While commercial operations are expected in the next financial year, the investment underscores the Group's commitment to supporting Sri Lanka's agricultural productivity and food security.

Pest Control and Industrial Segments:

Together contributing 8% of total revenue, these segments continued stable operations during the year, focusing on efficiency and margin protection. No major changes were introduced, but both units remained important contributors to the Company's comprehensive product offering, particularly in servicing industrial and institutional markets.

Hospitality, Consumer Goods and Packaging:

These segments within the Group play a strategic role in portfolio diversification. The Hospitality division is positioned to benefit from long-term recovery in tourism, while the Consumer Goods segment caters to niche household needs with selective product offerings. The Packaging sector strives to be a dynamic provider of flexible packaging solutions to the FMCG market. All units maintained steady performance, with no major investments or changes during the year.

STRATEGIC FOCUS AND ADAPTABILITY

Throughout the year, all business lines operated under a conservative but focused approach, maintaining stable contribution margins in the face of fluctuating consumer demand and macroeconomic pressures. Rather than chasing aggressive market share gains, the Company opted to preserve profitability and reinforce financial discipline across operations.

The only major expansion initiative during the year was the SSP fertilizer project, which is expected to play a transformational role in the coming years. No other new market entries or product introductions were made during this period, reflecting the Group's prudent and calculated growth strategy.

ALIGNMENT WITH STRATEGIC PRIORITIES AND SUSTAINABILITY

Each business segment aligns with LCPLC's broader goal of margin-driven growth and long-term value creation. While operational prudence is the current priority, technology adoption and sustainable innovation remain at the core of future-readiness.

- In the Agro segment, exploration of drone technology for precision spraying represents a significant step towards modern, eco-conscious agriculture.
- In the Paints segment, the introduction of sustainable products like CARBANO by Robbialac, a water-based paint brand, demonstrates the Company's responsiveness to environmental considerations and shifting consumer preferences.

These initiatives also serve to position the Group competitively in a landscape that increasingly values ESG (Environmental, Social, and Governance) compliance and product responsibility.

GROWTH OUTLOOK: 2025/26 AND BEYOND

Looking forward, LCPLC has identified key priorities for its main business lines:

- Agro Segment: The immediate focus will be on commissioning and scaling operations at the new SSP fertilizer plant. This move is expected to reduce dependency on imports, increase local value addition, and enhance the Company's role in Sri Lanka's agricultural value chain.
- Paints Segment: Plans are in place to explore backward integration opportunities, enabling more control over raw materials and production inputs. Additionally, new product development will be a central theme, allowing the segment to meet evolving customer needs and fortify its brand strength.

In summary, Lankem's multi-sectoral business model, combined with strategic investments and operational discipline, positions the Group well for sustainable and profitable growth. Each segment is calibrated to support the Group's financial goals while embracing innovation and resilience in the face of dynamic market forces.

Each stroke builds a bigger picture





Paint



LEADERSHIP MESSAGES

CHAIRMAN'S MESSAGE



CHAIRMAN'S MESSAGE

On behalf of the Board of Directors, I present to you the Annual Report and the Audited Financial Statements of Lankem Ceylon PLC (LCPLC) for the financial year ended 31st March 2025. Operating within an economy that continues to recover from one of the most challenging periods in Sri Lanka's recent history, LCPLC demonstrated resilience and discipline in steering through volatile market conditions. By keeping pace with shifting consumer sentiments, managing the impact of fluctuating macroeconomic indicators, and staying focused on strategic goals, the Company was able to maintain performance momentum across key business segments. The unwavering commitment of our leadership, employees, and stakeholders proved integral to our ability to stay on course and adapt to the challenges and opportunities presented throughout the year.

MACROECONOMIC ENVIRONMENT & BUSINESS RESILIENCE

The year under review unfolded against a backdrop of gradual economic stabilization. While certain sectors continued to face constraints, easing interest rates and exchange rate stabilization brought welcome relief. LCPLC's performance during 2024/25 reflects our ability to remain agile in this evolving context. The Industrial Chemicals segment faced headwinds during the first eight months, impacted by subdued demand and pricing pressures. Nevertheless, the final quarter saw a recovery, offsetting some of the earlier setbacks. Meanwhile, the hotels and consumer segments benefitted from improved economic sentiment, translating into stronger operational results year-on-year.

We also contended with challenges such as difficulties in sourcing skilled replacements and the influx of lower-quality substitutes into the agrochemical market, which hampered marketability. Additionally, extended credit cycles in the market placed pressure on cash flows across all business divisions. However, we leveraged strategic foresight to manage these risks and responded prudently to evolving consumer behaviour particularly the reduction in spending on non-essential items which affected demand in our Industrial Chemicals business.

PERFORMANCE AND FINANCIALS

Despite sectoral disparities, LCPLC concluded the financial year with revenue and gross profit levels on par with the previous year and a marginal increase in net profit. This was primarily driven by the outstanding performance of the Agro Chemicals segment, which exhibited robust sales growth due to an aggressive market drive. Importantly, the Industrial Chemicals segment, while underperforming in terms of volume, preserved healthy margins which is a key contributor to the Group's profitability.

Cost management remained a key focus area, although the full benefits of the efficiency measures implemented last year materialised only during the latter half of the financial year. Consequently, while operational costs remained elevated compared to the prior year, we view the groundwork laid during this period as critical to long-term cost optimisation.

STRATEGIC DIRECTION AND INNOVATION

We remained committed to our long-term strategic direction, with no significant deviations made during the year. However, an important milestone was the Company's move into the fertilizer sector, laying the foundation for commercial operations set to begin in 2025/26. This venture marks a significant step in diversifying our revenue base and enhancing future growth potential.

In line with our market-alignment strategy, we onboarded financially strong distributors to support the Industrial Chemicals segment. While product innovation was limited during the year, several new initiatives are in the pipeline and expected to be rolled out in the upcoming financial period.

OPERATIONAL EXCELLENCE

Operational efficiency remains core to our business philosophy with the Company stringently monitoring cost elements which overran the expected levels. Staff recruitment was also rationalised to maintain workforce efficiency, with only essential hires approved.

Our most significant investment during the year was directed toward establishing the fertilizer business through a dedicated subsidiary which is an initiative aligned with our long-term diversification and value creation goals.

CORPORATE GOVERNANCE & RISK MANAGEMENT

During February 2025, changes were instituted at the Board level in compliance with Colombo Stock Exchange (CSE) directives. We welcomed new directors with diverse and valuable experience, further strengthening our governance framework. These changes were prompted by regulatory amendments related to age restrictions for independent non-executive directors.

Among the key risks this year were the intensified market competition which is exacerbated by discounting and extended credit terms and the ongoing challenge of protecting margins amidst cost pressures. The Board remained actively engaged in monitoring these dynamics and guiding management in navigating them effectively.

FUTURE OUTLOOK

Looking ahead, we anticipate that the prevailing political stability will spur renewed economic activity, especially in sectors such as construction, which bodes well for the Industrial Chemicals business. We intend to respond to persistent market challenges such as price competition and changing consumer demand through product innovation, cost-efficiency measures, and an expanded business portfolio.

A key focus for 2025/26 will be the successful rollout of our fertilizer business, which is expected to be a significant contributor to revenue and profitability. We also have plans in place to refine our product offering in both the Agro and Industrial Chemicals segments to deliver greater value to customers and stakeholders.

PEOPLE AND STAKEHOLDERS

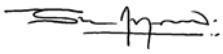
Our people remain at the heart of LCPLC's success. Even in a cost-conscious year, we did not waver in our commitment to employee engagement and development. We continued investing in training to build both technical skills and emotional intelligence. Where necessary, we made difficult decisions to restructure teams and onboard talent aligned with our operational needs.

The collective efforts of our internal teams especially the senior and middle management were vital in overcoming the year's many challenges. Their perseverance and leadership have ensured that we remain on a steady growth path.

ACKNOWLEDGEMENT

I take this opportunity to express my sincere gratitude to the members of the Board and my colleagues for their wise counsel in navigating the Company in a volatile macroeconomic landscape. A very special thank you to the invaluable contribution and dedication of our retired directors, Mr. Asoka Sirimane, Mr. Anthony Jayaranjan, Dr. Azeez Mohamed Mubarak and Mr. Gotabhaya Dassanayake. I also take this opportunity to warmly welcome our two new Board members, Mr. Kamal Punchihewa and Mr. Shrihan Perera with whom we look forward to working with. I also wish to extend my appreciation to the Managing Director of Lankem Ceylon PLC, the senior and corporate management teams of the Group and its subsidiary companies, for their valued contribution in implementing strategies to address these challenges and steer the Company forward.

Furthermore, I am grateful to our loyal staff members for their steadfast commitment and continued efforts during this demanding period. Last but not least, I wish to thank all our stakeholders, including our principal partners and suppliers, bankers, valued customers, and most importantly, our shareholders. It is your continued faith in our ability to create value that has enabled us to sustain our operations during the year and face future challenges with renewed strength and optimism.



S.D.R. Arudpragasam
Chairman

14th August 2025

MANAGING DIRECTOR'S REVIEW



The Lankem Group recorded consolidated revenue of Rs. 40.3 Bn during the year, with the Industrial segment being the largest contributor at Rs. 29.4 Bn.

It is with confidence that I present the Managing Director's Review for the financial year ended 31st March 2025. The year under review marked a period of steady economic recovery for Sri Lanka following years of macroeconomic instability. At Lankem Ceylon PLC, we focused on stabilizing core operations, optimizing our cost structures, and setting the foundation for future growth. Our performance during the year was reflective of both the challenges encountered and the resilience demonstrated across our divisions.

OPERATING CONTEXT

The macroeconomic environment in Sri Lanka during the financial year under review showed tentative signs of recovery. While several stabilisation measures were implemented at a national level, the recovery was uneven and its impact on the consumer sectors, in particular, remained subdued. For LCPLC, the external environment proved to be a defining factor in shaping the trajectory of each of our business divisions.

Consumer spending remained tight during most of the financial year, particularly affecting our Paints operation, which is largely dependent on disposable income and discretionary spending. The early months of the year were marked by weak retail demand, although institutional sales offered some reprieve. The agrochemical sector, on the other hand, benefited from improved access to credit facilities and a more stable import regime, resulting in a stronger performance relative to the previous year.

Across all segments, we encountered multiple macroeconomic challenges: sourcing skilled talent in a competitive labour market, fluctuations in household income levels, the proliferation of low-quality substitutes in the market, and delayed debtor collections due to extended credit cycles in the industry. These constraints required us to adopt flexible strategies and place even greater emphasis on risk management, cost discipline, and innovation.

Government policy interventions during the year, while laying the groundwork for long-term reform, did not yield any significant direct support to the Company's operations. As such, our performance during this financial year is largely attributable to internal strategic recalibrations and the resilience of our teams.

COMPANY PERFORMANCE

Revenue for Lankem Ceylon stood at Rs. 6.3 Bn, reflecting a marginal decline from the previous year, while gross profit experienced a more significant drop, primarily due to the underperformance of the Paints operation in the early months. During this period, average monthly revenue from paints dropped by almost 30%. However, the last few months saw a marked turnaround due to a series of strategic interventions such as staff restructuring, the introduction of targeted sales incentive schemes, and the onboarding of financially strong distributors. These changes led to notable improvements in both volume and margins.

The Agro Chemicals operation delivered Rs. 2.2 Bn in revenue, benefiting from improved credit lines that allowed us to secure inventory ahead of seasonal peaks. A strategic focus on high-margin, fast-moving products and efficient deployment of resources further supported its growth.

To manage operational costs amidst a challenging landscape, the Company implemented stringent cost control measures. This included focusing on the importation of raw materials for the paints operation to lower manufacturing costs, freezing new hires unless operationally essential, curbing transport and advertising expenses, and optimizing product margins. These actions, while conservative, enabled the Company to remain resilient.

GROUP PERFORMANCE

The Lankem Group recorded consolidated revenue of Rs. 40.3 Bn during the year, with the Industrial segment being the largest contributor at Rs. 29.4 Bn. This segment comprises of the Company Lankem Ceylon PLC, industrial chemicals arm of C.W. Mackie PLC, and SunAgro LifeScience Ltd. Lankem Ceylon alone contributed Rs. 6.3 Bn to the Group's topline, supported by its diversified portfolio in agrochemicals, paints, industrial chemicals, and pest control solutions.

The Consumer segment, while impacted by VAT fluctuations and pricing volatility, remains under close monitoring with corrective measures underway. Export sales declined by 32% due to external market pressures, and strategies are being developed to mitigate this impact. Despite these challenges,

MANAGING DIRECTOR'S REVIEW

the segment demonstrated resilience, supported by a diverse brand portfolio and a strong islandwide distribution network. Flagship brands such as Sunquick, KVC, Scan, Delish, and Kotagala Kahata continued to perform steadily. Sunquick maintained its leadership in the squash category, while KVC and Scan contributed positively to the top line with solid market traction. International personal care and home care brands like Himalaya, Santoor, Soft Touch, Mr Muscle, Baygon, and Kiwi helped strengthen our presence across modern and general trade channels.

Operationally, the introduction of a second distribution channel has improved availability of high-demand SKUs, especially for fast-moving food and beverage products. The division is also investing in innovation, with plans to launch Sun Cola and introduce new flavour extensions under Delish to meet evolving consumer preferences. Infrastructure enhancements, including expanded warehousing and the upcoming Warehouse Management System, are expected to improve efficiency and responsiveness across the supply chain. With a strong focus on quality, all manufacturing facilities remain fully compliant with GMP, HACCP, and ISO standards. Together, these efforts provide a solid foundation for the Consumer segment's recovery and sustainable growth in the years ahead.

The Packaging sector recorded commendable topline growth during the year, supported by strategic agility and operational focus across its key business units. The sector posted a 16% year-on-year increase in revenue, driven by volume-led growth strategies, capacity optimization, and efficiency improvements despite a challenging economic landscape. While the sector faced intensified competition and margin pressure due to reduced consumer spending in the FMCG space, ongoing efforts in diversification particularly into exports and PET bottles have contributed positively. The acquisition of a paper packaging business during the year marked a strategic step towards expanding the sustainable packaging portfolio. Continued investment in health and safety measures, coupled with improved organisational adaptability through data-driven decision-making and pricing strategies, has positioned the sector to navigate market complexities with resilience and discipline.

The Hotel sector, comprising Beruwala Resorts, Marawila Resorts, and Sigiriya Village Hotels, recorded a strong recovery in 2024/25, driven by a 40% surge in tourist arrivals and effective marketing strategies. All three properties saw improved occupancy and RevPAR, with Sigiriya Village achieving a notable increase from 30% to 75% following room expansion and refurbishments, and The Palms rising from 73% to 83%. Club Palm Bay maintained stable ARR due to strong corporate demand. Key investments in property upgrades and the implementation of the SCIENTER system enhanced guest experience and operational efficiency. Despite challenges from intensified competition, currency fluctuations, and temporary room closures during renovations, the sector maintained positive momentum. Looking ahead, the focus remains on improving productivity, expanding into summer markets such as Spain and Australia, and leveraging data analytics to drive targeted growth.

STRATEGIC FOCUS AND FUTURE OUTLOOK

Our three-year strategic business plan is centred on establishing Lankem Ceylon as a market leader in the agrochemical and paint segments. We aim to expand into new business lines that align with our core capabilities and deliver both revenue growth and margin expansion.

Technological advancement will be a key enabler in this journey. The introduction of drone technology for agrochemical application and partial automation of our paints production line are two significant initiatives already underway. On the sustainability front, our flagship brand Robbialac received certification from the Sri Lanka Climate Fund for its low-emission paint product 'Carbano,' which also featured the country's first biodegradable packaging bucket.

Talent development is another cornerstone of our strategic vision. We introduced specialized training programs during the year and plan to launch international training opportunities for high-performing employees. Furthermore, backward and lateral integration strategies are being explored, particularly in the Paints and Agro Chemical segments, to drive operational synergies and ensure supply chain resilience.

ACKNOWLEDGMENT

Our ability to stabilize and recover during a volatile year was made possible through the unwavering commitment of our employees and the strategic oversight of both our outgoing and incoming Board of Directors. The leadership remained focused, pragmatic, and adaptive in the face of challenges.

To our stakeholders, I extend my sincere gratitude for your continued support and confidence. While the first half of the financial year presented formidable challenges, the momentum gathered in the latter part gives us confidence in the direction we are heading. With clear objectives, a robust strategic plan, and the dedication of our people, Lankem Ceylon is poised to achieve sustainable growth and long-term value creation in the years ahead.



P.S. Goonewardene
Managing Director

14th August 2025



STRATEGIC & OPERATIONAL PERFORMANCE

MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

GLOBAL ECONOMY

During the reporting period from April 2024 to March 2025, the global economy continued a path of cautious recovery, marked by moderate growth and persistent volatility across key markets. The period was defined by a delicate balance between easing inflationary pressures, the lagging impact of tight monetary policies, and ongoing geopolitical tensions that weighed heavily on trade, energy security, and investor confidence.

According to the IMF's World Economic Outlook (WEO) released in April 2025, global GDP growth for 2024 was estimated at 3.2%, with a marginal improvement projected for 2025 at 3.3%. These figures reflect relative stability but remain below the long-term average, highlighting the fragility of the post-pandemic global recovery.

Advanced economies experienced diverging trends. The United States maintained a steady growth trajectory supported by resilient consumer spending and low unemployment, despite the drag from elevated interest rates. Meanwhile, the Eurozone grappled with sluggish industrial performance, persistent core inflation, and fiscal constraints, particularly in energy-importing countries. Japan recorded modest gains as its central bank gradually began tightening policy after a prolonged ultra-loose stance.

Emerging markets continued to show stronger momentum. India and several Southeast Asian economies outperformed global averages, buoyed by infrastructure investment, domestic demand, and digital transformation. However, China's recovery remained subdued due to structural challenges in the real estate sector, weak private investment, and demographic headwinds.

Low-income countries, particularly in Sub-Saharan Africa and parts of South Asia, remained highly vulnerable to external shocks. Many faced difficulties accessing affordable credit due to global financial tightening, alongside localised inflation, currency depreciation, and food insecurity.

Headline inflation declined in most regions during the period, aided by lower energy and food prices. However, core inflation which is driven by services and wage growth has remained above central bank targets in several advanced economies. As a result, monetary conditions remained restrictive, constraining investment and consumer credit while dampening real estate activity.

Sector-wise, global manufacturing remained under pressure due to soft demand and elevated borrowing costs. In contrast, services, particularly travel, tourism, and digital services, showed strong performance, helping to offset weaknesses in goods trade. Labour markets in advanced economies remained tight, while participation rates in emerging markets stayed below pre-pandemic levels, limiting output and recovery potential.

Geopolitical risks remained elevated. The continued Ukraine-Russia conflict, renewed instability in the Middle East, and trade tensions between major powers disrupted global supply chains and contributed to investor uncertainty. In parallel, climate-related events, including extreme weather and natural disasters, increasingly impacted food security and economic productivity across multiple regions.

In sum, while the global economy demonstrated resilience during the April 2024–March 2025 period, the recovery remained uneven and exposed to multiple downside risks. Continued policy coordination, structural reforms, and investment in sustainable and inclusive growth will be critical in navigating the challenges ahead.

LOCAL ECONOMY

In the first half of the period, the economy remained on a cautious recovery path, building on the modest gains made in late 2023. Headline inflation continued to ease significantly due to improved supply conditions and tighter monetary policy, while interest rates trended downward, creating a more conducive environment for business activity and investment. The implementation of reforms under the IMF Extended Fund Facility (EFF) programme continued to support policy credibility and external financing, contributing to improved investor sentiment.

Sectoral performance remained mixed. The agriculture sector saw moderate growth, aided by favourable weather conditions and continued policy support for food crop production. The services sector, particularly tourism, transport, and ICT, experienced a stronger rebound as tourist arrivals picked up and external demand for services increased. However, the industrial sector, especially manufacturing and construction, remained under pressure due to lower consumer spending, elevated input costs, and delays in public infrastructure investment.

By the second half of the reporting period, real GDP growth began to accelerate modestly, supported by a rebound in private sector credit, improved consumer and business confidence, and stronger external sector performance. Worker remittances and services exports continued their upward trend, while the trade deficit narrowed further due to import compression and increased earnings from key export sectors such as apparel and tea.

Labour market conditions remained relatively stable. While unemployment showed a slight improvement, labour force participation remained below pre-crisis levels, reflecting continued economic uncertainty and structural shifts in the job market. Inflation was largely contained within the Central Bank's target range for most of the period, contributing to improved purchasing power and price stability.

Despite these positive developments, the operating environment remained challenging. Fiscal consolidation measures, including tax reforms and expenditure rationalisation, placed added pressure on businesses and consumers. Furthermore, structural weaknesses such as high public debt, state-owned enterprise inefficiencies, and governance concerns continued to weigh on long-term investor confidence.

Overall, while the Sri Lankan economy demonstrated signs of a sustained recovery during the April 2024–March 2025 period, the pace remained fragile and uneven across sectors. Continued policy discipline, successful implementation of structural reforms, and support for domestic enterprise development will be critical in ensuring more inclusive and resilient growth in the years ahead.

EXTERNAL SECTOR REVIEW

Agricultural Chemicals

During the April 2024 to March 2025 period, the agricultural sector sustained its recovery momentum, reflecting the continued positive impact of policy normalization and improved access to inputs. The complete relaxation of import restrictions on agricultural inputs enabled a more competitive and diverse market environment. This, in turn, contributed to a steady rise in demand for agrochemicals, particularly as cultivation activities expanded across key regions.



However, the increased competition exerted downward pressure on operating margins, with price sensitivity and brand differentiation playing a significant role in market dynamics. Government-led initiatives to strengthen national food security, increase crop yields, and support rural agriculture continued to create opportunities for growth in the sector. The focus on climate-resilient farming and sustainable practices also encouraged innovation in product development, positioning the agrochemical sector for long-term expansion despite short-term margin constraints.

Source: Central Bank of Sri Lanka – Annual Economic Review 2024 (preliminary data); Ministry of Agriculture updates; Department of Census and Statistics – Agriculture Sector Performance Highlights 2024.

Industrial Chemicals

The industrial chemicals sector faced a more subdued environment during the period under review, reflecting the broader slowdown in industrial activity and construction. Although macroeconomic stability improved and interest rates declined gradually, the recovery in public and private sector construction remained tepid. High input costs and cautious spending patterns among industrial buyers limited volume growth for much of the year.



Nevertheless, some recovery was evident towards the latter part of the reporting period, particularly in sectors tied to manufacturing, packaging, and export-related industries. Renewed activity in infrastructure and housing, supported by government-backed financing schemes and easing inflation, began to restore confidence and demand. While overall market conditions remained challenging, companies adapted through leaner operations and selective diversification into higher-margin segments.

Source: Central Bank of Sri Lanka – External Sector Performance 2024; Ministry of Finance – Mid-Year Fiscal Position Report 2024; Construction Industry Development Authority (CIDA) updates.

MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

Consumer Goods

The consumer goods sector experienced a gradual uplift as purchasing power began to stabilise in response to easing inflation and lower interest rates. The relaxation of import restrictions, particularly from mid-2024 onward, led to increased availability and spending on both food and non-food consumer goods. Rising household consumption especially in urban centres was reflected in higher imports of essentials such as edible oils, sugar, and vegetables, as well as discretionary items including electronics, household appliances, and furnishings.



The improvement in consumer sentiment was also supported by enhanced remittance inflows and improved employment prospects in key sectors like services and tourism. However, price sensitivity remained high, with competition intensifying among importers and retailers to attract value-conscious consumers. The sector's performance over the reporting period suggests a cautiously optimistic trajectory, contingent on continued macroeconomic stability and real income growth.

Source: Central Bank of Sri Lanka – Import Performance Highlights 2024; Department of Customs – Merchandise Trade Statistics; CBSL – Inflation and Interest Rate Review 2024.

Tourism & Hospitality

Sri Lanka's tourism and hospitality sector recorded a strong recovery throughout the April 2024 to March 2025 period, with international arrivals steadily increasing and surpassing pre-crisis monthly averages by early 2025. The island's renewed image as a safe and value-rich destination, bolstered by targeted promotional campaigns and global recognition, attracted a surge of visitors from key source markets including India, Russia, China, Germany, and the United Kingdom.

According to the Sri Lanka Tourism Development Authority (SLTDA), tourist arrivals during the period reached new post-pandemic highs, significantly contributing to foreign exchange earnings and employment generation in hospitality and supporting industries. The revival of the sector was further supported by improved infrastructure, digital visa processes, and new air connectivity agreements. As the industry builds back its capacity and service levels, it is expected to play a pivotal role in the country's broader economic recovery and external resilience.



Source: Sri Lanka Tourism Development Authority – Monthly Tourist Arrivals Reports (April 2024 – March 2025); Ministry of Tourism – Annual Industry Review 2024; CBSL – Tourism Receipts Dashboard.

COMPANY PERFORMANCE

The financial year for the Company was characterized by persistence, resilience, and a strategic focus on managing external challenges. Despite facing economic downturns, inflationary pressures, supply chain disruptions, and adverse weather conditions, the Company recorded a Net Profit of Rs. 315 Mn for the reporting period, compared to the previous year's profit of Rs. 333 Mn.

While the Net Profit remained almost the same, revenue experienced a slight decline, dropping from Rs. 6,337 Mn in 2024 to Rs. 6,303 Mn in 2025. This minor decrease in top-line revenue is largely attributed to market volatility, global supply chain disruptions, and a shift in consumer demand. However, the ability to maintain a solid profit margin, despite the decline in revenue, underscores the Company's effective cost control measures, operational efficiencies, and its adaptability in the face of ongoing external pressures.

The resilience of the Company's core business segments and its focus on optimizing operational resources helped mitigate the negative impact on revenue, allowing for a modest profitability. Looking ahead, the Company remains committed to strengthening its market position, enhancing operational performance, and positioning itself for sustainable growth as market conditions stabilize.

SECTOR PERFORMANCE

PAINTS

The financial year was characterized by a volatile and turbulent market environment, primarily due to fluctuating consumer and dealer confidence as well as the instability of the exchange rate. While an upward growth trend was anticipated from the second quarter onward, the anticipated recovery was delayed until the latter part of the third quarter. This situation was further compounded by unseasonal rainfall during key months, which negatively impacted demand and added pressure on the business to adjust pricing. As a result, while conditions were challenging, the Paints division achieved a 25% increase in sales volume compared to the previous year.



Achievements

Despite the challenging economic climate, several key achievements underscored the Paints division's resilience and innovation.

A standout moment was the certification of Robbialac CARBONO by the Sri Lanka Climate Fund, an initiative under the Ministry of Environment. CARBONO was recognized for its 30% reduction in carbon emissions compared to conventional emulsions, reinforcing the division's commitment to sustainability. This product also marked a milestone in eco-friendly packaging as the first paint in Sri Lanka to use a biodegradable bucket, setting a new standard for the industry.

In addition to CARBONO, the division launched new "Green Label" certified emulsion products, further expanding its eco-conscious product line. The company also achieved Eco Label Certification, along with ISO 12944-5:2019 and ISO 12944-6:2018 certifications for corrosion protection systems, enhancing the credibility and quality assurance of its offerings in industrial and protective coatings.

Retail sales showed positive growth, supported by the expansion of Robbialac's presence in hardware stores. Shelf acquisitions and product range augmentations allowed the brand to gain wider consumer access and deliver higher quality and performance. On the industrial side, the division saw growth in the latter part of the year as construction projects gradually commenced, supported by contributions in the Supply and Apply Markets. These efforts were further amplified by the success of the Robbialac Paint Master's Program, which offers professional painting services for homes and offices enhancing customer experience and driving sales in both residential and commercial segments.

On the digital front, Robbialac significantly expanded its e-commerce channel and enhanced online dealer support portals, improving customer accessibility and backend efficiency. E-commerce developments included the introduction of a call-and-order facility, 24-hour delivery options, and card promotions with easy payment plans, offering convenience to customers and supporting the company's digital transformation goals.

The Company also launched a comprehensive insurance scheme for painters through the Robbialac Painters Club, offering accidental coverage of up to Rs. 1.0 Mn for applicators demonstrating a commitment to stakeholder well-being.

MANAGEMENT DISCUSSION & ANALYSIS (MD&A)



In terms of social impact, the Company conducted the Children's Day Bithi Sithuwam Program, a creative competition that encouraged children to express their imagination through wall art. This initiative transformed everyday spaces into vibrant expressions of creativity, reinforcing the brand's connection with families and communities.

Further strengthening operational efficiency, Robbialac implemented a centralized CRM system and digitized dealer ordering processes, streamlining operations and improving customer experience. In a move towards data-driven decision-making, the Company also introduced AI-assisted customer feedback mechanisms to better understand consumer preferences and tailor offerings accordingly.

Future Outlook

As the economy shows signs of steady recovery, the Paints division remains cautiously optimistic for FY 2025/26. Growth in construction, housing, and infrastructure is expected to drive demand, offering new opportunities in both the decorative and industrial segments.

The division will continue to advance its sustainability agenda by expanding its range of eco-certified products and biodegradable packaging. Enhanced digital tools, including upgraded e-commerce platforms and AI-powered CRM systems, will further streamline customer engagement and dealer support.

Plans are underway to scale the Robbialac Paint Master's Program and broaden reach in key urban and semi-urban areas. Ongoing investments in product innovation, supply chain resilience, and customer experience will position the division for sustainable growth, enabling it to capitalize on emerging opportunities in the year ahead.

AGRO

The Agro Division remains a vital pillar of Lankem Ceylon PLC, serving Sri Lanka's farming community through a diverse portfolio that includes agrochemicals, fertilizers, and hybrid seeds. With a strong commitment to innovation, sustainability, and farmer empowerment, the division strives to be the preferred partner in enhancing agricultural productivity and food security. Another important component of the Company is SunAgro LifeScience Ltd. (SAL), a fully owned subsidiary also specializing in agrochemical products, which has steadily grown over 18 years and now plays a strategic role in advancing the Company's ambitions.



Key Highlights 2024/25 – Lankem Agro

- The launch of the islandwide tree planting campaign in commemoration of World Environment Day. This initiative aimed to promote sustainable agriculture and encourage environmental responsibility, with a focus on enhancing local ecosystems and providing long-term benefits through the cultivation of fruit-bearing trees.



- Lankem Fertilizer has successfully revitalized its operations after a few years' pause, now positioned for continued growth and innovation. With refreshed strategies and a focus on meeting market demands, the division is on track to strengthen its presence and drive future success.



- Took initial steps of our drone project with farmer demonstrations showcasing our presence in emerging technology, with plans to soon acquire drones for commercial applications and R&D trials.



- University students toured our Lankem Agro Factory in Pannala, where we provided an informative session on our operations and shared valuable industry insights. The visit offered students a firsthand experience of our processes, enhancing their understanding of the agricultural sector.



Achievements

The financial year 2024/25 was marked by significant milestones for the Agro Division, driven by strong performances across all segments. The Agrochemical segment achieved its highest turnover to date, reaching Rs. 2.2 Bn, while the broader Agro Cluster posted a record revenue of Rs. 2.7 Bn. This success was supported by product innovation, such as the launch of hybrid chili seeds grown under controlled conditions, and the initiation of precision agriculture pilots using drones. The fertilizer segment also resumed full operations, enhancing the division's ability to offer comprehensive crop inputs.

Within this framework, SunAgro LifeScience Ltd. (SAL) excelled by almost reaching its highest-ever revenue of Rs. 2 Bn and a profit before tax of Rs. 205 Mn. SAL introduced innovative products like Pexalon (Greenergy) for controlling Brown Planthopper and Elektra fertilizer to reduce plant stress and improve yields. The Company conducted over 300 farmer training sessions, promoting sustainable agrochemical use and environmental responsibility. Sustainability efforts included ISO-certified production facilities, agrochemical waste management programs, and community initiatives such as tree planting and farmer support activities, underscoring SAL's commitment to ESG principles.



Challenges

The Agro Division navigated several challenges during the year. Macroeconomic instability, including foreign exchange shortages and inflation, impacted the cost and availability of imports. Supply chain disruptions caused delays in critical product deliveries, adding pressure to inventory management and pricing. Regulatory changes increased scrutiny on agrochemical usage, with the government actively discouraging generic and unsafe products, creating market complexities and intensified competition from illegal alternatives.

MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

SunAgro LifeScience Ltd. faced similar pressures, dealing with rising freight costs, fluctuating import prices, and import delays that complicated procurement and cost forecasting. The evolving agricultural landscape, with a shift toward integrated pest management and sustainable farming, demanded rapid adaptation and investment in digital platforms and farmer education. These transitions, while necessary, required significant resources and careful balancing to maintain profitability and market relevance.

Future Outlook

The Agro Division is well-positioned for continued growth and resilience in FY 2025/26 and beyond. Plans include expanding hybrid seed production, increasing fertilizer manufacturing capabilities, and scaling innovative precision agriculture solutions to better serve farmers' needs. There is a clear strategic focus on strengthening local production to reduce import dependence and enhance supply chain stability.

SunAgro LifesScience Ltd. aims to achieve a 20% revenue growth to Rs. 2.5 Bn, supported by new product launches including compound fertilizers and agricultural sprayers, and by enhancing its digital footprint through an upgraded website, social media, and video-based engagement. The implementation of a Sales Force Automation system will improve operational efficiency and enable data-driven decisions. SAL's innovation pipeline prioritizes environmentally friendly agricultural inputs and sustainable farming methods such as polytunnel cultivation.

Talent development and community engagement will remain priorities, with increased investment in staff training and farmer education programs. By embedding ESG principles into its core operations and expanding collaborative partnerships, the Agro Division and SunAgro LifeScience Ltd. are committed to fostering sustainable agriculture, delivering value to stakeholders, and supporting Sri Lanka's food security and rural livelihoods.

PEST CONTROL DIVISION REVIEW

The Pest Control sector, a vital component of Lankem Ceylon PLC's diversified portfolio, has played a strategic role in the Company's operations for over four decades. Renowned for its expertise and commitment to Integrated Pest Management (IPM), the division continues to serve a broad customer base, including hospitality, industrial, and residential sectors. In the financial year 2024/25, the division demonstrated resilience and operational strength, achieving steady revenue growth despite ongoing market and economic challenges.



Achievements

During the year under review, the Pest Control segment recorded revenue of Rs. 312 Mn, reflecting the division's stable performance and its capacity to adapt to a dynamic business environment. The division maintained its market leadership in the termite control segment and strengthened its position in the general pest management sector.

To enhance customer acquisition and brand awareness, the division invested in mass media and digital advertising campaigns. Additionally, capital was deployed towards technical training and attitudinal development programs for field staff, significantly improving service quality and operational efficiency. These initiatives aligned with Lankem's broader strategic vision to achieve technical excellence and expand its presence across multiple pest control segments, including fumigation and non-chemical solutions.

Challenges

Despite its accomplishments, the division encountered several challenges during the financial year. Market uncertainties, limited funding for expansion, and rising operational costs impacted the pace of growth. Competition within the pest control industry intensified, requiring constant innovation and service differentiation. Furthermore, while the resurgence of tourism and construction sectors presented opportunities, they also demanded faster scalability and greater resource mobilization.

To address these constraints, Lankem began exploring strategic integration with its subsidiary, SunAgro Lanka (SAL), aiming to achieve operational synergies and optimize resource utilization across both entities.

Future Outlook

Looking ahead to FY 2025/26, the Pest Control segment is targeting revenue exceeding Rs. 400 Mn a projected 40% increase year-on-year. Key strategic priorities include expanding market penetration, enhancing customer engagement, and boosting both the trading and service volumes across termite and general pest segments.

The division is also poised to pursue emerging opportunities in customized pest management solutions that emphasize environmental safety and customer well-being. Plans are underway to make capital investments in advanced machinery to support service delivery, while new partnerships with public and private sector stakeholders are being evaluated to drive innovation and growth. Furthermore, the division is assessing opportunities for selective international market entry, in line with its long-term vision for regional expansion and technical leadership.

On the human capital front, the division will continue investing in workforce development through technical training, employee engagement initiatives, and leadership programs. The strong safety record achieved during the year will be upheld through continued emphasis on health protocols, awareness campaigns, and a culture of operational discipline.

CONSUMER GOODS

The Consumer Sector of Lankem Ceylon PLC operates within a dynamic, fast-moving consumer goods (FMCG) landscape that is highly price-sensitive and fiercely competitive. Despite a challenging economic climate marked by cautious consumer spending and shifting consumption patterns, the sector remained a stable contributor to the Group's overall performance. Its wide-ranging portfolio of local and international brands continues to address the daily needs of Sri Lankan households across four key categories: food, beverage, personal care, and home care. The beverage segment remains anchored by Sunquick, which retained its position as the market leader in the squash category due to its strong brand recall and widespread availability. The food segment includes heritage brands like KVC and Scan, which maintained robust distribution across general and modern trade channels. The Delish range, known for its sauces and condiments, demonstrated increased traction, supported by strategic flavour innovations and revamped packaging. Kotagala Kahata, the Group's flagship tea brand, underwent a rebranding initiative to modernise its identity and increase relevance among younger, urban consumers. In the personal and home care categories, the Group leveraged its long-standing distribution partnerships with global giants like Himalaya, Santoor, Soft Touch, Mr Muscle, Baygon, and Kiwi, strengthening its market presence with well-established, trusted products.



Achievements

The year under review marked several milestones that reinforced the sector's operational resilience and market competitiveness. A major strategic initiative was the establishment of a dedicated distribution channel for food and beverage products, developed following a comprehensive route optimisation study. This restructured model enhanced the effectiveness of last-mile delivery, increased outlet coverage across key urban and semi-urban areas, and improved availability of core SKUs, particularly Sunquick and Scan-branded items. In tandem with this, the Group expanded its logistics infrastructure, increasing total warehousing capacity to over 80,000 square feet. Warehousing was also restructured into three product-specific hubs in relation to Food and Beverage, Personal Care, and Industrial Products allowing for more efficient stock management and traceability. Plans were initiated to implement a Warehouse Management System (WMS) to automate core inventory functions, streamline order fulfilment, and reduce operational lead times. On the manufacturing side, the Group's plants at Horana Industrial Estate which are producing SCAN, Delish, and KVC ranges continued to meet stringent global benchmarks, maintaining certifications such as ISO 22000:2018, ISO 9001:2015, Good Manufacturing Practices (GMP), and HACCP. Sustainability remained a core focus, with initiatives such as the collection and recycling of PET bottles and the promotion of refillable glass bottles in the hospitality sector, particularly in tourism-heavy regions like Nuwara Eliya and the Southern coastal belt.

Challenges

During the financial year 2024/25, the Consumer Sector grappled with multiple macroeconomic and operational challenges. Persistent price sensitivity among consumers, coupled with increased VAT and reduced disposable income, led to a downtrading trend where consumers shifted from premium to more affordable alternatives. This impacted volume growth and margins in key product categories. Distributors and modern trade retailers responded to inflationary pressures with heightened price negotiations, exerting pressure on margins

across the board. The frequent need to recalibrate retail prices to stay aligned with market expectations added to operational complexity and affected long-term pricing strategies. On the export front, the sector saw a 32% drop in export revenues, primarily due to the 7% appreciation of the Sri Lankan Rupee by mid-2024, resulting in adverse foreign exchange translation effects despite stable or growing demand in overseas markets. The non-essential product categories, particularly personal care items, saw a dip in demand as consumers prioritised essential spending. Operational costs were also affected by supply chain disruptions, including prolonged delivery times and elevated freight charges, while excessive rainfall in key agricultural regions compromised the quality of spice-based raw materials, leading to higher rejection rates and increased customer complaints. These pressures were partially offset by rigorous cost containment efforts, supplier diversification, and prudent currency risk management strategies.

Future Outlook

Looking ahead, the Consumer Sector is committed to maintaining its growth momentum through product innovation, market expansion, and enhanced operational agility. A key highlight for the coming year is the planned launch of Sun Cola, a carbonated beverage line under the trusted Sunquick brand, which marks the Group's strategic entry into the ready-to-drink soft drinks segment. This move aims to tap into growing demand from younger consumers and will be supported by a targeted marketing campaign and broader channel distribution. The Group will continue to invest in brand-building across its core portfolio to reinforce customer loyalty and respond proactively to changing consumer preferences. On the digital front, the rollout of the Warehouse Management System is expected to bring transformative gains in operational efficiency, inventory accuracy, and order tracking. Sustainability will remain a key pillar, with plans to scale up existing PET collection initiatives, explore biodegradable packaging alternatives, and expand community engagement efforts linked to responsible consumption and waste reduction. In an increasingly complex operating environment, the Consumer Sector is confident in its ability to leverage its strong brand equity, robust supply chain, and market insights to deliver consistent value to stakeholders while driving sustainable and inclusive growth.

HOTELS

The 2024/25 financial year marked a significant rebound for the hotel sector within the Lankem portfolio, driven by a robust recovery in global tourism. With tourist arrivals growing by an impressive 40% year-on-year, our hotel chain successfully expanded its market presence. Established markets such as China, India, and Russia saw increased numbers of room nights, while emerging and seasonal markets including Spain, Bangladesh, and Iran performed exceptionally well across our properties. This diverse market growth enabled us to achieve remarkable year-on-year performance improvements, setting a strong foundation for the sector's ongoing development.



Achievements

The hotels demonstrated considerable progress in key performance indicators throughout the year. The Palms recorded a notable 10% increase in occupancy, rising from 73% in 2024 to 83% in 2025. Although the average room rate (ARR) experienced a slight decline due to exchange rate fluctuations, the revenue per available room (RevPAR) improved significantly, reflecting higher occupancy and optimized yield management. Sigiriya Village delivered an outstanding occupancy surge from 30% to 75%, supported by the expansion of its room inventory from 80 to 100 rooms and refurbishment initiatives. This growth was accompanied by increases in both ARR and RevPAR despite currency headwinds. Club Palm Bay maintained steady ARR levels due to its strong corporate clientele, with a moderate occupancy increase from 55% to 61%, and an improvement in RevPAR driven by operational consistency. The sector also benefited from strategic capital investments in property upgrades. The Palms underwent furniture refurbishments, while Club Palm Bay upgraded its lobby, kitchen, and exterior spaces to enhance guest experience. Additionally, Sigiriya Village introduced the SCIENTER system, replacing the older ZAARA platform, which significantly improved our ability to capture and analyze guest data for targeted marketing and operational efficiency.

Challenges

Despite the positive momentum, the hotel sector faced several challenges. Intense competition arose with the entry of newly refurbished properties in key regions, coupled with fluctuating pricing strategies that placed pressure on maintaining competitive rates without compromising quality. Established year-round markets such as China and India remained highly price-sensitive, requiring ongoing tactical adjustments and targeted engagement to retain market share. Moreover, the renovation projects, while essential for long-term competitiveness, led to temporary room outages across all three hotels during parts of both financial years, limiting potential

revenue growth during those periods. Another significant challenge was currency volatility, with an average exchange rate difference of Rs. 20 in 2025 compared to 2024, which impacted ARR and overall revenue metrics. This necessitated careful financial management and adaptive pricing strategies.

Future Outlook

Looking forward to 2025/26, the hotel sector's strategy focuses on improving operational efficiency and expanding market penetration. Management is actively restructuring roles and responsibilities to enhance staff productivity and ensure that the right talent is aligned with appropriate functions. This organizational refinement is supported by clearly defined departmental targets and key performance indicators (KPIs), with regular weekly, monthly, and quarterly reviews to monitor progress and maintain accountability. On the sales front, efforts will concentrate on growing volumes from summer markets such as Spain, Italy, and Australia, which offer significant potential for volume growth and can help stabilize low-season operations by reaching breakeven levels. Collaborative relationships with destination management companies (DMCs) will be strengthened to develop targeted offers and promotional campaigns tailored to these markets. Additionally, investments in ongoing property refurbishments and technology upgrades will continue to enhance guest satisfaction and operational agility. The SCIENTER system's advanced analytics will be leveraged further to refine marketing strategies and optimize guest engagement.

PRINTING & PACKAGING

The Printing and Packaging sector, comprising JF Packaging Group and ACME Printing & Packaging PLC, recorded a mixed performance during the financial year 2024/25, shaped by volatile macroeconomic conditions, heightened cost pressures, and shifting customer preferences. JF Packaging Group delivered a strong financial performance, underpinned by healthy demand in key segments and efficient operations. In contrast, ACME encountered several operational challenges that affected its profitability. Despite these contrasting outcomes, both businesses continued to strengthen their foundations through innovation, diversification, and sustainability initiatives ensuring long-term competitiveness and relevance in a rapidly evolving industry landscape.



Achievements

JF Packaging Group recorded a 16% increase in revenue and a 61% improvement in profit before tax, reaching Rs. 302 Mn. This growth was largely attributed to volume expansion, improved capacity utilization, and strong cost management. During the year, the Group also completed the acquisition of a paper packaging business, marking a strategic step towards expanding its product portfolio and entering the sustainable packaging segment. Meanwhile, ACME Printing & Packaging implemented a structured new product development (NPD) process that included Pre-Production Meetings (PPM) and Product Appraisal Meetings (PAM). This contributed to enhanced product quality, higher first-pass yields, and improved alignment between production and customer requirements. On the sustainability front, ACME also advanced key initiatives such as its Ink GSM Reduction Programme and the design of bio-compostable packaging products demonstrating its commitment to eco-conscious manufacturing and innovation.

Challenges

While JF Packaging showed solid growth, ACME recorded a 2% decline in Company-level revenue for the year. Although Group revenue grew by 8% to reach Rs. 1.2 Bn, rising raw material prices and intensified market competition compressed margins, resulting in a gross profit margin of just 2% at Company level and 3% at Group level. The company also faced increased overhead costs, which weighed further on profitability and led to operational losses. Additionally, delays in obtaining regulatory approvals for certain product innovations hindered planned product rollouts. Both businesses continued to contend with fluctuating raw material prices, exchange rate volatility, and subdued consumer demand in the FMCG segment. At the same time, increasing demand across certain product categories exposed capacity limitations, highlighting the need for future investment in infrastructure and operational scalability.

Future Outlook

Looking ahead, the sector will prioritise the expansion of its sustainable packaging portfolio, with the paper packaging acquisition serving as a key enabler for diversification and growth. JF Packaging plans to build on its momentum by scaling high-performing product lines and exploring opportunities in regional and international export markets. ACME will sharpen its focus on cost rationalisation, operational efficiency, and margin recovery through leaner processes and greater innovation. Both entities are expected to maintain their focus on embedding environmental, social, and governance (ESG) principles into their operations, while driving product innovation and capacity upgrades to meet future industry demands.

HR REVIEW

WORKFORCE OVERVIEW & STRUCTURE

Lankem Ceylon PLC's workforce is integral to its ongoing success and expansion. In the fiscal year 2024/25, the total number of employees grew to approximately 564, marking a modest increase compared to the previous year. This growth is primarily attributed to the targeted recruitment in strategic business units and the addition of Lankem Minerals Ltd., a new business venture designed to diversify the company's portfolio and enhance its operational capacity. This expansion supports the company's long-term business objectives, which include improving operational efficiency and scaling its services to meet growing demand across multiple industries.

The workforce composition at Lankem demonstrates a healthy blend of experience and demographic diversity. Among the employees, a majority (214 individuals) are between the ages of 25 to 34, a testament to the company's ability to attract young talent who bring innovative perspectives. The distribution of employees across different age categories, as shown in the following table, highlights a workforce that spans a range of experience levels, which is a key factor in fostering organizational creativity and adaptability.

Age Demographics

Age Category	Number of Employees
18-24	49
25-34	214
35-44	151
45-54	110
55 and above	40
Total	564

This distribution indicates that Lankem has successfully cultivated a balance of seasoned professionals and emerging talent, which is crucial for fostering a dynamic work environment that thrives on innovation and experience.

Gender Demographics

Lankem has made significant strides in increasing the representation of women within its workforce. The company's gender ratio continues to improve each year, with a noteworthy rise in the number of female employees across both operational and leadership roles. As of 2024/25, the gender breakdown of employees is as follows:

Gender	Number of Employees
Female	84
Male	480
Total	564

Despite the higher proportion of male employees, Lankem is actively working to promote gender equality and women's empowerment, with a focus on creating opportunities for women to thrive in traditionally male-dominated fields.

Years of Service:
Another important demographic aspect is the tenure of employees at Lankem. The organization has managed to retain a significant proportion of its workforce, with 133 employees having over 10 years of service. This is a positive indicator of the company's ability to maintain long-term employee loyalty and foster a supportive work culture.

Years of Service	Number of Employees
Below 1	195
1-3	143
3-5	34
5-10	59
Above 10	133
Total	564

This data indicates a good retention rate, with a strong base of long-tenured employees contributing to organizational stability and knowledge transfer.

Lankem's diverse workforce ensures that the company remains competitive, flexible, and resilient. The company is also committed to enhancing diversity and inclusion in its hiring practices by implementing non-discriminatory policies and providing cultural awareness programs to further build an inclusive workplace.

TALENT ACQUISITION & RETENTION

Lankem's approach to talent acquisition has been pivotal to the company's growth trajectory in 2024/25. The company has focused on attracting individuals with specialized skills, particularly in sales, technical, and mid-level leadership positions, to strengthen its business operations. Despite the challenging recruitment landscape which is characterized by a shortage of niche skills and intense competition for, top talent, Lankem successfully navigated these challenges by leveraging a structured recruitment process.



The company's recruitment process is guided by several key steps, from annual manpower planning and identifying hiring needs to conducting job postings and interviews. Each of these stages is designed to ensure that Lankem attracts the right candidates who align with the company's values and long-term goals. This strategic hiring process has been critical in meeting the company's growth objectives, especially as it diversifies into new business areas.

Lankem's Employee Value Proposition (EVP) has been central to its talent acquisition and retention efforts. The company focuses on career progression, leadership development, and offering an environment where employees feel valued and supported. In 2024/25, Lankem introduced several leadership development programs aimed at nurturing internal talent and preparing employees for future leadership roles. These initiatives are expected to pay dividends in terms of both employee retention and organizational growth.

Additionally, the company's internal mobility program, which provides pathways for career advancement within the organization, has been instrumental in retaining employees. By offering employees opportunities to grow and develop in their careers, Lankem has managed to reduce turnover rates significantly. As of March 2025, the turnover rate stands at 2.48%, which reflects the company's successful retention strategies.

To further reduce turnover, Lankem conducts exit interviews to understand the reasons behind employee departures. Insights from these interviews are used to refine retention strategies, including performance-based rewards, recognition schemes, and career development initiatives. These efforts are designed to improve employee satisfaction and reduce attrition rates, ensuring that the company retains its most valuable assets—its people.

Lankem's commitment to fair and equitable hiring practices is unwavering. The company ensures that all hiring decisions are based on merit, qualifications, and experience. Through the use of open job advertisements, non-discriminatory hiring panels, and unconscious bias training, Lankem actively promotes diversity and inclusion within its workforce.

EMPLOYEE ENGAGEMENT & CULTURE

Lankem recognizes the importance of employee engagement in driving productivity, innovation, and overall organizational success. The company has made significant strides in fostering an environment that encourages open communication, collaboration, and the sharing of ideas. Regular manager check-ins, team discussions, and open communication channels help Lankem gauge employee sentiment and address concerns proactively.



HR REVIEW

Several initiatives have been implemented to enhance employee engagement and workplace culture. These include quality circle meetings at factories, celebrations of key cultural events such as Sinhala and Hindu New Year, and Christmas celebrations that bring employees together. In 2024, Lankem introduced a "Plants Distribution Campaign" aligned with World Environment Day, engaging employees in an initiative that combined environmental consciousness with team-building.

Recognition and rewards are key drivers of employee motivation at Lankem. The company's Employee Recognition Reward Scheme is designed to celebrate outstanding employee contributions, with awards such as the "Factory Employee of the Month," "Sales Performance Awards," and "Extraordinary Performance of Children of Staff." These initiatives help boost morale, reinforce the company's core values, and foster a sense of pride and ownership among employees.



The company's approach to recognizing and rewarding employee contributions is aligned with Lankem's core values, ensuring that employees are motivated to consistently deliver their best work. This culture of recognition not only drives performance but also strengthens employee loyalty and retention.

LEARNING & DEVELOPMENT

Lankem is deeply committed to the development of its employees and invests significantly in training programs designed to enhance their skills and capabilities. In the year 2024/25, the company rolled out several development programs aimed at strengthening its sales force, improving product knowledge, and enhancing customer engagement techniques. The company's comprehensive training calendar ensures that employees have access to a wide range of development opportunities throughout the year.

The learning and development initiatives at Lankem are diverse, encompassing classroom training, virtual learning, experiential learning, job rotation programs, workshops, and seminars. By offering a variety of training methods, the company ensures that employees can engage with content in a way that suits their learning preferences. In total, Lankem invested Rs. 7 Mn in employee development, with 550 employees receiving 560 hours of training.



Lankem is also committed to supporting career progression through leadership development programs. High-potential employees are identified through performance reviews and leadership assessments, and are enrolled in fast-track programs designed to prepare them for critical roles. Through a combination of mentoring, cross-functional exposure, and leadership-specific training, Lankem ensures that its future leaders are well-prepared to drive the company's strategic objectives.

PERFORMANCE MANAGEMENT

Lankem has established a structured performance management system that evaluates employees based on their contributions and alignment with organizational goals. The performance appraisal process follows a 180-degree evaluation model, which includes self-assessment by employees and feedback from immediate supervisors. This system encourages continuous development, supports a performance-driven culture, and ensures alignment with the company's strategic objectives.

The company's performance management framework includes goal setting, mid-year reviews, and end-year evaluations. KPIs are established at the beginning of each financial year, and employees are provided with regular feedback to help them stay on track and meet performance expectations. Employees who do not meet expectations are placed on a Performance Improvement Plan (PIP), which provides targeted support to help them improve.

COMPENSATION & BENEFITS

Lankem offers a competitive compensation and benefits package designed to attract and retain top talent. The company conducts regular benchmarking to ensure that its salary structure is aligned with industry standards. In addition to base salaries, employees receive performance-based bonuses, profit-sharing opportunities, and other incentives.

The benefits package includes health insurance, paid time off, and employee discounts on Lankem products. In 2024, Lankem also introduced a wellness program to promote the health and well-being of employees, mental health support, and regular health check-ups.

As Lankem Ceylon PLC moves forward into the future, the company's commitment to its people remains a cornerstone of its continued success. In an increasingly dynamic and competitive business environment, Lankem recognizes that the strength of its workforce is paramount to achieving sustained growth and operational excellence.

The HR initiatives of 2024/25 have played a pivotal role in fostering a culture of continuous learning, innovation, and adaptability, ensuring that employees are not only equipped to meet current challenges but are also prepared to embrace the opportunities of tomorrow. By focusing on leadership development, talent retention, and employee well-being, Lankem is cultivating a diverse and inclusive workplace that empowers individuals to thrive.

Moreover, with an emphasis on creating a positive work-life balance and fostering collaboration across departments, the company is reinforcing its position as an employer of choice in the industry. Looking ahead, Lankem will continue to invest in its people, recognizing that the collective strength, dedication, and creativity of its workforce are fundamental drivers of the company's long-term success. By remaining committed to these principles, Lankem Ceylon PLC is poised to achieve even greater milestones, ensuring that its employees are not just part of the journey but are the driving force behind its future achievements.

Building blocks of progress





Consumer Goods

SUSTAINABILITY REPORT

INTRODUCTION

At Lankem Ceylon PLC, sustainability is deeply embedded in our business ethos and operational strategy. We understand that to ensure long-term success and create enduring value for all stakeholders, we must strike a balance between environmental responsibility, social inclusivity, and economic resilience. Guided by our holistic "Planet, People, Profit" framework, we are committed to adopting practices that not only drive innovation and growth but also preserve natural ecosystems and uplift the communities we serve. This integrated approach allows us to navigate complex global challenges while fostering responsible business conduct and promoting sustainable development.

ENVIRONMENTAL STEWARDSHIP

We continue to take proactive measures to minimize our environmental footprint across all operational touchpoints. One of our key initiatives includes the development of a green belt around our factory premises, which improves air quality, contributes to local biodiversity, and provides a more natural working environment. The architectural design of our facilities incorporates energy-efficient elements such as natural ventilation and daylight harvesting, which significantly reduce our dependency on artificial lighting and lower overall energy usage. Emissions and wastewater from operations are stringently treated in compliance with environmental regulations, with treated water reused for landscaping purposes. In line with sustainable agriculture, we continue to advocate and adopt green chemistry and precision agricultural practices that reduce chemical dependency and support environmental conservation.

The Company is fully aligned with our environmental agenda, implementing Integrated Pest Management (IPM) strategies to reduce reliance on synthetic chemical pesticides. These include the adoption of non-toxic, eco-friendly solutions such as biological controls and natural repellents, contributing to reduced soil and water contamination. By shifting towards more sustainable pest control solutions, the division not only supports biodiversity but also minimizes its ecological footprint in line with broader company goals.

WASTE MANAGEMENT AND RECYCLING

Robust waste management protocols have been introduced to support circularity and responsible disposal. We segregate waste at the source into categories including plastics, paper, glass, and metals, facilitating efficient recycling. Non-biodegradable waste is handed over to certified recyclers, and contaminated materials are incinerated responsibly through INSEE. Our collaboration with CropLife facilitates the recovery and recycling of agrochemical containers, further enhancing circularity. To minimize our paper footprint, we have digitalized numerous workflows and encouraged practices such as double-sided printing across departments.

In support of these initiatives, the Company has contributed by minimizing waste generated from pest control operations and packaging. Efforts include the safe disposal of pest control residues, and adopting digital pest monitoring systems that eliminate paper-based processes and reduce the need for frequent manual inspections. The Company has also focused on introducing organic and biodegradable products that pose no risk to soil or water sources.

WATER AND ENERGY CONSUMPTION

Energy conservation is an essential pillar of our sustainability efforts. We continue to optimize our energy mix through LED lighting systems, daylight-integrated facility designs, and ongoing solar energy projects that aim to reduce reliance on grid electricity. Our water management systems include the treatment and reuse of water for non-potable applications, enabling better resource efficiency and a reduced environmental burden.

The Company has adopted energy-efficient technologies in its operations, with digital pest control tools significantly lowering the energy demand associated with traditional inspection methods. Moreover, the Company's emphasis on non-polluting, water-safe pest control products has directly reduced the risk of contamination and improved water stewardship across supported agricultural ecosystems.

BIODIVERSITY AND ECOSYSTEM CONSERVATION

We are actively involved in preserving and enhancing biodiversity through targeted interventions such as tree planting drives and the integration of precision farming technologies that help avoid chemical overuse. Emissions and effluent from our processes are rigorously treated before discharge, ensuring that ecosystems remain protected and intact.

By reducing reliance on chemical pesticides and promoting the use of biocontrol agents, the Company helps maintain the delicate ecological balance essential to sustainable agriculture. These methods not only protect beneficial insect populations but also support healthier soils and habitats for flora and fauna.

CARBON EMISSIONS AND CLIMATE CHANGE

Our carbon footprint reduction strategy includes the assessment of emissions across our operations, alongside investments in clean technologies and sustainable product innovation. We are actively working toward adopting low-emission systems, improving energy efficiency, and integrating environmental accountability into our supply chain.

In alignment with this approach, the Company has made significant progress by developing and deploying eco-friendly pest control formulations with low carbon intensity. The Company's transition to these cleaner solutions supports the company's overarching ambition to mitigate climate change and move towards a low-carbon future.

SOCIAL RESPONSIBILITY

Health and Safety

The safety and well-being of our workforce and surrounding communities are of paramount importance. Our comprehensive Environmental, Health, and Safety (EHS) framework ensures rigorous safety protocols, including biannual cholinesterase testing, mandatory personal protective equipment (PPE), regular fire and safety drills, and accessible onsite medical facilities.

The Company supports these efforts by reinforcing health and safety training specific to pest control environments and ensuring that all personnel are equipped with the latest knowledge and protective tools to handle operations safely and responsibly.

Community Engagement

We actively support the socio-economic development of the communities in which we operate. This includes donations of educational materials to underserved schools, sponsorship of cultural and educational events such as 'Guru Swara', and the conduct of awareness campaigns on sustainability and responsible farming. In collaboration with CropLife, we continue to implement waste recovery initiatives that promote environmental responsibility at the community level.

The Company plays a vital role in this outreach by conducting community-based training programs on the safe use of agrochemicals, responsible pest management, and the environmental implications of pesticide misuse. Farmers are equipped with practical knowledge to adopt safer, more sustainable methods, leading to healthier livelihoods and communities.

Diversity, Equity, and Inclusion

We maintain a zero-tolerance approach toward discrimination of any form and are committed to fostering a culture of inclusivity. Programs promoting gender equality, multicultural awareness, and team cohesion help ensure every employee feels respected, empowered, and provided with equal opportunities to grow and contribute.

Sustainability Education and Awareness

Education is a key enabler of our sustainability agenda. We provide ongoing learning opportunities for both employees and local farmers on topics such as pest and disease management, safe agrochemical usage, and the deployment of drone technologies for precision farming. These initiatives help build a more sustainable and knowledgeable agricultural community.

In parallel, the Company has designed tailored capacity-building programs to promote integrated pest management (IPM), biological pest control solutions, and the safe application of eco-friendly chemical alternatives. These sessions reinforce our message of sustainability and support the transition to greener agricultural practices.

Ethical Sourcing and Labor Practices

We uphold the highest standards in ethical labor practices, including a strict prohibition on child labor, thorough pre-employment health checks, fair compensation, and a performance-driven culture. Our membership in the International Council of Chemical Associations' Responsible Care Leadership Group further underscores our dedication to ethical governance and responsible sourcing.

ECONOMIC VIABILITY

Sustainability Integration in Business Strategy

Sustainability is deeply embedded in our corporate strategy. Our "Planet, People, Profit" model ensures that all business decisions are evaluated through the lens of sustainability, whether it be product innovation, operational efficiency, or stakeholder engagement.

Measures for Economic Resilience

Our strategic priorities include diversifying our product portfolio, enhancing R&D capabilities, and embracing digital transformation. These enable us to build operational resilience and strengthen our long-term sustainability, even in the face of market volatility.

Cost Savings and Revenue Generation

Sustainability has been a driver of both cost efficiency and new revenue streams. Initiatives such as adopting energy-efficient technologies, reducing paper usage, and minimizing waste help lower operational costs. At the same time, the introduction of environmentally conscious products like organic fertilizers, eco-friendly agrochemicals, and sustainable seeds has created opportunities in emerging green markets.

The Company contributes by developing cost-effective pest management solutions that lower financial burdens for farmers while reducing the environmental costs associated with conventional pesticide use. These innovative products expand our portfolio and reinforce our commitment to sustainable business growth.

GOVERNANCE AND COMPLIANCE

Compliance with Sustainability Regulations

We comply with all relevant national and international environmental and agricultural regulations. Our practices are monitored closely by entities such as the Central Environmental Authority and the Department of Agriculture, ensuring strict adherence to applicable guidelines.

Decision-Making Framework

Our governance structure includes a clearly defined decision-making framework based on our Quality, Environmental, and Safety Policy, CSR Policy, and Integrated Management System (IMS). This ensures that sustainability is a central consideration in all business activities.

Sustainability Tracking and Reporting

We continuously track key sustainability performance indicators (KPIs), including water and energy consumption, waste generation, emissions, and workplace health and safety metrics. These KPIs form the foundation of our monitoring and reporting system, guiding our performance reviews and continuous improvement efforts.

Certifications and Standards

We are proud to maintain internationally recognized certifications such as ISO 14001:2015 for Environmental Management, ISO 9001:2015 for Quality Management, and ISO 45001:2018 for Occupational Health and Safety.

Within this framework, the Company ensures its products meet regulatory and sustainability requirements, including eco-labelling and international pesticide compliance standards. This ensures that all offerings are safe, effective, and environmentally responsible.

INNOVATION AND FUTURE GOALS

Innovative Solutions for Sustainability

Innovation lies at the heart of our sustainability vision. We are continuously developing eco-friendly formulations, exploring drone-based precision farming technologies, and investing in hybrid seed research. These initiatives enable sustainable production methods and improve agricultural resilience.

The Company is investing in the development of bio-pesticides and natural pest deterrents, reducing reliance on traditional chemical treatments. Future efforts will expand the use of IPM and promote the availability of non-toxic pest control products that support regenerative agriculture.

Sustainability Goals for the Next 3–5 Years

Looking ahead, our sustainability roadmap includes:

- Widening the adoption of sustainable farming practices
- Advancing climate-resilient agricultural innovations
- Increasing exports of sustainable inputs
- Reducing our operational environmental footprint

The Company will continue to focus on organic pest management, farmer education, and the development of green technologies that support the broader agricultural ecosystem.

CONCLUSION

Lankem Ceylon PLC remains unwavering in our commitment to sustainability, integrating responsible practices across environmental, social, and economic dimensions. Through continuous innovation, stakeholder engagement, and policy adherence, we are not only shaping a more sustainable future for our business but also contributing meaningfully to the well-being of society and the planet.



LEADERSHIP & GOVERNANCE

BOARD OF DIRECTORS' PROFILES



G. K. B. Dasanayaka
Director
(Resigned w.e.f. 31.12.2024)

K. G. Punchihewa
Director
(Appointed w.e.f. 31.12.2024)

S. D. R. Arudpragasam
Chairman

A. Hettiarachchy
Deputy Chairman

Dr. A. M. Mubarak
Director
(Resigned w.e.f. 31.12.2024)



Anushman Rajaratnam
Director

P. Suren Goonewardene
Managing Director

P.M.A. Sirimane
Director
(Resigned w.e.f. 31.12.2024)

A. C. S. Jayaranjan
Director
(Resigned w.e.f. 31.12.2024)

S. B. Perera
Director
(Appointed w.e.f. 31.12.2024)

BOARD OF DIRECTORS' PROFILES

S. D. R. Arudpragasam
[FCMA (UK)]
Chairman, Non- Executive

Mr. S. D. R. Arudpragasam joined the Board of Lankem Ceylon PLC in 1989, was appointed Deputy Chairman in 1990 and as the Chairman on 1st October 2017. Mr. Arudpragasam whilst being associated with The Colombo Fort Land & Building Group of companies since 1982 and having served on the Board of The Colombo Fort Land & Building PLC (CFLB) since the year 2000 and as Deputy Chairman from 2011 was appointed Chairman CFLB with effect from 1st July 2022. Mr. Arudpragasam also serves as Chairman of several subsidiaries of The Colombo Fort Land and Building PLC including Chairman/Managing Director of E.B. Creasy & Company PLC in addition to serving on the Boards of other companies in the CFLB Group. He also functions as a member on several Board Subcommittees of the CFLB Group.

Mr. Arudpragasam is a Fellow of the Chartered Institute of Management Accountants (UK)

A. Hettiarachchy
[C.Eng, MIEE, MIProdE, MIChemE]
Deputy Chairman, Non-Executive

Mr. A. Hettiarachchy joined the Board in April 2010 and was appointed Deputy Chairman on 1st October 2017. Mr. Hettiarachchy is a Chartered Chemical Engineer. He is the Chairman of the Board of ISL Services Limited, Executive Chairman of Acme Printing and Packaging PLC and the Chairman of Lankem Minerals Ltd. He serves as a Director of Sri Lanka Institute of Nano Technology. He has served on the Boards of Central Industries PLC, C.W. Mackie PLC, Richard Pieris Finance Ltd, Hayleys PLC and functioned as Managing Director on the Boards of Haycarb PLC, Recogen Limited and Puritas Limited and served on several other subsidiaries of Haycarb PLC and Hayleys PLC both in Sri Lanka and overseas.

He was also a Board Member of the National Science Foundation, Coconut Research Institute, Member of the National Nano Committee, Chief of Research and Engineering Systems – Sri Lanka Institute of Nano Technology, and a member of several advisory Boards of the NSF.

P. Suren Goonewardene
BBA(Aus.), CPA(Aus.), FCMA (SL), FCIM (UK)
Managing Director, Executive

Mr. Suren Goonewardene was appointed to the Board of Directors as Managing Director with effect from 1st August 2020. He holds a bachelor's degree in Business Accounting from Monash University Australia, Member of the Certified Practicing Accountants-Australia and is a Fellow Member of the Chartered Institute of Marketing U.K. and Certified Management Accountants of Sri Lanka.

He has functioned in the capacity of Chairman and Managing Director, Bharti Airtel Lanka Limited, Chief Operating Officer, Dialog Television and Fixed Line Services, Group Managing Director, Lanka Bell Limited and has also served on the Boards of Ceylon Shipping Corporation and the Civil Aviation Authority of Sri Lanka. He was a Council Member of the Employers' Federation of Ceylon and a former Vice President of the Indian Chamber of Commerce in Sri Lanka. He currently serves as Chairman of Associated Motor Finance PLC and serves on the Boards of First Guardian Equities Limited, Dawi Investment Trust (Private) Limited and Acme Printing and Packaging PLC in which company he also functions as a Member of its Board Subcommittees.

Mr. Goonewardene's experience spans across multiple industries and possess expertise in the fields of Telecommunication, Information Technology, Strategic Planning, Organizational Restructuring, Investment/Credit Management, Finance, Marketing & Sales, General Management and Business Consultancy.

Anushman Rajaratnam
[B.Sc (Hons.), CPA, MBA]
Executive Director

Mr. Anushman Rajaratnam joined the Board of Lankem Ceylon PLC in 2005 and served as the Company's Managing Director from 2009 until December 2016. He relinquished that position in December 2016 to take up the role as the Group Managing Director of The Colombo Fort Land & Building PLC (CFLB) in January 2017. In addition, he serves on the Boards of several subsidiary companies and also functions as a member on several Board Subcommittees of the CFLB Group. Prior to joining the CFLB group, he worked overseas for a leading global Accountancy Firm.

He holds a Bachelor of Science degree in Economics from the University of Surrey, UK, CPA Australia and MBA from Massachusetts Institute of Technology USA.

K.G.Punchihewa
FCA, CPA (Aus.)
Independent Non-Executive Director

Mr. Kamal Punchihewa was appointed to the Board of Lankem Ceylon PLC on 31st December 2024. He started his career at M/s. B R De Silva & Co. Chartered Accountants, in 1983 and was appointed as a Partner in 1991.

He moved to the mercantile sector as the Financial Controller of Kotagala Plantations Ltd. under M/s George Steuarts Management Services in 1992 and in 1997 he was promoted as the Group Financial Controller of the George Steuarts Group of Companies and also as the Director Finance of George Steuart Auto Supplies (Pvt) Ltd.

He re-joined the Plantation Sector as the General Manager-Finance of Kahawatte Plantations Ltd. in 2002.

In 2005 he took his first overseas posting as the Financial Controller of PT Agro Bukit Indonesia and later promoted to the key position of Head of Finance – Plantation Operations and Business Support for the entire Indonesian operation of Good Hope Asia Group, which consisted of six Oil Palm Plantation Companies.

Mr. Punchihewa returned to Sri Lanka in 2011 and joined Lankem Tea & Rubber Plantations (Pvt) Ltd. (LT&RP) as the Director/ Deputy CEO, and was appointed, as the CEO of Agarapatana Plantations Ltd. in April 2014. He served on the Board of Agarapatana Plantations Ltd. from 2012 to 2016.

In October 2016 he joined Browns Group as the Group Chief Executive Officer – Plantation Sector in-charge of three Regional Plantation Companies and served as the Chief Executive Officer of Maturata Plantations Ltd in the same Group till July 2020.

He joined Richard Pieris Group as the Chief Financial Officer – Plantation Sector in August 2020 and was promoted as the Chief Executive Officer of Maskeliya Plantations PLC in February 2021 in the same Group, in addition to the post he was holding. He served as the Chief Executive Officer of Maskeliya Plantations PLC until March 2023.

Mr. Punchihewa currently serves as a Director of Plantation Human Development Trust and on the Boards of certain other listed entities of The Colombo Fort Land & Building Group as an Independent Non-Executive Director and also serves on the Boards of several other unlisted entities within the CFLB Group. He also serves as the Chairman/ Member of certain Board Subcommittees of several subsidiary companies of the CFLB Group.

He is a Fellow member of the Institute of Chartered Accountants of Sri Lanka since 1988 (FCA) and a Member of the Certified Public Accountants (CPA) – Australia since 2014.

S.B. Perera
FCMA/CGMA(UK), B.Sc. Mech.Eng. (Hons.)
Independent Non-Executive Director

Mr. Shrihan B. Perera was appointed to the Board of Lankem Ceylon PLC on 31st December 2024. He was the Chief Executive Officer of Teejay Group from April 2018 to December 2019. He also served as the Chief Executive Officer of Brandix Apparel Solutions Limited from January 2010 to March 2018. He was responsible for drawing up and implementing strategies across all business units in the intimate apparel SBUs in Sri Lanka and India. Mr. Perera previously held positions of Group Financial Controller & Treasurer, Group Accounts Manager and Finance Director at Unilever Sri Lanka while counting overall experience over 30 years both with Engineering and Finance exposure in and amongst competitive conditions and multidimensional challenges. He served as Accounts and Administrative Controller at Al Mulla Group of Companies in Kuwait from January 1991 to December 1995. He has wide exposure in FMCG, Garment and Textile Manufacture and service industry (overseas).

Mr. Perera currently serves as an Independent Director of Teejay Lanka PLC and its Subsidiaries and also functions as Chairman/Member of certain Board Subcommittees. He also serves on the Boards of Fintrex Finance Limited, C.W. Mackie PLC and on the Boards of certain other listed and unlisted entities of The Colombo Fort Land & Building Group. In addition he functions as the Chairman/ Member of certain Board Subcommittees of several subsidiary companies of the CFLB Group.

He holds a Bachelor of Science Degree in Mechanical Engineering-2nd Class Upper Honours from the University of Moratuwa and is a Fellow of the Chartered Institute of Management Accountants/CGMA, UK.

BOARD OF DIRECTORS' PROFILES

A. C. S. Jayaranjan
[FCA, FCMA (UK), CGMA]
Independent Non-Executive Director
(Resigned w.e.f. 31.12.2024)

Mr. A. C. S. Jayaranjan was appointed to the Board as an Independent Non-Executive Director in June 2010. He started his career as a professional at KPMG. Thereafter he has been working for over forty five years in the commercial and industrial sectors at senior managerial level. He was the Chief Accountant at James Finlay & Company PLC and Deputy Chief Executive Officer/ Executive Director Shaw Wallace & Hedges PLC.

Mr. Jayaranjan then joined as the Group Finance Director of Pership Group and later joined John Keells Holdings PLC, as Senior Vice President, Head of Learning & Development. His experience covers diverse areas in commerce and industry. Mr. Jayaranjan is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, and a Fellow Member of the Chartered Institute of Management Accountants (UK). He was a visiting lecturer for post graduate programs in management and finance.

Mr. A.C.S. Jayaranjan resigned from the Board of Lankem Ceylon PLC with effect from 31.12.2024.

P.M.A. Sirimane
[FCA, MBA]
Independent Non-Executive Director
(Resigned w.e.f. 31.12.2024)

Mr. P. M. A. Sirimane was appointed to the Board on 1st September 2017.

He serves on the Board of The Colombo Fort Land & Building PLC (CFLB) and also serves on the Boards of several subsidiary companies in the CFLB Group. Amongst other senior positions he has functioned as Managing Director/CEO of Mercantile Leasing Ltd., Group Finance Director of United Tractor & Equipment Ltd., Chief Finance Officer of Sri Lanka Telecom Ltd., and Director of SLT Hong Kong Ltd. He has served as a Member of several Committees of the Institute of Chartered Accountants of Sri Lanka and was an ex-officio member of the International Leasing Association.

Mr. P.M.A. Sirimane is a Fellow of the Institute of Chartered Accountants of Sri Lanka and also holds a Masters in Business Administration from the University of Swinburne, Victoria, Australia.

Mr. P.M.A. Sirimane resigned from the Board of Lankem Ceylon PLC with effect from 31.12.2024.

G.K.B. Dasanayaka
Attorney-at-Law
Independent Non-Executive Director
(Resigned w.e.f. 31.12.2024)

Mr. Gotabaya Dasanayaka was appointed to the Board as an Independent Non-Executive Director on 1st October 2020. He is an Attorney-at-Law by profession. After a brief period at the unofficial Bar, he joined the Employers Federation of Ceylon (EFC) in 1979 and was Director General/CEO of the EFC from 2000- 2006.

His areas of work and expertise involved representing employers at International and National Level on Labour and related social issues, Employment Law, Employee Relations and Training & Development of Human Resources. He is an Honorary Life Member of the Chartered Institute of Personnel Management (Sri Lanka).

Mr. Dasanayaka worked with the International Labour Organization (ILO) as a Senior Professional Specialist (Employer's activity) for the South Asian Region from 2007 to 2015. Since leaving the ILO, he offers consultancy services in employment related subjects.

Mr. G.K.B. Dasanayaka resigned from the Board of Lankem Ceylon PLC with effect from 31.12.2024.

Dr. A. M. Mubarak
[B.Sc. (SL), Ph.D. (Cantab), FICHEMC, FNASSL]
Independent Non-Executive Director
(Resigned w.e.f. 31.12.2024)

Dr. Mubarak was appointed to the Board as an Independent Non-Executive Director on 21st April 2021. Dr. Mubarak a Commonwealth Scholar has a B.Sc. Degree from the University of Colombo and a Ph.D. from University of Cambridge UK. Dr. Mubarak, a former Director (CEO) of the Industrial Technology Institute, has several years' experience in managing demand driven R&D.

Dr. Mubarak has served as Chairman of National Science Foundation and Chief of Research and Innovation of the Sri Lanka Institute of Nanotechnology (Pvt) Ltd. He has also served on the Boards/Councils of the University of Colombo, University of Sri Jayewardenepura, Postgraduate Institute of Science, National Engineering Research & Development Centre and National Science and Technology Commission. Currently he is a Member of the Board/Council and Sri Lanka Standards Institute, Sri Lanka Accreditation Board and a Director of the Office for Reparations and the North-Western Province Environmental Authority. He is a Past President of the Institute of Chemistry, Ceylon, Sri Lanka Association for the Advancement of Science and National Academy of Sciences of Sri Lanka.

Dr. Mubarak served on the Boards of E.B. Creasy & Company PLC , Laxapana Batteries PLC, Muller and Phipps (Ceylon) PLC and served as Chairman of Union Chemicals Lanka PLC.

Dr. Mubarak resigned from the Board of Lankem Ceylon PLC with effect from 31.12.2024.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Lankem Ceylon PLC present their Report on the affairs of the Company together with the Audited Financial Statements for the year ended 31st March 2025. The details set out herein provide the pertinent information required by the Companies Act No. 07 of 2007, and the Colombo Stock Exchange Listing Rules and are guided by recommended best practices.

GENERAL

The Company was re-registered on 18th March 2008 as required under the Companies Act No. 07 of 2007.

PRINCIPAL ACTIVITIES, BUSINESS AND FUTURE PROSPECTS

The principal activities of the Company together with those of its subsidiary companies have been described along with the Corporate Information in this Annual Report. A review of the Company's business and its performance during the year with comments on financial results and future prospects is contained in the Chairman's Message, The Managing Director's Review and in the Management Discussion & Analysis of this Annual Report. This Report together with the Financial Statements reflect the state of affairs of the Company. The Directors, to the best of their knowledge and belief, confirm that the Company has not engaged in any activities that contravene laws and regulations and prudential requirements and that there are no material non-compliances other than those disclosed in the Annual Report.

FINANCIAL STATEMENTS

The Financial Statements of the Group are given on pages 98 to 196.

AUDITORS' REPORT

The Auditors' Report on the Financial Statements is given on pages 94 to 97.

ACCOUNTING POLICIES

The Accounting Policies adopted in the preparation of the Financial Statements are given on pages 105 to 120.

INTEREST REGISTER

Directors' Interest in Transactions

The Directors have made general disclosures as provided for in Section 192 (2) of the Companies Act No. 07 of 2007. Arising from this, details of contracts in which they have an interest are disclosed in Note 33 to the Financial Statements on pages 179 and 180.

During the financial year, the Company has not entered into any contracts in which the Directors have had a material interest.

Neither the Directors nor their close family members have had any material business relationships with other Directors.

DIRECTORS' REMUNERATION

Directors' remuneration in respect of the Group for the financial year 2024/25 is Rs. 356.6 Mn (2023/24 – Rs. 349.8 Mn) and in respect of the Company for the financial year 2024/25 is Rs. 180.2 Mn (2023/24 – Rs. 170.5 Mn).

DIRECTORS' INTEREST IN SHARES

The Directors of the Company who have an interest in the shares of the Company have disclosed their shareholdings and any acquisitions/disposals to the Board in compliance with Section 200 of the Companies Act No. 07 of 2007. Details pertaining to Directors' direct Shareholdings are as follows:

	No. of Shares as at 31.03.2025	No. of Shares as at 31.03.2024
Mr. S. D. R. Arudpragasam	-	-
Mr. A. Hettiarachchy	-	-
Mr. Anushman Rajaratnam	1,787	137,411
Mr. A. C. S. Jayaranjan (resigned w.e.f. 31.12.2024)	N/A	-
Mr. P. M. A. Sirimane (resigned w.e.f. 31.12.2024)	N/A	-
Mr. P. S. Goonewardene	-	-
Mr. G. K. B. Dasanayaka (resigned w.e.f. 31.12.2024)	N/A	-
Dr. A. M. Mubarak (resigned w.e.f. 31.12.2024)	N/A	-
Mr. K.G. Punchihewa (Appointed w.e.f. 31.12.2024)	-	-
Mr. S.B. Perera (Appointed w.e.f. 31.12.2024)	-	-

DIRECTORATE

The names of the Directors who held office during the financial year and who are currently in office are given below and brief profiles of the Directors appear on pages 46 to 51.

Mr. S. D. R. Arudpragasam	Chairman
Mr. A. Hettiarachchy	Deputy Chairman
Mr. P. S. Goonewardene	Managing Director
Mr. Anushman Rajaratnam	Director
Mr. A. C. S. Jayaranjan	Director (resigned w.e.f. 31.12.2024)
Mr. P. M. A. Sirimane	Director (resigned w.e.f. 31.12.2024)
Mr. G. K. B. Dasanayaka	Director (resigned w.e.f. 31.12.2024)
Dr. A. M. Mubarak	Director (resigned w.e.f. 31.12.2024)
Mr. K.G. Punchihewa	Director (Appointed w.e.f. 31.12.2024)
Mr. S.B. Perera	Director (Appointed w.e.f. 31.12.2024)

Mr. A. C. S. Jayaranjan, Mr. P. M. A. Sirimane, Mr. G. K. B. Dasanayaka and Dr. A. M. Mubarak who served as Independent Non Executive Directors resigned from the Board of Directors as at the close of business on 31st December 2024.

Mr. K.G. Punchihewa and Mr. S.B. Perera were appointed as Independent Non Executive Directors to the Board with effect from 31st December 2024 and in terms of Article 95 of the Articles of Association, they retire and being eligible offer themselves for re-election.

Mr. S. D. R. Arudpragasam, who is over seventy years of age, retires and offers himself for reappointment under and by virtue of the Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. A. Hettiarachchy, who is over seventy years of age retires and offers himself for reappointment under and by virtue of the Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

CORPORATE DONATIONS

Donations made by the Group amounted to Rs. 0.44 Mn during the year under review. (2023/24 - Rs. 0.71 Mn)

CORPORATE GOVERNANCE

The Corporate Governance principles adhered to by the Company are given on pages 58 to 77.

AUDITORS

The Financial Statements of the Company for the year have been audited by Messrs. KPMG Chartered Accountants, the retiring auditors, who have expressed their willingness to continue as Auditors of the Company and are recommended for reappointment. A resolution to reappoint them and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

The Auditors, Messrs. KPMG Chartered Accountants, were paid Rs. 25.3 Mn during the year under review (2023/24 – Rs. 19.6 Mn) as audit fees and fees for audit related services by the Group. In addition, they were paid Rs. 2.4 Mn (2023/24 – Rs. 3.6 Mn) by the Group for non-audit related work, which consisted mainly of tax related work. In addition to the above, Group companies are engaged with other audit firms. Audit fees in respect of these firms amounted to Rs. 5.4 Mn during the year under review (2023/24 – Rs. 5.0 Mn.). As far as the Directors are aware, the Auditors do not have any relationship (other than that of an Auditor) with the Company. The Auditors do not have any interest in the Company.

REVENUE

The revenue of the Group for the year was Rs. 40,334 Mn (2023/24 – Rs. 33,602 Mn)

RESULTS

The Group made a Profit before Tax of Rs. 258 Mn against a loss of Rs. 590 Mn in the previous year. The detailed results are given in the Statement of Profit or Loss and Other Comprehensive Income on page 98.

DIVIDENDS

The Board of Directors have not recommended payment of a dividend for the year ended 31st March 2025.

INVESTMENTS

Investments made by the Group are given in Notes 17, 18 and 19 to the Financial Statements on pages 142 to 149.

PROPERTY, PLANT & EQUIPMENT

During 2024/25, the Group invested Rs. 737 Mn in Property, Plant & Equipment (2023/24 – Rs. 485.4 Mn). Further, Directors are of the opinion that the net amounts of Property, Plant & Equipment other than freehold land, appearing in the Statement of Financial Position are not greater than their market value as at 31st March 2025. The market value of the freehold land as at 31st March 2025 are disclosed in Note 13 to the Financial Statements on pages 128 and 129.

STATED CAPITAL

The stated capital of the Company as at 31st March 2025 was Rs. 1,282,697,140 and is represented by 51,470,757 issued and fully paid Ordinary Shares.

RIGHTS ISSUE AND SUBDIVISION OF SHARES

The Board of Directors of Lankem Ceylon PLC in accordance with a decision made on 18th June 2025, have resolved to issue Seventeen Million One Hundred and Fifty Six Thousand Nine Hundred and Nineteen (17,156,919) Ordinary Shares at a price of Rs.70/- per share by way of a Rights Issue in the proportion of One (01) new Ordinary Share for every Three (3) existing issued Ordinary Shares held, subject to the approval of the shareholders. The proceeds from the Rights Issue will be utilized for the purposes of settling a Related Party due and for part settlement of Bank Loans.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

On the aforesaid date the Board also resolved that following the completion of the proposed Rights Issue and on the basis the Rights Issue being fully subscribed, which shall be then 68,627,676 ordinary shares, be subdivided (split) as expressly provided for in Article 12(1)(b) of the Articles of Association of the Company, on the basis of every One (1) Existing issued Ordinary Share being Subdivided into Two (2) issued Ordinary Shares, thereby increasing the number of shares of the Company to 137,255,352 shares. The subdivision shall not result in a change in the proposed Stated Capital of the Company (Post Rights Issue). The Company having made application, is in the process of obtaining the approval of the Colombo Stock Exchange for the proposed Rights Issue and Subdivision of shares.

RESERVES

The total Group Reserves as at 31st March 2025 comprised Other Capital Reserves of Rs. 4.8 Mn, FVOCI Reserve of Rs. 36.3 Mn, Retained loss of Rs. 1,589 Mn and Revaluation Reserve of Rs. 3,909 Mn. Whereas the total Group Reserves as at 31st March 2024 comprised Other Capital Reserves of Rs.4.8 Mn, FVOCI Reserve of Rs. 8.8 Mn, Retained loss of Rs. 1,397.7 Mn and Revaluation Reserve of Rs. 3,094 Mn. The movements are shown in the Statement of Changes in Equity in the Financial Statements.

TAXATION

The Group's liability to taxation has been computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017, and subsequent amendments thereto.

Income tax and other taxes paid and liable by the Group are disclosed in Note 10 to the financial statements on pages 124 to 126.

RELATED PARTY TRANSACTIONS

During the financial year there were no recurrent related party transactions which exceeded the respective thresholds mentioned in Section 9.14 of the Colombo Stock Exchange Listing Rules. However non recurrent related party transactions which exceeded the respective thresholds are duly set out in Note 33 on page 178. The Company has complied with the requirements of the Listing Rules on Related Party Transactions.

The related party transactions presented in the financial statements are disclosed in Note 33 from pages 172 to 180.

SHARE INFORMATION

Information relating to earnings, dividend, net assets, market value per share and share trading is given on pages 200 and 201.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

Events occurring after the Reporting Period that would require adjustments to or disclosures are disclosed in Note 39 on pages 192 and 193.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments and contingent liabilities as at the date of the Statement of Financial Position are disclosed in Notes 37 & 38 on pages 191 and 192.

EMPLOYMENT POLICY

The Company's recruitment and employment policy is nondiscriminatory. The occupational health and safety standards receive substantial attention. Appraisals of individual employees are carried out to evaluate their performance and realize their potential. This process benefits the Company and the employees.

SHAREHOLDERS

It is the Company's policy to endeavour to ensure equitable treatment to its shareholders.

STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments of the Company due in relation to employees and the Government have been made.

ENVIRONMENTAL PROTECTION

The Company's business activities can have direct and indirect effects on the environment. It is the Company's policy to minimize any adverse effect its activities have on the environment and to promote co-operation and compliance with the relevant authorities and regulations. The Directors confirm that the Company has not undertaken any activities which have caused or are likely to cause detriment to the environment.

INTERNAL CONTROL

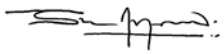
The Board of Directors takes overall responsibility for the Company's internal control system. The Board and management annually review the effectiveness of the Company's internal controls to ensure reasonable assurance that assets are safeguarded against unauthorized use or disposal and to ensure all transactions are properly authorized, recorded and maintained. It includes all controls including financial, operational and compliance controls and risk management. The Board reviews the recommendations of both Internal and External Auditors and takes appropriate action to maintain an adequate internal control system. However, any system can ensure only reasonable and not absolute assurance that errors and irregularities are prevented or detected within a reasonable time frame.

The Board of Directors has ensured that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes which have been carried out in accordance with Sri Lanka Accounting Standards and Regulatory requirements.

GOING CONCERN

The Directors, after making necessary inquiries and reviews including reviews of the Company's budget for the subsequent year, capital expenditure requirements, future prospects and risks, cash flows and borrowing facilities, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the going concern basis has been adopted in the preparation of the Financial Statements.

For and on behalf of the Board



S. D. R. Arudpragasam
Chairman



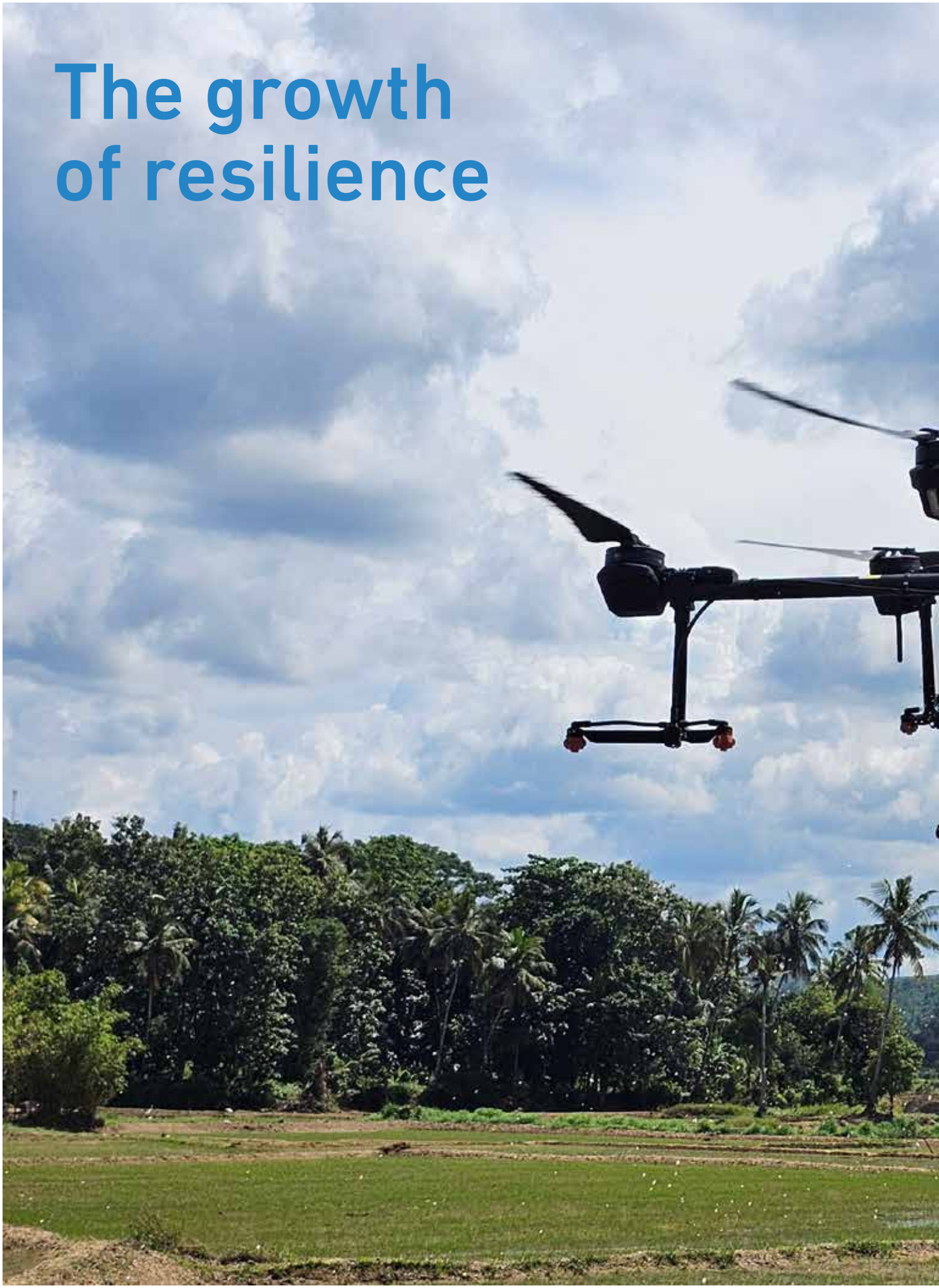
P.S. Goonewardene
Managing Director

By Order of the Board



Corporate Managers & Secretaries (Private) Limited
Secretaries
Colombo
14th August 2025

The growth of resilience





Agriculture

CORPORATE GOVERNANCE

Corporate Governance is a way of structuring the organization in order to safeguard the interests of a wide variety of stakeholders. It needs to balance the Corporate Governance with everyday business management in today's dynamic corporate world. We at Lankem firmly promise our stakeholders better business performance which is nurtured and backed through properly formulated governance practices and procedures.

We present below the Corporate Governance practices adopted and practiced by Lankem Ceylon PLC, in accordance with those listed in the code of Best Practice on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka and the rules on Corporate Governance set out in the Listing Rules of the Colombo Stock Exchange (CSE).

THE BOARD OF DIRECTORS

1.1 The Board, Composition and Meetings

The Board of Directors of Lankem Ceylon PLC is responsible for the governance practices adopted in all the companies within the Group. The Board currently comprise of the Chairman, Deputy Chairman, Managing Director, and three other Directors. All the Directors are professionals who posses a wealth of experience and knowledge in varied fields of Management, Marketing, Finance and Science & Engineering.

Name of Director	Directorship Status
Mr. S. D. R. Arudpragasam	- Non-Executive (Chairman)
Mr. A. Hettiarachchy	- Non-Executive (Deputy Chairman)
Mr. P.S. Goonewardene	- Executive (Managing Director)
Mr. Anushman Rajaratnam	- Executive
Mr. A. C. S. Jayaranjan	- Independent Non-Executive (Resigned w.e.f. 31.12.2024)
Mr. P.M.A. Srimane	- Independent Non-Executive (Resigned w.e.f. 31.12.2024)
Mr. G.K.B. Dasanayaka	- Independent Non-Executive (Resigned w.e.f. 31.12.2024)
Dr. A.M. Mubarak	- Independent Non-Executive (Resigned w.e.f. 31.12.2024)
Mr. K.G. Punchihewa	- Independent Non-Executive (Appointed w.e.f. 31.12.2024)
Mr. S.B. Perera	- Independent Non-Executive (Appointed w.e.f. 31.12.2024)

The Board has met 14 times during the year under review. In addition to Board Meetings, matters are referred to the Board and decided by resolutions in writing.

The number of meetings of the Board and the individual attendance by members is shown below:

Total number of Meetings held: 14

Name of Director	Directorship Status	Board Meetings Attended
Mr. S. D. R. Arudpragasam	Chairman, Non-Executive	14/14
Mr. A. Hettiarachchy	Deputy Chairman, Non-Executive	14/14
Mr. P.S. Goonewardene	Managing Director, Executive	14/14
Mr. Anushman Rajaratam	Executive	11/14
Mr. A. C. S. Jayaranjan	Independent Non-Executive (Resigned w.e.f. 31.12.2024)	9/10
Mr. P.M.A. Sirimane	Independent Non-Executive (Resigned w.e.f. 31.12.2024)	9/10
Mr. G.K.B. Dasanayaka	Independent Non-Executive (Resigned w.e.f. 31.12.2024)	9/10
Dr. A.M. Mubarak	Independent Non-Executive (Resigned w.e.f. 31.12.2024)	6/10
Mr. K.G. Punchihewa	Independent Non-Executive (Appointed w.e.f. 31.12.2024)	4/4
Mr. S.B. Perera	Independent Non-Executive (Appointed w.e.f. 31.12.2024)	4/4

Availability of Formal Schedule of Matters

The code of Best Practice on Corporate Governance of The Institute of Chartered Accountants of Sri Lanka suggests that the Board should have a formal schedule of matters specially reserved for its decision making. Sufficient time was dedicated at meetings in order to ensure the following.

- Offer guidance on overall direction and related strategies, financial and non-financial objectives of Lankem Ceylon PLC.
- Formulation, implementation and monitoring of business strategy of the Company.
- Overseeing the effectiveness of the internal control systems and proactive risk management system.
- Ensuring compliance with legal requirements and ethical standards.
- Approval of budgets, corporate plans, major investments and divestments.
- Approval of interim and annual Financial Statements for publication.
- Approval and review of the succession planning of the Board and top management.

- Approval of any issue of equity and debt securities of the Company.
- Any other matter which is important to ensure that the Company conducts its business in the best interest of all stakeholders.
- Ensure compliance with Company Policies.

The Directors have made themselves aware of applicable laws rules and regulations and are aware of changes particularly to the Listing Rules and applicable Capital Market provisions.

Fit & Proper Assessment

The Company's fit and proper assessment for Directors is in line with the guidelines set out in the Listing Rules and include criteria on honesty, integrity and reputation, competence and capability and financial soundness. The Chairman and Directors satisfy the fit and proper assessment criteria stipulated in the Listing Rules of the Colombo Stock Exchange.

Company Secretary and Independent Professional Advice

Lankem Ceylon PLC and all the Directors seek advice from Corporate Managers & Secretaries (Private) Ltd, who are qualified to act as Secretaries as per the provisions of the Companies Act No. 07 of 2007. In addition, the Board seeks professional advice as and when, and where necessary from independent external professionals.

Independent Judgement

The Board of Directors as a whole and individually are committed to exhibit high standards of integrity and independence of judgement on various issues from strategy to performance.

Training for Directors

The Directors are provided with adequate and relevant training opportunities for their continuous development.

Directors - Other Directorships

The details pertaining to the names of the companies (In Sri Lanka) in which the Directors serve as a Director or key management personnel are presented on pages 62 to 65.

1.2 Segregation of the Role of Chairman and Chief Executive Officer

The role of Chairman and Chief Executive Officer is clearly segregated. The Managing Director functions in the capacity of Chief Executive Officer who is responsible for the operational matters of the Company. The respective Functional Chief Executive Officers are responsible for the divisional strategic business units.

1.3 Chairman's Role

The Chairman oversees good governance of the Company's affairs and monitors the satisfactory performance of duties and responsibilities allocated to the Board Members.

The Chairman conducts the Board Meetings ensuring effective participation of all Directors. The Chairman ensures that the Board is in complete control of the Company's affairs.

1.4 Financial Acumen

Currently the Board includes five finance professionals who possess knowledge to offer the Board necessary guidance on matters relating to finance.

1.5 Board Balance

The Board at present comprises of four Non-Executive Directors of whom two are Independent and two Executive Directors.

The Independent Non-Executive Directors have submitted signed and dated declarations of their independence or non-independence to the Board. The Board makes a determination annually as to the independence or non-independence of each Independent Non-Executive Director based on such declarations made on the defined criteria and other information available to the Board. The names of Directors determined to be "Independent" are set out in the Annual Report.

Despite Mr. A.C.S. Jayaranjan, being over seventy years of age and having served on the Board of the Listed Entity for over a period of nine years, Mr. P.M.A. Sirimane being employed by a subsidiary of the Parent Company, The Colombo Fort Land & Building PLC (CFLB) during the period three years immediately preceding his appointment to the Board of the Listed Entity and having served on the Boards of several subsidiaries of the Parent Company for over a period of nine years, Mr. G.K.B. Dasanayaka being over seventy years of age and Dr. A.M. Mubarak being over seventy years of age and having served on the Boards of several subsidiaries of the Parent Company, CFLB, for over a period of nine years, the Board having considered the fact that the said Directors are not involved in operational matters and having taken into consideration all other circumstances listed in the Rules pertaining to the Criteria for Defining Independence was of the view that the said Directors are nevertheless Independent, and accordingly, Mr. A.C.S. Jayaranajan, Mr. P.M.A. Sirimane, Mr. G.K.B. Dasanayaka and Dr. A.M. Mubarak, were thus determined to be nevertheless independent until their resignation as at the close of business on 31st December 2024.

Mr. K.G. Punchihewa and Mr. S.B. Perera who were appointed to the Board as Independent Non-Executive Directors on 31st December 2024 meets the criteria for defining independence as set out in Listing Rule 9.8.3 of the Colombo Stock Exchange and were determined to be independent by the Board.

CORPORATE GOVERNANCE

1.6 Supply of Information

Lankem Ceylon PLC has set up procedures to receive timely information which includes monthly reports on performance comprising of financial statements and reviews including a clear agenda prior to the meetings. Minutes of all the meetings are properly recorded and circulated among Directors.

Apart from Board Meetings, Executive Directors and Senior Managers meet bi-weekly or more frequently to monitor performance of the business segments, identify key areas for improvement, discuss critical operational issues which require senior management involvement for resolving and to monitor the performance against the Budget.

Decisions and important information from these meetings are conveyed to all Board Members at the Board Meetings. Monthly Accounts and key financial parameters and performance of each division are discussed and necessary action is taken.

1.7 Nominations and Governance Committee and Appointments to the Board

There is a formal and transparent procedure for the appointment of new Directors to the Board, which is in accordance with the recommendations made by the Nominations and Governance Committee, in consultation with the Chairman and in compliance with the provisions of the Articles of Association of the Company, the Policies adopted by the Company and the Rules on Corporate Governance.

The Board as a whole annually assesses the Board composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company. The findings of such assessments are taken into account when new Board appointments are considered and when incumbent Directors come up for re-election.

Upon the appointment of a new Director to the Board, the Company makes the required disclosures to the shareholders by making announcements to the Colombo Stock Exchange.

The Nominations and Governance Committee Report is set out on pages 83 to 85 of the Annual Report.

1.8 Re-election of Directors

In terms of the Articles of Association of the Company, a Director appointed to the Board (other than an appointment to an Executive Office) holds office until the next Annual General Meeting and seeks re-election by the shareholders at that meeting. The Articles require one-third of Directors in office (excluding the office of Chairman, Managing or Joint Managing Director and any other Executive Office) to retire at each Annual General Meeting. The Directors to retire are those who have been longest in office since their last election. Retiring Directors are eligible for re-election by the shareholders.

The Nominations and Governance Committee of the Company has duly recommended to the Board the re-election and reappointment of the Directors at the forthcoming Annual General Meeting and the Board of Directors have duly approved said re-election and reappointment of the Directors. Further the Members have refrained from participating in decisions relating to his/her own appointment.

2. DIRECTORS REMUNERATION

2.1 Remuneration Committee

The Remuneration Committee Report is set out on page 82 of this report.

2.2 Disclosure of Remuneration

Aggregate remuneration paid to Executive and Non- Executive Directors is disclosed in Note 33.8 to the Financial Statements on page 179.

3. RELATIONSHIP WITH SHAREHOLDERS

3.1 Constructive Use of AGM/General Meetings

Lankem Ceylon PLC always welcomes the active participation of shareholders at General Meetings in order to promote and continue an effective dialogue between the two parties. Opportunities are available to shareholders to raise questions from the Chairman and other Directors at the Annual General Meeting/General Meetings. The required number of days' notice has been given in accordance with the Articles of Association of the Company and the Companies Act No. 07 of 2007.

The Company's principal communicator, with all its stakeholders is its Annual Report and Quarterly Financial Statements.

The policy on Relations with Shareholders and Investors is available on the Company's website https://lankem.lk, where contact persons are also provided. Major issues and concerns of shareholders are communicated to all Directors by the Senior Management, Corporate Secretaries, and Registrars of the Company.

3.2 Major Transactions

Lankem Ceylon PLC publishes its Annual Report together with quarterly, half yearly, nine months and twelve months ended interim reports in order to communicate information to the shareholders in a timely manner. All material and price sensitive information are included in these reports together with major transactions if any during the particular period of reporting.

Price Sensitive Information

Due care is exercised with respect to share price sensitive information.

4. ACCOUNTABILITY AND AUDIT

4.1 Financial Reporting

Lankem Ceylon PLC and its Board of Directors consider timely publication of its Annual and Quarterly Financial Statements and other price sensitive information as a high priority enabling the shareholders to make effective economic decisions and ensures to comply with the statutory requirements and procedures laid down by the Colombo Stock Exchange and The Securities and Exchange Commission with regard to these publications. These publications include all material, financial and non financial information to facilitate the requirements of existing and potential shareholders. The Board undertakes the responsibility for the preparation and presentation of the financial statements and ensures that they are prepared and presented in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) adopted by the Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No. 7 of 2007.

The Annual Report of the Board of Directors on the affairs of the Company is given on pages 52 to 55 of this Annual Report. The Directors are of the belief that the Company is capable of operating in the foreseeable future after the adequate assessment of the Company's financial position and resources. Therefore, the going concern principle has been adopted in the preparation of these Financial Statements. The Auditors' Report on Financial Statements is given on pages 94 to 97 containing the Auditors' reporting responsibility. Non-financial information of business segments is given on pages 26 to 39.

Compliance with Legal Requirements

The Board is conscious of its responsibility to the shareholders, the government and the society in which it operates and is unequivocally committed to upholding ethical behaviour in conducting its business. The Board strives to ensure that the Company and its subsidiaries comply with the laws and regulations of the Country.

4.2 Internal Controls

The Board of Directors takes overall responsibility for the Company's internal control system. A separate Audit and Compliance Section has been established to review the effectiveness of the Company's internal controls to ensure reasonable assurance that assets are safeguarded and all transactions are properly authorized and recorded.

However, any system can ensure only reasonable and not absolute assurance that errors and irregularities are prevented or detected within a reasonable time frame.

The Board of Directors has ensured that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes which have been carried out in accordance with Sri Lanka Accounting Standards and regulatory requirements. A statement of Directors' Responsibilities for financial reporting is given on page 91.

4.3 Audit Committee

The Audit Committee report is set out on pages 88 to 90 of this report.

4.4 Related Party Transactions Review Committee

The Related Party Transactions are disclosed in Note 33 to the financial statements. The Report of the Related Party Transactions Review Committee appear on pages 86 and 87.

5. RIGHTS OF EMPLOYEES/OTHER STAKEHOLDERS

The Group identifies the rights of employees. Several employee performances enhancing mechanisms such as performance appraisals and training initiatives are in place for the career building of the employees. The constant responsiveness to all stakeholders' interests will ensure that the Governance process will continue to add value in the future.

Compliance status with the Colombo Stock Exchange Listing Rules on Corporate Governance

The Company's compliance status with the Colombo Stock Exchange Listing Rules on Corporate Governance is disclosed on pages 66 to 77.

The Company was not compliant in relation to the constitution of Board Subcommittees from 1st January 2025 to 28th January 2025. The said non-compliance was rectified with the reconstitution of the Board Subcommittees with effect from 29th January 2025 in compliance with the requirements of the CSE Listing Rules. Due disclosures on non compliance and subsequent compliance requirements were made to the CSE in this connection.

CORPORATE GOVERNANCE

Company Policies

The Company has established a comprehensive suite of corporate policies that align with the Listing Rules of the Colombo Stock Exchange (CSE) and reflect the Company's commitment to ethical governance, transparency, and sustainable business practices. These policies encompass key areas such as:

- Matters relating to the Board of Directors
- Board Committees
- Corporate Governance, Nominations, and Re-election
- Remuneration
- Internal Code of Business Conduct and Ethics
- Risk Management and Internal Controls
- Relations with Shareholders and Investors
- Environmental, Social, and Governance (ESG) Sustainability
- Control and Management of Company Assets and Shareholder Investments
- Corporate Disclosures
- Whistleblowing
- Anti-Bribery and Corruption

These policies are publicly accessible on the Company's website at https://lankem.lk ensuring transparency and adherence to best practices in corporate governance.

DETAILS OF DIRECTORS' OTHER DIRECTORSHIPS

The details pertaining to the names of the companies (in Sri Lanka) in which the Directors serve as a Director or Key Management Personnel is given below.

Abbreviations:

C - Chairman
DC - Deputy Chairman
EC - Executive Chairman
EX - Executive Director
NE - Non-Executive Director
INE - Independent Non-Executive Director
GMD - Group Managing Director
MD - Managing Director
JMD - Joint Managing Director
CEO - Chief Executive Officer
D - Director
Alt - Alternate Director

Public Quoted Companies	Mr. S.D.R. Arudpragasam		Mr.A. Hettiarachchy		Mr. P.S. Goonewardene		Mr. Anushman Rajaratnam		Mr. P.M.A. Sirimane (Resigned w.e.f. 31.12.2024)		Mr. A.C.S. Jayaranjan (Resigned w.e.f. 31.12.2024)		Dr. A.M. Mubarak (Resigned w.e.f. 31.12.2024)		Mr. G.K.B. Dasanayaka (Resigned w.e.f. 31.12.2024)		Mr. K. G. Punchihewa (Appointed w.e.f. 31.12.2024)		Mr. S.B. Perera (Appointed w.e.f. 31.12.2024)	
ACME Packaging Solutions (Private) Limited*	✓	D	✓	C	✓	D	✓	D	✓	D	✓	D			✓	D				
ACME Printing & Packaging PLC*	✓	NE	✓	EC	✓	NE	✓	NE	✓	INE	✓	INE			✓	INE	✓	INE		
Agarapatana Plantations PLC*	✓	C/NE					✓	NE	✓	INE					✓	INE	✓	INE	✓	INE
Alliance Five (Private) Limited*	✓	C	✓	D	✓	D	✓	D	✓	D	✓	D	✓	D	✓	D	✓	D	✓	D
American Lloyd Travels Limited*	✓	D					✓	D												
Associated Farms (Private) Limited*	✓	C			✓	D														
Beruwala Resorts PLC*	✓	C/NE					✓	NE											✓	INE
BOT Hotel Services (Private) Limited*	✓	C																		
C M Holdings PLC*	✓	C/NE					✓	D												
C W Mackie PLC*	✓	NE	✓	NE			✓	NE											✓	INE
C. W. M. Hotels Holdings Limited	✓	D					✓	D												
Candy Delights Limited*	✓	C/MD							✓	D			✓	D						
Capital Investments Limited*	✓	D																		
Capital Leasing Company Limited*	✓	C					✓	D	✓	D										
Century Equity Trust Limited	✓	D																		
Ceyflex Rubber Limited*	✓	C							✓	D			✓	D						
Ceylon Tapes (Pvt) Ltd.*	✓	C	✓	D	✓	D	✓	D	✓	D	✓	D	✓	D	✓	D	✓	D	✓	D
Ceytape (Pvt) Limited.*	✓	C	✓	D	✓	D	✓	D	✓	D	✓	D	✓	D	✓	D	✓	D	✓	D
Colombo Fort Group Services (Private) Limited*	✓	D					✓	D	✓	D										
Colombo Fort Holdings Limited*	✓	D																		
Colombo Fort Hotels Limited*	✓	C					✓	D												
Colombo Fort Investments PLC*	✓	C/NE					✓	NE	✓	INE										
Colombo Fort Properties (Private) Limited*							✓	D												
Colombo Fort Travels Limited*	✓	D																		

Public Quoted Companies	Mr. S.D.R. Arudpragasam		Mr.A. Hettiarachchy		Mr. P.S. Goonewardene		Mr. Anushman Rajaratnam		Mr. P.M.A. Sirimane (Resigned w.e.f. 31.12.2024)		Mr. A.C.S. Jayaranjan (Resigned w.e.f. 31.12.2024)		Dr. A.M. Mubarak (Resigned w.e.f. 31.12.2024)		Mr. G.K.B. Dasanayaka (Resigned w.e.f. 31.12.2024)		Mr. K. G. Punchihewa (Appointed w.e.f. 31.12.2024)		Mr. S.B. Perera (Appointed w.e.f. 31.12.2024)	
Colombo Investment Trust PLC*	✓	C/NE					✓	NE	✓	INE										
Colombo Residencies (Private) Limited	✓	D																		
Colonial Motors (Ceylon) Limited*	✓	DC					✓	D												
Company Holdings (Private) Limited	✓	D																		
Consolidated Commercial Investments (Private) Limited							✓	D												
Consolidated Holdings (Private) Limited	✓	D					✓	D												
Consolidated Tea Plantations Limited*	✓	D					✓	D	✓	D							✓	D	✓	D
Corporate Systems Limited*	✓	C																		
Creasy Plantation Management Limited*	✓	D																		
Darley Butler & Company Limited*	✓	C/MD							✓	D			✓	D						
E B Creasy Ceylon (Private) Limited*	✓	C							✓	D										
E. B. Creasy Logistics Limited*	✓	C							✓	D										
E.B. Creasy & Company PLC*	✓	C/ MD/ EX							✓	NE			✓	INE			✓	INE	✓	INE
E.B. Creasy Trading Limited*	✓	D																		
Far Eastern Exports (Colombo) Limited*	✓	D					✓	D												
Financial Trust Limited							✓	D												
Fortland Finance Limited	✓	C																		
Galle Fort Hotel (Private) Limited *	✓	D					✓	D												
Guardian Asset Management Limited*	✓	D																		
Great Eastern Resorts Ltd							✓	D												
Group Three Associate (Private) Limited*	✓	C																		
Horton Plains Resorts and Spa Limited							✓	D												
Imperial Hotels Limited*	✓	C					✓	D												
J.F.Packaging Limited*	✓	C/NE	✓	NE	✓	NE	✓	NE	✓	D	✓	D	✓	D	✓	D	✓	INE	✓	INE
JF Ventures Limited*	✓	C	✓	D	✓	D	✓	D	✓	D	✓	D	✓	D	✓	D	✓	D	✓	D
Kiffs (Private) Limited*	✓	C	✓	D	✓	D	✓	D	✓	D	✓	D	✓	D	✓	D	✓	D	✓	D
Kotagala Plantations PLC*	✓	C/NE					✓	NE	✓	INE					✓	INE	✓	INE	✓	INE
Lanka Special Steel Limited*	✓	C							✓	D										
Lankem Agrochemicals Limited*	✓	C			✓	D	✓	D												
Lankem Cargo Storage Limited*	✓	D					✓	D												
Lankem Ceylon PLC*	✓	C/NE	✓	DC/ NE	✓	MD/ EX	✓	EX	✓	INE	✓	INE	✓	INE	✓	INE	✓	INE	✓	INE
Lankem Chemicals Limited*	✓	C			✓	D	✓	D												
Lankem Consumer Products Limited*	✓	C			✓	D	✓	D												
Lankem Developments PLC*	✓	C/NE					✓	NE	✓	INE							✓	INE	✓	INE
Lankem Exports (Private) Limited*	✓	C			✓	D														
Lankem Minerals Limited*	✓	D	✓	C	✓	D	✓	D	✓	D	✓	D	✓	D	✓	D				
Lankem Paints Limited*	✓	C			✓	D	✓	D												
Lankem Plantation Services Limited*	✓	D																		
Lankem Research Limited*	✓	C			✓	D	✓	D												
Lankem Tea & Rubber Plantations (Private) Limited*	✓	C					✓	D	✓	D					✓	D				
Lankem Technology Services Limited *	✓	C			✓	D														
Laxapana PLC*	✓	C/NE							✓	NE			✓	INE			✓	INE	✓	INE
Maitland & Knox (Private) Limited	✓	D					✓	D												
Marawila Resorts PLC*	✓	C/NE					✓	NE											✓	INE
Mayfield Investments (Private) Limited							✓	D												
Motor Mart Ceylon (Private) Limited*	✓	D					✓	D												
Muller & Phipps (Ceylon) PLC*	✓	C/NE							✓	NE			✓	INE			✓	INE	✓	INE
Muller & Phipps (Health Care) Limited *	✓	C							✓	D			✓	D						
Nature's Link Limited*	✓	C			✓	D														
Nutriklim (Ceylon) Limited	✓	D																		
Oakley Investments (Private) Limited	✓	D					✓	D												

CORPORATE GOVERNANCE

Public Quoted Companies	Mr. S.D.R. Arudpragasam		Mr.A. Hettiarachchy		Mr. P.S. Goonewardene		Mr. Anushman Rajaratnam		Mr. P.M.A. Sirimane (Resigned w.e.f. 31.12.2024)		Mr. A.C.S. Jayaranjan (Resigned w.e.f. 31.12.2024)		Dr. A.M. Mubarak (Resigned w.e.f. 31.12.2024)		Mr. G.K.B. Dasanayaka (Resigned w.e.f. 31.12.2024)		Mr. K. G. Punchihewa (Appointed w.e.f. 31.12.2024)		Mr. S.B. Perera (Appointed w.e.f. 31.12.2024)	
Property and Investment Holdings (Private) Limited	✓	D					✓	D												
Rubber & Allied Products (Colombo) Limited*	✓	C					✓	D	✓	D										
Sherwood Holidays Limited*	✓	C																		
Sigiriya Resorts Limited							✓	D												
Sigiriya Village Hotels PLC*	✓	C/NE					✓	NE											✓	INE
Sterling Steels (Private) Limited*	✓	C							✓	D										
Sunagro Farms Limited*	✓	C			✓	D	✓	D												
Sunagro Lifescience Limited*	✓	C	✓	D	✓	D	✓	D	✓	D	✓	D	✓	D	✓	D				
Sunrise Resorts Limited							✓	D												
Teacom (Private) Limited*	✓	C					✓	D												
The Colombo Fort Land and Building PLC*	✓	C/NE					✓	GMD/ EX	✓	NE							✓	INE	✓	INE
Transways (Private) Limited*							✓	D												
Tropical Beach Resorts Limited							✓	D												
Udaveriya Plantations Limited	✓	D					✓	D												
Unicom Clearing and Forwarding (Private) Limited*	✓	C					✓	D												
Union Commodities (Private) Limited*	✓	C					✓	MD	✓	D										
Union Commodities Exports (Private) Limited	✓	C					✓	D												
Union Commodities Teas (Private) Limited*	✓	C					✓	D												
Union Group (Private) Limited*	✓	D					✓	D												
Union Investments (Private) Limited*	✓	D					✓	D												
Voyages Ceylan (Private) Limited*							✓	D												
Waverly Power (Private) Limited*	✓	C					✓	D	✓	D										
Weligama Hills Limited	✓	D					✓	D												
York Arcade Holdings PLC*	✓	C/NE					✓	NE												
York Conventions (Private) Limited*							✓	D												
York Hotel Management Services Limited*	✓	C					✓	D												
York Tours Limited*							✓	D												
Fintrex Finance Ltd																			✓	D
Teejay Lanka PLC																			✓	INE
Teejay Lanka Prints (Pvt) Ltd																			✓	D
Teejay India Pvt Ltd																			✓	D
Teejay Mauritius Pvt Ltd																			✓	D
Sunquick Lanka (Pvt) Limited*							✓	D												
Sunquick Lanka Properties (Pvt) Limited*							✓	D												
Cambodian Rubber Plantation Industries PTE Ltd*							✓	D												
Consolidated Rubber Plantations PTE Ltd*							✓	D												
Lanka Agro Plantations PTE Limited*							✓	D												
Kelani Valley Canneries Limited*							✓	D												
ISL Services Ltd			✓	C																
Central Industries PLC			✓	D																
LOLC - Advanced Technologies (Pvt) Ltd			✓	C																
Sri Lanka Institute of Nanotechnology (Pvt) Ltd			✓	D																
Fortigrains (Lanka) Private Limited			✓	D																
Associated Motor Finance PLC					✓	C/INE														
First Guardian Equities Limited					✓	D														
Dawi Investments Trust (Pvt) Ltd					✓	NE														
Union Chemicals Lanka PLC													✓	NE						
Nubian Threads (Egypt)																			✓	D
Plantation Human Development Trust																	✓	D		
Quantum Tech Solutions (Pvt) Ltd			✓	D																

NOTES:

The companies marked * are Subsidiaries or Associates of The Colombo Fort Land & Building Group.

Mr. Anushman Rajaratnam was appointed to the Board of York Hotel Management Services Limited on 1st August 2024.

Mr. S.B. Perera was appointed to the Boards of E.B. Creasy & Co. PLC, Laxapana PLC and Muller & Phipps (Ceylon) PLC with effect from 01.01.2025. He was also appointed to the Board of C.W. Mackie PLC with effect from 30.12.2024 and to the Boards of Lankem Ceylon PLC, Lankem Developments PLC, Kotagala Plantations PLC, Agarapatana Plantations PLC, Beruwala Resorts PLC, Marawila Resorts PLC and Sigiriya Village Hotels PLC with effect from 31.12.2024. Further Mr. S.B. Perera was appointed to the Board of Consolidated Tea Plantations Ltd. with effect from 03.02.2025 and to the Boards of The Colombo Fort Land & Building PLC, Alliance Five (Pvt) Ltd, Ceylon Tapes (Pvt) Ltd, Ceytape (Pvt) Ltd, Kiffs (Pvt) Ltd, J F Packaging Ltd and JF Ventures Ltd with effect from 20.02.2025. He was also appointed to the Board of Nubian Threads (Egypt) with effect from 09.03.2025. Mr. S.B. Perera resigned from the Boards of J F Ventures Ltd, Ceytape Ltd, Alliance Five (Pvt) Ltd, Kiffs (Pvt) Ltd and Teejay India Private Ltd with effect from 10.05.2025 and also from the Board of Teejay Mauritius Private Ltd with effect from 31.05.2025.

Mr. K.G. Punchihewa was appointed to the Boards of E.B. Creasy & Co. PLC, Laxapana PLC and Muller & Phipps (Ceylon) PLC with effect from 01.01.2025. He was also appointed to the Boards of Agarapatana Plantations PLC and Kotagala Plantations PLC with effect from 01.11.2024 and Lankem Developments PLC and Lankem Ceylon PLC with effect from 31.12.2024. Mr. K.G. Punchihewa was also appointed to the Board of Consolidated Tea Plantations Limited with effect from 03.02.2025, ACME Printing & Packaging PLC with effect from 05.02.2025 and The Colombo Fort Land & Building PLC, Alliance Five (Pvt) Ltd, Ceylon Tapes (Pvt) Ltd, Ceytape (Pvt) Ltd, Kiffs (Pvt) Ltd, J F Packaging Ltd and JF Ventures Ltd with effect from 20.02.2025.

Mr. P.M.A. Sirimane resigned from the Boards of E.B. Creasy & Co. PLC, Muller & Phipps (Ceylon) PLC, Laxapana PLC, Lankem Ceylon PLC, Lankem Developments PLC, Kotagala Plantations PLC, Agarapatana Plantations PLC, Colombo Fort Investments PLC and Colombo Investment Trust PLC with effect from 31.12.2024 and from the Boards of Alliance Five (Pvt) Ltd, Ceylon Tapes (Pvt) Ltd, Ceytape (Pvt) Ltd, Kiffs (Pvt) Ltd, J.F. Packaging Ltd and J F Ventures Ltd with effect from 29.01.2025.

Mr. A.C.S. Jayaranjan resigned from the Boards of Lankem Ceylon PLC, ACME Printing & Packaging PLC on 31.12.2024 and J.F. Packaging Ltd., JF Ventures Ltd., Alliance Five (Pvt) Ltd., Ceylon Tapes (Pvt) Ltd., Ceytape (Pvt) Ltd., Kiffs (Pvt) Ltd. on 29.01.2025.

Mr. G.K.B. Dasanayaka resigned from the Boards of Lankem Tea & Rubber Plantation (Pvt) Ltd on 1.12.2024; ACME Printing & Packaging PLC, Agarapatana PlantationsPLC, Kotagala Plantations PLC, Lankem Ceylon PLC, on 31.12.2024 and J.F. Packaging Ltd, JF Ventures Ltd., Alliance Five (Pvt) Ltd., Ceylon Tapes (Pvt) Ltd., Ceytape (Pvt) Ltd., Kiffs (Pvt) Ltd. on 29.01.2025.

Dr. A.M. Mubarak resigned from the Boards of E.B. Creasy & Co. PLC, Muller & Phipps (Ceylon) PLC, Laxapana PLC, Lankem Ceylon PLC and Union Chemicals Lanka PLC with effect from 31.12.2024 and from the Boards of Alliance Five (Pvt) Ltd, Ceylon Tapes (Pvt) Ltd, Ceytape (Pvt) Ltd, Kiffs (Pvt) Ltd, J.F. Packaging Ltd and J F Ventures Ltd with effect from 29.01.2025.

Mr. A. Hettiarachchy resigned from the Boards of C.W. Mackie PLC on 30.12.2024 and Central Industries PLC on 30.11.2024.

CORPORATE GOVERNANCE

Rule		Adherence
9.2	**Policies**	
9.2.1	Establish and maintain the following policies	
	a) Matters relating to the Board of Directors; b) Board Committees; c) Corporate Governance, Nominations and Re-election; d) Remuneration; e) Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities; f) Risk management and Internal controls; g) Relations with Shareholders and Investors; h) Environmental, Social and Governance Sustainability; i) Control and Management of Company Assets and Shareholder Investments; j) Corporate Disclosures; k) Whistleblowing; l) Anti-Bribery and Corruption.	Complied. The Company has established and continues to maintain the said policies. The policies have been duly published on the corporate website https://lankem.lk
9.2.2.	Any waivers from compliance with the Internal Code of Business Conduct and Ethics or exemptions granted by the Listed Entity shall be fully disclosed in the Annual Report.	Not Applicable.
9.2.3.	Listed entities shall disclose in its Annual Report: (i) The list of policies that are in place in conformity rule 9.2.1. above with reference to its website; (ii) Details pertaining to any changes to policies adopted by the Listed Entities in compliance with Rule 9.2 above.	Complied.
9.2.4.	Listed Entities shall make available all such policies to shareholders upon written request being made for any such Policy.	Will be made available when requests are received.
9.2.5.	If a Listed Entity fails to comply with Rule 9.2.1, the Exchange will issue a Notice of Show Cause, granting seven (7) Market Days to provide reasons for the non-compliance. ii. If no response is received within the given time or if the explanation is deemed insufficient, enforcement measures will follow as outlined below: a. A letter of warning will be issued by the Exchange. b. If the Entity fails to rectify the non-compliance within three (3) months from the date of the warning letter, a penalty of Rs. 250,000 will be imposed. iii. The Exchange will make a Market Announcement regarding the non-compliance, enforcement action, and penalty. The penalty must be settled within seven (7) Market Days from notification. Failure to do so will result in referral to the SEC under Section 65 of the SEC Act.	Not Applicable.
9.3	**Board Committees**	
9.3.1	Establishment of Committee	
	(a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee	The Company maintains the Nominations & Governance Committee, Remuneration Committee, Audit Committee and Related Party Transactions Review Committee.
9.3.2	Compliance with the composition, responsibilities and disclosures required in respect of the Board Committees.	Complied
9.3.3	The Chairperson of the Board of Directors of the Listed Entity shall not be the Chairperson of the Board Committees.	Complied

Rule		Adherence
9.4	**Adherence to Principles of Democracy in The Adoption of Meeting Procedures and the Conduct of All General Meetings with Shareholders**	
9.4.1	Records of all resolutions and the following information upon a resolution being considered at any General Meeting shall be maintained. (a) The number of shares in respect of which proxy appointments have been validly made; (b) The number of votes in favour of the resolution; (c) The number of votes against the resolution; and (d) The number of shares in respect of which the vote was directed to be abstained.	Complied
9.4.2.	Communication and relations with shareholders and investors.	The Company has established the Policy on relations with Shareholders and Investors and it is published on the corporate website https://lankem.lk
	a) Have a policy on effective communication and relations with shareholders and investors.	
	b) Disclose the contact person for such communication.	The contact person is mentioned.
	c) Policy on relations with shareholders and investors shall include a process to make all Directors aware of major issues and concerns of shareholders.	Major issues and concerns of shareholders are effectively communicated to the Directors by the Senior Management and the Corporate Secretaries & Registrars as and when they arise.
	(d) When conducting of any shareholder meetings through virtual or hybrid means, compliance with the Guidelines issued by the Exchange.	Complied.
9.5	**Policy on Matters Relating to the Board of Directors**	
9.5.1	Establish and maintain formal policy governing matters relating to the Board: a) Composition and Board Balance (Executive and Non-Executive), Role and function of Chairman and CEO and Procedure for Appraisal of Board Performance and appraisal of CEO; b) Where Role of Chairman and CEO are combined Appointment of SID-Establish Board Charter inclusive of functions and safeguards for SID; c) Board diversity – experience, skills, competencies, age, gender, industry requirements; d) Maximum number of Directors and rationale; e) Frequency of Board meetings; f) Mechanisms for ensuring that Directors are kept abreast of the Listing Rules and on- going compliance and/or non-compliance; g) Specify the minimum number of meetings, in numbers and percentage, that a Director must attend; h) Requirements relating to trading in securities of the Listed Entity and its listed group Companies and disclosure of such requirements; i) Specify the maximum number of directorships in Listed Entities that may be held by Directors; j) Participation at meeting of the Board and Board committees by audio visual means and participation to be taken into account when deciding the quorum.	Complied. 9.5.1 (b) Not Applicable The Company has established the policy on matters relating to the Board of Directors and it is published on the corporate website https://lankem.lk

CORPORATE GOVERNANCE

Rule		Adherence
9.5.2	Confirm compliance of 9.5.1. in Annual Report – If non compliant provide explanations with reasons and proposed remedial action.	Complied
9.6	**Chairperson and CEO**	
9.6.1	Chairperson shall be a Non-Executive Director Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed	Complied Not Applicable
9.6.2	Market announcement in the event Chairperson is an Executive Director and/ or the position of Chairman and CEO are held by the same individual.	Not Applicable
9.6.3	Requirement For A Senior Independent Director (SID)	Not Applicable
9.6.3 a)	Appoint an Independent Director as the SID in the following instances: i. The positions of the Chairperson and CEO are held by the same individual. ii. The Chairperson is an Executive Director; Not Applicable iii.The Chairperson and CEO are Close Family Members or Related Parties.	Not Applicable
9.6.3 b)	Senior Independent Director shall meet with the Independent Directors at least once a year or as often as deemed necessary at a meeting chaired by the SID without the presence of the other Directors and provide feedback and recommendations to the Board.	Not Applicable
9.6.3 c)	Senior Independent Director shall chair a meeting of the Non-Executive Directors without the presence of the Chairperson at least annually to appraise the Chairman's performance.	Not Applicable
9.6.3 e)	SID shall make a signed explanatory disclosure demonstrating the effectiveness of their duties.	Not Applicable
9.6.4	Rationale for the appointment of a SID set out in the Annual Report.	Not Applicable
9.7	**Fitness of Directors and CEO**	
9.7.1	Fitness of Directors and CEO in terms of the Listing Rules	Complied
9.7.2	Listed Entities shall ensure that the persons recommended by the Nominations and Governance Committee as Directors are fit and proper before such nominations are placed before Shareholders' meeting or appointments.	Complied.
9.7.3	Fit and Proper Assessment Criteria' set out in Rule 9.7.3 (a) Honesty, integrity and reputation - (i)-(vii) (b) Competence and capability - (i)-(ii) (c) Financial soundness - (i)-(iii)	Complied
9.7.4	Declarations to be obtained from Directors and CEO on an annual basis confirming that each of them has continuously satisfied the Fit and Proper Assessment Criteria set out in the rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation	Complied
9.7.5	Disclosures in the Annual Report	Complied
	(a) Statement on Directors and CEO satisfying Fit and Proper Assessment Criteria	Complied
	(b) Any non-compliance and remedial action taken to rectify non-compliance	Not Applicable
9.8	**Board Composition**	
9.8.1	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors.	Complied
9.8.2 a)	The Board of Directors of Listed Entities shall include at least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors of the Listed Entity at any given time, whichever is higher.	Complied
9.8.2 b)	Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change.	Not Applicable

Rule		Adherence
9.8.3	Criteria for determining independence:	
	(i)Has been employed by the Listed Entity during the period of three (3) years immediately preceding appointment as Director. (ii) Currently has/had during the period of three (3) years immediately preceding appointment as a Director, a Material Business Relationship with the Listed Entity, whether directly or indirectly. (iii) Currently has/had during the preceding financial year a close Family Member who is a Director and/or CEO in the Listed Entity. (iv) Has a Significant Shareholding in the Listed Entity. (v) Has served an aggregate period of nine (9) years on the Board of the Listed Entity from the date of the first appointment. (vi) Is employed in another Company or business: a) In which a majority of the other directors of the Listed Entity are employed or are directors; or b) In which a majority of the other directors of the Listed Entity have a Significant Shareholding or Material Business Relationship; or c) That has a Significant Shareholding in the Listed Entity or with which the Listed Entity has a Business Connection. (vii) Is a director of another Company: a) In which a majority of the other Directors of the Listed Entity are employed or are Directors; or b) That has a Business Connection in the Listed Entity or a Significant Shareholding. (viii) Has a Material Business Relationship or a Significant Shareholding in another company or business: a) In which a majority of the other Directors of the Listed Entity are employed or are Directors; and/or b) Which has a Business Connection with the Listed Entity or Significant Shareholding in the same; and/or c) Where the core line of business of such Company is in direct conflict with the line of business of the Listed Entity. (ix) Is above the age of seventy (70) years. Provided that a person above the age of seventy (70) years may nevertheless be considered independent if compliant with Rule 9.8.3 (ix) (a) to (d) and The requirements of sub clauses (a), (b) and (c) shall be repeated at each Annual General Meeting of the Listed Entity in respect of any director over the age of seventy years whom the Listed Entity wishes to continue to treat as independent.	The Independent Non-Executive Directors of the Company during the period 01.04.2024 to 31.12.2024 where independence was impaired on several criteria under Rule 9.8.3 have been declared to be nevertheless independent by the Board in line with the provisions of the Listing Rules. The Independent Non-Executive Directors who are currently in office satisfied these criteria at the time of their appointment to the Board and continue to satisfy the said criteria. Refer Corporate Governance Report.
9.8.5	Independent Directors	
9.8.5 a)	Each Independent Director to submit a signed and dated declaration annually of his "independence" or "non-independence" against the criteria specified in the Listing Rules.	Complied
9.8.5 b)	Make an annual determination as to the "independence" or "non- independence" of each Independent Director based on the Directors` declaration and other information available to it and shall set out the names of Directors determined to be 'independent' in the Annual Report.	Complied
9.8.5 c)	If independence is impaired against any of the criteria set out in Rule 9.8.3, an immediate market announcement is required.	Not Applicable.
9.8.6	Enforcement Actions for Non-Compliance with Rules 9.8.1 and 9.8.2:	Complied with Rule 9.8.1 and 9.8.2.
	A. In the event a Listed Entity fails to comply with Rules 9.8.1 and/or 9.8.2 of these Rules;	9.8.6 A and B Not Applicable.

CORPORATE GOVERNANCE

Rule		Adherence
	B. Where a Listed Entity has failed to comply with Rules 9.8.1 or 9.8.2 and has not disclosed of such non compliance to the Exchange or the market.	
9.9	**Alternate Directors**	
9.9 (a-e)	Appointment of Alternate Directors to be in accordance with the Rules and such requirements to be incorporated into the Articles of Association. a) Alternate Directors shall only be appointed in exceptional circumstances and for a maximum period of one (1) year from the date of appointment b) If an Alternate Director is appointed for a Non-Executive Director such alternate should not be an executive Director of the Listed Entity. c) If an Alternate Director is appointed by an Independent Director, the person so appointed should meet the criteria of independence. The Nominations and Governance Committee shall review and determine that the person nominated as the alternate would qualify as an Independent Director before such appointment is made. d) Immediate Market Announcement regarding the appointment of an Alternate Director e) Attendance of Alternate Director to be counted for the purpose of quorum at Board and Board Committee meetings.	Complied. Having obtained the requisite shareholder approval at the Annual General Meeting held on 30.09.2024 relevant amendments to the Articles of Association have been incorporated.
9.10.	**Disclosures Relating to Directors**	
9.10.1	Disclose its policy on the maximum number of Directorships in Listed Entities Board members shall be permitted to hold as per Rule 9.5.1. Non-compliance to be reported in the Annual Report.	Complied. The Company Policy on maximum number of Directorships which a Director can hold in Listed Companies is 25.
9.10.2	Market announcement upon the appointment of a new Director. (i - iii)	Complied. Immediate announcements were made to the Colombo Stock Exchange on the appointment of new Directors in line with the requirements of the Listing Rules.
9.10.3	Immediate Market announcement upon any changes to the composition of the Board Committees. (i - iii)	Complied. Immediate announcements were made to the Colombo Stock Exchange on the composition of the Board Committees in line with the requirements of the Listing Rules.

Rule		Adherence
9.10.4	Details in relation to the Board members. Name, qualifications and brief profile	
	❖ Nature of his/her expertise in relevant functional areas.	Complied
	❖ Whether either the Director or Close Family Members has any material business relationships with other Directors.	Not Applicable
	❖ Whether Executive, Non-Executive and/or independent Director.	Complied
	❖ Total number and names of Companies in Sri Lanka in which the Director concerned serves as a Director and/or KMP stating whether listed or unlisted, whether functions as executive or non- executive (If the directorships are within the Group names need not be disclosed).	
	❖ Number of Board meetings attended.	
	❖ Names of Board Committees in which the Director serves as Chairperson or a member.	
	❖ Attendance of committee meetings.	
	❖ TOR and powers of SID.	
9.10.5	Non-Disclosure of Changes to Board and Committees: A. Failure to disclose new appointments or changes to the Board of Directors; B. Failure to disclose changes to the composition of Board Committees in terms of Rule 9.10.3 (ii).	Not Applicable
9.11	**Nominations and Governance Committee**	Refer Nominations & Governance Committee Report
9.11.1	Establishment of Nominations and Governance Committee.	Complied
9.11.2	Maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee.	Complied
9.11.3	Written terms of reference.	Complied
9.11.4	Composition: (1) The members of the Nominations and Governance Committee shall: (a) Comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors; (b) Not comprise of Executive Directors of the Listed Entity. (2) An Independent Director shall be appointed as the Chairperson. (3) Identify Members in the Annual Report.	Complied
9.11.5	Functions	
	(i) Evaluate the appointment of Directors to the Board of Directors and Board Committees;	Complied.
	(ii) Recommend (or not recommend) the re-appointment/ re-election of current Directors;	
	(iii) Establish and Maintain a formal and transparent procedure to evaluate, select and appoint/reappoint Directors;	
	(iv) Establish and maintain a set of criteria for selection of Directors;	
	(v) Establish and maintain a suitable process for the periodic evaluation of the performance of the Board of Directors and the CEO of the Entity to ensure that their responsibilities are satisfactorily discharged;	
	(vi) Develop a succession plan for the Board of Directors and Key Management Personnel;	
	(vii) Review the structure, size and composition of the Board and Board Committees with regard to effective discharge of duties and responsibilities;	
	(viii) Review and recommend the overall corporate governance framework of the Listed Entity taking into account the Listing Rules of the Exchange, other applicable regulatory requirements and industry/ international best practices;	

CORPORATE GOVERNANCE

Rule		Adherence
	(ix) Periodically review and update the Corporate Governance Policies / Framework of the Entity in line with the regulatory and legal developments relating to same, as a best practice; (x) Receive reports from the Management on compliance with the corporate governance framework of the Entity including the Entity's compliance with provisions of the SEC Act, Listing Rules of the Exchange and other applicable laws, together with any deviations/non-compliances and the rational for same.	
9.11.6	Disclosures in Annual Report Nomination & Governance Committee Report and contents to be incorporated -Sections (a)-(m)	Complied
9.12	**Remuneration Committee**	Refer Remuneration Committee Report
9.12.1	The term "remuneration" shall make reference to cash and all non-cash benefits whatsoever received.	Complied.
9.12.2	Listed Entity shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of the Listing Rules.	Complied
9.12.3	Establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/ her own remuneration.	Complied
9.12.4	Remuneration for Non-Executive Directors shall be based on a policy of non-discriminatory pay practices to ensure the independence is not impaired.	Complied
9.12.5	The Remuneration Committee shall have written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	Complied
9.12.6	Composition: (1) The members of the Remuneration Committee shall: (a) Comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors; (b) Not comprise of Executive Directors of the Listed Entity.	Complied
9.12.6 (2)	An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.	Complied
9.12.7	Functions	
	(1) Recommend the remuneration payable to the Executive Directors and CEO of the Listed Entity and/or equivalent position thereof to the Board of the Listed Entity which will make the final determination upon consideration of such recommendations; (2) Engage any external Consultant or expertise that may be considered necessary to ascertain or assess the relevance of the remuneration levels applicable to Directors and CEO.	Complied
9.12.8	Disclosure in Annual Report	
9.12.8 a)	Names of Remuneration Committee members.	Complied
9.12.8 b)	Statement of Remuneration Policy.	Complied
9.12.8 c)	Aggregate remuneration paid to Executive Directors and Non-Executive Directors.	Complied
9.13	**Audit Committee**	Refer Audit Committee Report
9.13.1	Where Listed Entities do not maintain separate Committees to perform the Audit and Risk functions, the Audit Committee of such Listed Entities shall additionally perform the Risk functions.	Complied
9.13.2	The Audit Committee shall have written terms of reference clearly defining its scope, authority and duties.	Complied

Rule		Adherence
9.13.3 (1)	Composition of the Audit Committee.	Complied.
9.13.3 (2)	Quorum - requires that the majority of those in attendance to be independent Directors.	Complied.
9.13.3 (3)	Compulsorily to meet on a quarterly basis prior to recommending the financials to be released to the market.	Complied.
9.13.3 (4)	An Independent Director shall be the Chairman of the Committee.	Complied.
9.13.3 (5)	Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation.	Complied.
9.13.3 (6)	The Chairperson of the Audit Committee shall be a member of a professional accounting body.	Complied.
9.13.4	Functions of the Audit Committee.	Complied
	Detailed in Rule (1) (i) –(xiii) and (2)	
9.13.5	Disclosures in Annual Report	Complied
	Disclosure in the Annual Report relating to Audit Committee: (a) Names of chairperson and members with nature of directorship; (b) Status of risk management and internal control – Company and group; (c) Statement on CEO and CFO assurance on operations and finances; (d) Opinion on compliance with Financial reporting requirements, information requirements Listing Rules, Companies Act, SEC Act and any other requirements; (e) Availability of formal Audit Charter; (f) Internal audit assurance and summary of the work internal audit function; (g) Details demonstrating effective discharge of functions and duties; (h) Statement on external auditors' assurance on their independence; (i) Confirmation on determining auditor's independence.	
9.14	**Related Party Transactions Review Committee (RPTRC)**	Refer Related Party Transactions Review Committee Report
9.14.1.	Establishment of Committee: Listed Entities shall have a Related Party Transactions Review Committee that conforms to the requirements set out in Rule 9.14 of these Rules.	Complied
9.14.2	The Related Party Transactions Review Committee shall comprise - Minimum three (03) Directors out of which a minimum of two (02) members shall be Independent Directors; - May comprise of Executive Directors; - An Independent Director shall be appointed as the Chairperson.	Complied
9.14.3	Functions of the Related Party Transactions Review Committee: (1) Committee shall be responsible for reviewing the Related Party Transactions; (2) Objective - ensure that the interests of shareholders as a whole are taken into account when entering into Related Party Transactions; (3) The objective and the economic and commercial substance of the Related Party Transactions should take precedence over the legal form and technicality; (4) Establish and maintain a clear policy, procedure and process in place for the identification, clarification and reporting the Related Party Transactions on an end-to- end basis across the Entity's operations.	Complied.

CORPORATE GOVERNANCE

Rule		Adherence
9.14.4	(1) The Related Party Transactions Review Committee shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors. (2) Should ensure having access to enough knowledge or expertise complied to assess or aspects of proposed Related Party Transactions and where necessary obtain appropriate professional and expert advice from appropriately qualified person when necessary. (3) Board of Directors to approve RPT when required by the Committee.	Complied
	(4) If a Director has a material personal interest in a matter being considered at a Board Meeting to approve a Related Party Transaction as required in Rule 9.14.4(3), such Director shall not: (a) Be present while the matter is being considered at the meeting; and (b) Vote on the matter.	Not Applicable.
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	Complied
9.14.6	Shareholder approval 1. Listed Entities shall obtain shareholder approval by way of a Special Resolution for the following Related Party Transaction. a) Non-recurrent transaction i) Transactions exceeding one third (1/3) of the Total Assets as per the latest Audited Financial Statements; ii) Transactions exceeding one third (1/3) of the Total Assets as per the latest Audited Financial Statements when aggregated with other non- recurrent transactions entered into with the same Related Party during the same financial year; iii) Acquisition of substantial asset from, or disposal of a substantial asset to, any Related Party of the Entity or its associates	Not Applicable
	b) Recurrent transaction (i) One third (1/3) of the gross revenue (or equivalent term for revenue in the Income Statement) and in the case of group entity consolidated group revenue of the Entity as per the latest Audited Financial Statements; or (ii) One third (1/3) of the gross revenue (or equivalent term for revenue in the Income Statement) and in the case of group entity consolidated group revenue of the Entity as per the latest Audited Financial Statements of the Entity, when aggregated with other recurrent transactions entered into with the same Related Party during the same Financial year; and; (iii) The transactions are not in the ordinary course of business and in the opinion of the Related Party Transactions Review Committee, are on terms favorable to the Related Party than those generally available to the public.	Not Applicable.
9.14.7 (1) (a)	Immediate disclosure of any non-recurrent Related Party Transaction with a value exceeding 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements;	Complied.
9.14.7 (1) (b)	Immediate disclosure of the latest transaction, if the aggregate value of all non-recurrent Related Party Transactions entered into with the same Related Party during the same financial year amounts to 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements.	Complied.
9.14.8 (1)	Disclosure in the Annual Report if the aggregate value of all the Non-recurrent Related Party Transactions exceeding 10% of the Equity or 5% of the Total Assets of the Listed Entity, whichever is lower, as per the latest Audited Financial Statements.	Complied
9.14.8 (2)	Disclosures in the Annual Report if the aggregate value of the recurrent Related Party Transactions exceeds 10% of the gross revenue/income (or equivalent term in the Income Statement and in the case of Group Entity Consolidated Revenue) as per the latest Audited Financial Statements.	Complied

Rule		Adherence
9.14.8 (3)	Report of the Related Party Transactions Review Committee.	Complied
9.14.8 (4)	Declaration by the Board of Directors as an affirmative statement of compliance with the rules pertaining to Related Party Transactions, or a negative statement otherwise.	Complied
9.14.9 (1) (2)	Shareholder approval for acquisition and disposal of substantial assets.	Not Applicable.
9.14.9 (3)	Rule 9.14.9(1) does not apply to: a) Transactions between the Listed entity and a wholly owned subsidiary; b) Transaction between wholly owned subsidiaries of the Entity; c) Takeover offer made by the Listed Entity in accordance with Takeovers and Mergers Code 1995 (as amended); d) Any transaction entered into by the Listed Entity with a bank as principal, on arm's length terms and in the ordinary course of it's banking business.	Not Applicable.
9.14.9 (4) (5) (6)	Competent independent advice on acquisition and disposal of substantial asset	Not Applicable.
9.14.10	Exempted Related Party Transactions: (a) Subject to Rule 9.14.8 (2), transactions with Related Parties which are recurrent, of revenue or trading nature and which is necessary for day-to-day operations of a Listed Entity or its subsidiaries and, in the opinion of the Related Party Transactions Review Committee, terms are not favorable to the Related Party than those generally available to the public; (b) The payment of dividend, issue of Securities by the Listed Entity by way of a capitalization of reserves, the exercise of Rights, options or warrants (subject to Rules contained in Section 5 and 7 of these Rules), sub-division of shares or consolidation of shares; (c) The grant of options, and the issue of Securities pursuant to the exercise of options, under an employee share option scheme/ employees share purchase scheme (subject to Rule 5.6 of these Rules); (d) A transaction in marketable securities carried out in the open market where the counterparty's identity is unknown to the Listed Entity at the time of the transaction; (e) The provision or receipt of financial assistance or services, upon usual commercial terms and in the ordinary course of business, from a Company whose activities are regulated by any written law relating to licensed banks, Finance Companies or insurance Companies or are subject to supervision by the Central Bank of Sri Lanka or Insurance Board of Sri Lanka; (f) Directors' fees and remuneration, and employment remuneration.	Complied.
9.15	**Penalties for Non-Compliance with Board Committee Composition Requirements**	
	A. When a Listed Entity fails to comply with Rules 9.11.4(1), 9.11.4(2), 9.12.6, 9.13.3(1), 9.13.3(4), 9.13.3(6), or 9.14.2 B. Where a Listed Entity has failed to comply with Rules 9.11.4(1), 9.11.4(2), 9.12.6, 9.13.3(1), 9.13.3(4), 9.13.3(6) or 9.14.2 and has not disclosed of such non-compliance to the Exchange or the market: - If non-compliance is rectified: (a) - (b) - If non-compliance is not rectified: (c) - (e)	The Company was non -compliant with the composition of Board Subcommittees during the period 1/1/2025 to 28/1/2025 and due disclosures were made to the CSE. Such non compliances were rectified on 29/01/2025.

CORPORATE GOVERNANCE

Rule		Adherence
9.17	**Additional Disclosures**	
(i)	Directors have disclosed all material interests in contracts and have refrained from voting when materially involved.	Complied.
(ii)	Directors have conducted a review of the internal controls and obtained reasonable assurance of their effectiveness and adherence.	Complied.
(iii)	Directors are aware of laws, rules and regulations and their changes particularly to Listing Rules and applicable capital market provisions.	Complied.
(iv)	Disclosure of material non-compliance with laws/ regulations and fines by relevant authorities where the Entity operates.	Complied.
9.18	**Enforcement Procedure for Non-Compliance with Corporate Governance Requirements**	
	Enforcement procedure for non-compliance with corporate governance requirements a) Immediate Market Announcement on non-compliance in the event of failure to comply with any of the requirements contained in Rules 9.3.1, 9.8.1, 9.8.2(a), 9.11.4(1),9.11.4(2), 9.12.6, 9.13.3(1),9.13.3(4),9.13.3(6) or 9.14.2 about such non-compliance within one (1) Market Day from the date of the non-compliance. Announcement shall be repeated on the first (1st) Market Day of each calendar month until the Entity becomes compliant with these Rules. b) The non-compliance must be rectified within three (03) months from the date of non-compliance. c) If not rectified within three months, the Entity's Securities shall be transferred to the Watch List immediately upon the expiration of the said period. d) While the Securities are on the Watch List, Directors, CEO, their Close Family Members, parent Entity, and entities where they hold 50% or more voting rights, cannot transact in the Entity's Securities without prior SEC approval. This restriction continues for three (03) months after resignation or until compliance is restored— whichever is earlier. e) Upon being placed on the Watch List, the Entity must make a Market Announcement including: -The remedial action proposed within six (06) months. -The following statements: i) Any change in the plan will be announced within 1 Market Day after Board approval. ii) If the plan is not implemented within 6 months, trading will be suspended. iii) If suspension lasts more than 6 months, delisting will follow. f) At the first General Meeting following the transfer to the Watch List, shareholders must be informed of the non-compliance, remedial actions, and that continued failure will result in suspension and potential delisting. g) The outcome of the above General Meeting must be announced to the Market by the next Market Day, including any decisions made. h) The Entity must rectify non-compliance within six (06) months from the date of Watch List transfer. i) Failure to comply within six months will result in trading suspension. The Exchange will also announce the enforcement action and any penalties imposed. j) In addition to actions under 9.18(c) and 9.18(i), the Exchange shall impose penalties on the Listed Entity and/or its Directors as of the date of non-compliance. k) If suspension exceeds six (06) months, the Securities shall be delisted under Rule 11.3. l) The Exchange's decision to delist the Securities and any attached conditions shall be communicated to the SEC.	The Company was non -compliant with the composition of Board Subcommittees during the period 1/1/2025 to 28/1/2025 and due disclosures were made to the CSE. Such non compliances were rectified on 29/01/2025.

Compliance with Companies Act No. 7 of 2007

Section		Compliance
168 (1) (a)	The state of the Company's affairs and nature of the business of the Company or any of its subsidiaries together with any change thereof during the accounting period.	Complied.
168 (1) (b)	Signed Financial Statement of the Company for the accounting period completed.	Complied.
168 (1) (c)	Auditor's Report on Financial Statements of the Company.	Complied.
168 (1) (d)	Accounting Policies and any changes thereto.	Complied.
168 (1) (e)	Particulars of the entries made in the Interests Register during the accounting period.	Complied.
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period.	Complied.
168 (1) (g)	Total amount of donations made by the Company during the accounting period.	Complied.
168 (1) (h)	Names of the Directors of the Company at the end of the accounting period and name of Directors who ceased to hold office during the accounting period.	Complied.
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period.	Complied.
168 (1) (j)	Other relationships or any interest of Auditors with the Company or any of its subsidiaries.	Complied.
168 (1) (k)	Acknowledgment of the content of this report and signature on behalf of the Board.	Complied.

RISK MANAGEMENT REVIEW

Risk management carries out the process of identification of potential risk exposure and the application of proper risk management strategies to mitigate the impact to the business. Being a diversified conglomerate, a comprehensive risk approach is vital to the Company for the appropriate and adequate execution of risk management to accomplish the strategic objectives.

The risk management of the Company includes ongoing risk assessment procedures and standardized operational reviews to the support of long-term strategies, regulatory and litigation compliance, health and safety, environmental compliance, financial reporting and controls and information technology and security.

Once identified, each risk is evaluated for the likelihood of the risk occurring and potential impact it could have on the Company operations. Thereafter risks are prioritized and different strategies are adapted to treat these risks. The Company then would take a decision on whether the impact of such risks can be mitigated, avoided, or accepted and controls put in place to minimize the impact.

The Board of Directors of Lankem Ceylon PLC has the overall responsibility for risk oversight with a focus on the most significant risks facing the Company. The Company has established comprehensive internal control systems and other risk mitigation techniques to ensure the delivery of shareholder value and completion of its obligations to all other stakeholders.

1. STRATEGIC RISKS

Strategic risk consists of the factors which challenge the accomplishment of the strategic goals of the Company, including the market factors, industry trends, competitor activities, technological threats, innovation and state policy on businesses.

2. OPERATIONAL RISK

Operational risks arise from the day-to-day activities of the business including the inappropriate application of procedures in the processes. The Company has developed standard operating procedures to implement the best practices and a sound internal control system to monitor the effectiveness of operations. Continuous assessments and monitoring activities are made by the Compliance Department together with an outsourced third party to keep all risks within the acceptable limit.

3. FINANCIAL RISK

Financial risk covers the broad area of risk including the internal risk of application of accounting policies and external risks from financial market conditions mainly incorporating credit risk and market risk stemming from business operations.

3.1 Credit Default Risk Management

Credit default risks arise due to delayed payment or non-payment by debtors which can lead to working capital issues. The Company implements proper credit controls and debt collection policies to ensure that the Company chooses the distributors with reliability and financial viability to honor their debts. During the year the Company strengthened the Credit Control function and also followed a more stringent procedure to onboard new distributors and direct dealers to overcome this risk.

3.2 Market Risk Management

Market risk refers to the risk arising from the volatilities in the market forces. The Company faces market risks in the financial sphere in terms of the local rates of interest, inflation and exchange rates. In the present economic conditions, the Company is in a stable position to manage its interest rate risk and practical fluctuations. To facilitate to mitigate the risks, the Company has continuously implemented the mitigation techniques, carefully evaluating the market factors and applying adequate controls.

3.2.1 Foreign Exchange Risk

The Company operates in a business model where the dependency on imports for raw materials is high. As a result, the exposure to foreign exchange risk is reasonably high. The fluctuation in foreign exchange rates results in transactional risk. The Company uses forward exchange rates for reporting purposes on the assumption that future spot rates will fall below the forward rate. By these means the Company effectively provides for its foreign exchange exposure by minimising any adverse impact.

The Company has also sourced local suppliers to fall back on in the event of rising global prices. In addition, local Research and Development is also being invested on to drive local formulations. Further to maximise the export proceeds of the Group and encourage customers to settle in foreign currency wherever permitted by the exchange control department of CBSL.

3.2.2 Interest Rate Risk

The Company has faced increasing finance costs due to prevailing high-interest rate regimes. By having a centralized treasury management system and through appropriate financial risk management techniques, the Company has been able to mitigate losses arising through interest rate fluctuations. Long term financing strategies are sought for strategic investments for better working capital management. During the year several financing facilities were converted to long term financing to ease the pressure on the working capital cycle.

3.2.3 Inflation Rate Risk

The Company serves both individual and institutional clients. Hikes in inflation rates due to the economic conditions deteriorate the purchasing power of customers. This reduces the potential market demand for our products and increases the Company's cost base, affecting the profitability margins. The Company closely monitors fluctuations in price levels and focuses on the efficient management of its cost base to ensure minimal increase in price to customers.

3.2.4 Liquidity Risk

Due to the nature of the industry where the Company operates, a strong adherence to clear working capital management policies is very significant to the Company. The Company has been continuously revising the limits on approved credits, allowed provisions, cash and cash equivalents and feasible short-term investment and funding options.

3.2.5 Investment Risk

Investment risk incorporates the threat of investments not yielding the anticipated results. The Company has in the recent past focused on organic growth. The Company conducts detailed feasibility studies and selects projects only exceeding the expected rate of return. Further regular controlling and monitoring of the performance of newly implemented projects are carried out.

Moreover, suitable feedback controls are implemented to rectify any issues that may arise as well as feed forward controls are established to deter the reoccurrences of adverse variances. In addition, investments in capital and money markets are also closely monitored to avoid and mitigate risk of investment returns due to the market conditions.

4. BUSINESS RISK

New entrants into markets that the Company is already present as well as intensification of competition from existing market players are significant business risks that may challenge the market share of the Company. Further, the variation in consumer spending patterns is also a potential business risk. The Company researches and updates the market information for its decision making to effectively manage the business risk.

5. COUNTERPARTY RISK

The Group may be exposed to the risk of losses on cash and other financial instruments held or managed on its behalf by financial institutions, in the instance that its counterparties default on their obligations. The Group policy is to limit its exposure by dealing solely with leading counterparties and monitoring their credit ratings.

6. SUPPLY CHAIN RISK

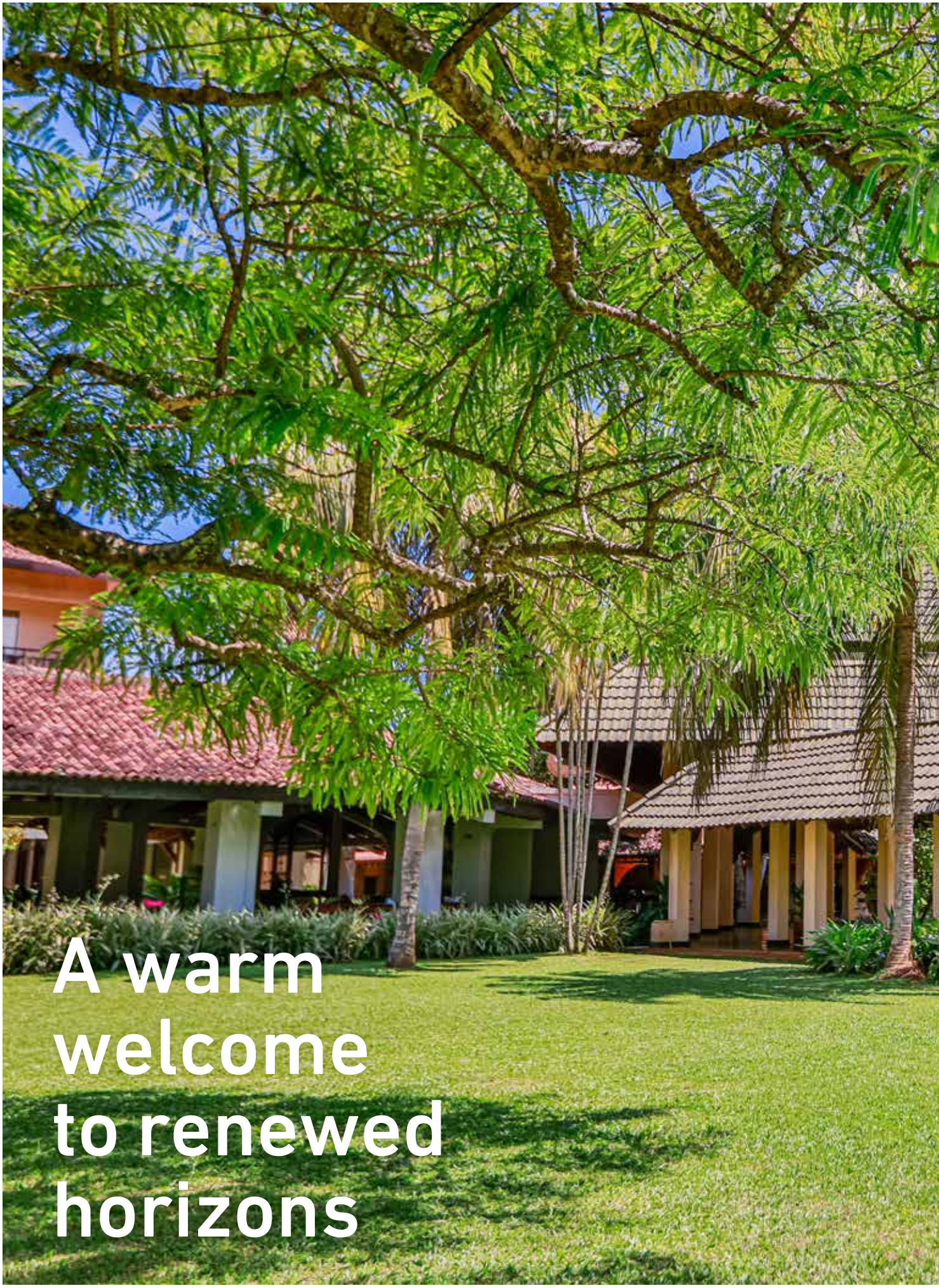
The Company could be exposed to disruption in the supply chain process including global logistical arrangements due to geopolitical issues. The risk of non-availability of a continuous supply of raw materials as well as significant increase in the raw material cost in the world market could hinder the Company's production process. The Company strives to expand its pool of suppliers through effective negotiation, where possible building safety stocks, developing alternate supplier sources and supplier networks and sourcing innovative supply models including local supplier sourcing are some of the actions the Company focuses on to overcome this risk.

7. INDUSTRIAL AND ENVIRONMENTAL RISKS

The Group may be exposed to capital costs and environmental liabilities because of its past, present or future operations. The main industrial and environmental risks result from the storage of chemicals at certain sites and the waste generated from the production process. These risks are predominantly managed by obtaining certifications and new methods through research and development, subject to specific legislation and close supervision by the relevant authorities.

8. LEGAL AND COMPLIANCE

The Company addresses this area with great concern to protect its corporate reputation. Legal and compliance risk relates to changes in the statutory and regulatory environment, compliance requirements with policies and procedures, including those relating to financial reporting, health and safety and intellectual property risks. Statutory and regulatory risk is the risk that the government or regulatory actions will cause us to have to change our business models or practices. The Company implements ongoing assessments on the strict adherence to all necessary regulations in relation to statutes, regulatory guidelines and environmental rules.


A warm
welcome
to renewed
horizons



Hotels

REMUNERATION COMMITTEE REPORT

The Remuneration Committee is responsible to the Board for developing and setting the Company's Remuneration Policy and recommending the policy applicable for the Executive Directors and for the key management personnel of the Company. In addition, they lay down guidelines and parameters for the compensation structure of the management staff. There is a Board approved non -discriminatory remuneration policy for all Non Executive Directors to ensure that their Independence is not impaired.

REMUNERATION POLICY

The key objective of the Committee is to attract, motivate and retain qualified and experienced personnel and to ensure that the remuneration of executives at each level of management is competitive and are rewarded in a fair manner based on their performance.

The Remuneration Committee of Lankem Ceylon PLC comprised of the following members until 31st December 2024.

Mr. G.K.B. Dasanayaka
Chairman, Independent Non-Executive Director

Mr. S.D.R. Arudpragasam
Member – Non-Executive Director

Mr. P.M.A. Sirimane
Independent Non-Executive Director

Consequent to the resignation of Mr. G.K.B. Dasanayaka and Mr. P.M.A. Sirimane from the Board of Directors as at the close of business on 31st December 2024 and the subsequent appointment of Mr. K.G. Punchihewa and Mr. S.B. Perera as Independent Non-Executive Directors with effect from 31st December 2024, the Committee was duly reconstituted on 29th January 2025 and comprised of the following Members as at 31st March 2025 and as of the date of this Report.

Mr. K.G. Punchihewa
Chairman - Independent Non-Executive Director

Mr. S.B. Perera
Member- Independent Non-Executive Director

Mr. S.D.R. Arudpragasam
Member- Non-Executive Director

Brief profiles of the Committee members are given on pages 46 to 51.

The Remuneration Committee has well defined Terms of Reference outlining the Committee's composition, quorum, authority and its responsibilities.

The Company's Secretaries, Corporate Managers & Secretaries (Private) Ltd. function as the Secretaries to the Remuneration Committee.

MEETINGS AND ATTENDANCE

The Remuneration Committee met on two occasions during the financial year. The attendance of the Committee prior to 31.12.2024 was as follows:

Mr. G.K.B. Dasanayaka- Chairman	1/1
Mr. S.D.R. Arudpragasam – Member	1/1
Mr. P.M.A. Sirimane - Member	1/1

The attendance of the Committee which was reconstituted with effect from 29th January, 2025 was as follows;

Mr. K.G. Punchihewa - Chairman	1/1
Mr. S.B. Perera – Member	1/1
Mr. S.D.R. Arudpragasam – Member	1/1

The Remuneration Committee meets on a need basis. The proceedings of the Committee meetings were regularly reported to the Board of Directors.

The Company was not compliant in relation to the constitution of the Remuneration Committee from 1st January 2025 to 28th January 2025 and due disclosures were made to the CSE in this regard. The Remuneration Committee being reconstituted on 29th January 2025 as mentioned above, met the compliance requirement and relevant disclosures were made to the CSE.

The main function of the Remuneration Committee is to assist the Board in developing and administering an equitable and transparent method for setting policy on the overall human resources strategy of the Group, the remuneration of Directors and senior management of the Group, plan for succession of Key Management Personnel to ensure leadership continuity and organizational stability and for determining their remuneration packages on the basis of their merit, qualifications and competence, and having regard to the Company's operating results, individual performance and comparable market statistics.

The Managing Director assists the Committee by providing relevant information and participating in the deliberations of the Committee.

All Non-Executive Directors receive a fee for serving on the Board and on Sub-Committees. They do not receive any performance-related incentive payments.

The details on the aggregate remuneration of the Executive and Non-Executive Directors are given in Note 33.8 to the financial Statements.



K.G. Punchihewa
Chairman
Remuneration Committee
14th August 2025

NOMINATIONS & GOVERNANCE COMMITTEE REPORT

The Nominations & Governance Committee ensures that the governance framework of the Company aligns with the requirements of the Colombo Stock Exchange (CSE), and the Securities and Exchange Commission of Sri Lanka (SEC).

The Committee supports the Board in fulfilling its statutory and fiduciary responsibilities relating to corporate governance and selection/appointment of new Directors and re-election and re-appointment of current Directors to ensure the highest levels of Corporate Governance in the Company and among members of the Board of Directors.

A formal and transparent procedure is in place for the appointment of new Directors to the Board, and the re-election and reappointment of current Directors which is in accordance with the recommendations made by the Nominations & Governance Committee, in consultation with the Chairman and in compliance with the provisions of the Articles of Association of the Company, the Policies adopted by the Company and the Rules on Corporate Governance. The composition and the scope of work of the Committee are in line with the Terms of Reference of the Committee approved by the Board.

COMPOSITION

In compliance with Corporate Governance Rules of the Colombo Stock Exchange, on 18th September 2024, the Board of Directors of the Company resolved that the Nomination Committee of the Company which comprised of the following members would continue to function as the Nominations and Governance Committee of the Company with effect from the said date. The said Committee was in force and validly constituted until 31st December 2024:

Mr. G.K.B. Dasanayaka	–	Chairman - Independent Non-Executive Director
Mr. A.C.S. Jayaranjan	–	Independent Non-Executive Director
Mr. S.D.R. Arudpragasam	–	Non-Executive Director

Consequent to the resignation of Mr. G.K.B. Dasanayaka and Mr. A.C.S. Jayaranjan, from the Board of Directors as at the close of business on 31st December 2024, and the subsequent appointment of Mr. K.G. Punchihewa and Mr. S.B. Perera as Independent Non-Executive Directors with effect from 31st December 2024, the Committee was duly reconstituted on 29th January 2025 and comprised of the following Members as at 31st March 2025 and as of the date of this Report:

Mr. K.G. Punchihewa	–	Chairman, Independent Non-Executive Director
Mr. S.B. Perera	–	Member, Independent Non-Executive Director
Mr. S.D.R. Arudpragasam	–	Member, Non-Executive Director

The Company was not compliant in relation to the constitution of the Nominations and Governance Committee from 1st January 2025 to 28th January 2025 and due disclosures have been made to the Colombo Stock Exchange in this regard.

The Nominations and Governance Committee being reconstituted on 29th January 2025, as mentioned above, thereby the Company met the compliance requirements and relevant disclosures were made to the CSE.

The Independent Directors of the Listed Entity have submitted their declarations and the said Independent Directors meet and continue to meet the criteria for determining independence.

Mr. A.C.S. Jayaranjan, Mr. G.K.B. Dasanayaka, Dr. A.M. Mubarak and Mr. P.M.A. Sirimane who were determined to be nevertheless independent, served as Independent Non-Executive Directors until the close of business on 31st December 2024. Mr. K.G. Punchihewa and Mr. S.B. Perera who were appointed to the Board on 31st December 2024 as Independent Non-Executive Directors meet the criteria for independence as set out in Listing Rule 9.8.3 of the Colombo Stock Exchange and were determined to be independent by the Board.

Brief profiles of the current members of the Committee are given on pages 46 to 51 of the Annual Report.

The Company's Secretaries, Corporate Managers & Secretaries (Private) Ltd function as the Secretaries to the Nominations and Governance Committee.

MEETING ATTENDANCE

The Nominations and Governance Committee has met on two occasions during the financial year ended 31st March 2025 and the attendance was as follows:

Mr. G.K.B. Dasanayaka - Chairman	–	1/1
Mr. A.C.S. Jayaranjan	–	1/1
Mr. S.D.R. Arudpragasam	–	1/1
Mr. K.G. Punchihewa - Chairman	–	1/1
Mr. S.B. Perera	–	1/1
Mr. S.D.R. Arudpragasam	–	1/1

KEY RESPONSIBILITIES AND DUTIES OF THE COMMITTEE

The Committee oversees the corporate governance structure of the organization, providing an overview of the principles, policies, and practices of the Board of Directors. This framework enables the Company to meet the governance requirements of the Colombo Stock Exchange (CSE), and the Securities and Exchange Commission of Sri Lanka (SEC).

NOMINATIONS & GOVERNANCE COMMITTEE REPORT

Furthermore, the Committee is responsible for reviewing and recommending improvements to the Company's governance policies and practices.

The Committee monitors the effectiveness of compliance with the relevant regulatory and legal requirements and makes recommendations to the Board on such matters and any corrective action to be taken, as the Committee may deem appropriate.

Whilst exercising the oversight with respect to the corporate governance by the Board of Directors, the Committee also considers and recommends succession arrangements from time to time for the retiring Directors, and Key Management Personnel considering the additional/new expertise required. The Committee regularly reviews the structure, size, composition, including gender representation and competencies (including the skills, knowledge and experience) of the Board members and makes recommendations to the Board regarding any changes.

The fitness and propriety of the Directors were considered during the year as and when required to ensure compliance with requirements and Corporate Governance Rules of the CSE.

COMMITTEE ACTIVITIES IN 2024/2025

Performance evaluations of the Board were conducted in March 2025, reviewed by the Committee, and discussed at Board Meeting.

The Policies of the Company were reviewed and recommended by the Committee and approved by the Board and duly established during the year. The Committee ensured that the Policies were uploaded on the Company website. The Subcommittee Charters and Terms of Reference were reviewed and recommended by the respective Board Subcommittees and approved by the Board.

The Committee also checked the independence of the Directors against the criteria for independence as set out in the CSE Listing Rules. The Committee ensured that the declaration of independence is carried out by the Independent Directors and concluded that all Independent Directors of the Company meet the criteria for determining independence.

The newly appointed Directors were briefed on the structure, processes & resources of the Company, the applicable corporate governance framework, applicable Listing Rules, securities market regulations and other applicable laws and regulations.

Further an annual update was given to existing Directors on Corporate Governance, Listing Rules, securities market regulations and other applicable laws and regulations. Any major issues relating to the Company are communicated to the Independent Directors and special meetings of the Board are held as and when the need arises to address such matters.

RE-APPOINTMENTS/RE-ELECTIONS

In terms of the Articles of Association a Director appointed by the Board holds office until the next Annual General Meeting, at which he seeks re-election by the Shareholders. The Articles require that one-third (1/3) of the Directors in office (excluding a Director appointed to the office of Chairman, Managing Director or Joint Managing Director and any other Executive Office) to retire at each Annual General Meeting. The Directors to retire are those who have been longest in office since their last election. Retiring Directors are eligible for re-election. Furthermore, Special Notice has been received by the Company from a shareholder giving notice of the intention to move the Ordinary Resolution more fully set out in the Notice of Meeting of this Report, at the forthcoming Annual General Meeting.

Accordingly, respective members of the Committee whilst refraining from participating in recommending their own re-election / reappointment, in terms of the Articles of Association of the Company, recommended the re-election of Mr. K.G. Punchihewa and Mr. S.B. Perera who were appointed to fill casual vacancies on the Board during the year and to reappoint in terms of Section 211 of the Companies Act No. 7 of 2007 Mr. S.D.R. Arudpragasam and Mr. A. Hettiarachchy who are over seventy years of age , as Directors, at the forthcoming Annual General Meeting of the Company based on their performance and the contribution made to achieve the objectives of the Board.

In view of the strategic direction of the Company and the Group and the pivotal roles played by Mr. S.D.R. Arudpragasam, Chairman and Mr. A. Hettiarachchy, Deputy Chairman in terms of sustenance and growth of the Company and the Group as a whole as well as their Management skills, integrity, expertise, wealth of experience and business acumen, the Committee has recommended to the Board to reappoint as Directors Mr. S.D.R. Arudpragasam and Mr. A. Hettiarachchy who are over seventy years of age and who retire in terms of Section 210 of the Companies Act No. 7 of 2007.

The Directors coming up for re-election / reappointment do not have any close family relationship with the Directors, the Listed Entity nor do they have any relationship with shareholders holding over 10% of shares of the Company other than those disclosed hereunder:

Information of Directors who are to be re-elected/reappointed at the AGM are as follows:

Board Member	Date first appointed as Director	Date last re-appointed / re-elected as a Director	Board Committees served on	Any relationships including close family relationships between the member and the Directors of Lankem Ceylon PLC, the Company or its shareholders holding more than ten per-centum (10%) of the shares of Lankem Ceylon PLC
Mr. S.D.R. Arudpragasam - Chairman (Non – Executive)	14/02/1989	30/09/2024	Audit Committee, RPTRC, Nominations & Governance Committee and Remuneration Committee	Mr. S.D.R. Arudpragasam is a Director of The Colombo Fort Land & Building PLC which holds 55.22% of equity in Lankem Ceylon PLC as at 31.03.2025. Mr. Arudpragasam is also a Director of E.B. Creasy & Co. PLC which holds shares in slash account with Amana Bank PLC amounting to 17.51% of equity in Lankem Ceylon PLC as at 31.03.2025.
Mr. A. Hettiarachchy - Deputy Chairman (Non – Executive)	01/04/2010	30/09/2024	Audit Committee and RPTRC- (up to 31/12/2024.)	None
Mr. K.G. Punchihewa - Director (Independent Non – Executive)	31/12/2024	Not Applicable	Audit Committee, RPTRC, Nominations & Governance Committee, Remuneration Committee	Mr. K.G. Punchihewa is a Director of The Colombo Fort Land & Building PLC which holds 55.22% of equity in Lankem Ceylon PLC as at 31.03.2025. Mr. Punchihewa is also a Director of E.B. Creasy & Co. PLC which holds shares in slash account with Amana Bank PLC amounting to 17.51% of equity in Lankem Ceylon PLC as at 31.03.2025.
Mr. S.B. Perera – Director (Independent Non – Executive)	31/12/2024	Not Applicable	Audit Committee, RPTRC, Nominations & Governance Committee, Remuneration Committee	Mr. S.B. Perera is a Director of The Colombo Fort Land & Building PLC which holds 55.22% of equity in Lankem Ceylon PLC as at 31.03.2025. Mr. Perera is also a Director of E.B. Creasy & Co. PLC which holds shares in slash account with Amana Bank PLC amounting to 17.51% of equity in Lankem Ceylon PLC as at 31.03.2025.

The names, qualifications, principal commitments and other Directorships or Chairmanships of the aforesaid Directors coming up for re-election / reappointment and of the rest of the Board members of Lankem Ceylon PLC are given in their profiles on pages 46 to 51 and under the caption "Details of Directors' other Directorships" appearing on pages 62 to 65.

The Corporate Governance requirements stipulated under the Listing Rules of the CSE have been met and where the Listed Entity has failed to comply with any provisions of such Rules, a statement explaining the reason for such non- compliance and the proposed remedial action taken for the rectification of such non-compliance has been made. The Company's compliance status with the Colombo Stock Exchange Listing Rules on Corporate Governance is disclosed on pages 66 to 77.



K.G. Punchihewa
Chairman

14th August 2025

RELATED PARTY TRANSACTION REVIEW COMMITTEE REPORT

The Related Party Transactions Review Committee (RPTRC) which was formed in conformity with the listing rules of the Colombo Stock Exchange is entrusted with the responsibility of ensuring compliance with the rules and regulations governing Related Party Transactions for Listed Entities with its focus being enhancement of corporate transparency and fairness to all stakeholders.

POLICY AND TERMS OF REFERENCE

The Committee has established a clear Policy and Terms of Reference approved by the Board, setting forth the procedure to identify related parties and the process of reporting the transactions with related parties to the Committee on a quarterly basis. It also specifies the approval process and disclosure requirements, including market announcements and Annual Report disclosures.

COMPOSITION

The Related Party Transactions Review Committee of the Company comprised of the following members until 31st December, 2024 and the said Committee was in force and validly constituted until 31st December 2024:

Mr. P.M.A. Sirimane
Chairman, Independent Non-Executive Director

Mr. A Hettiarachchy
Member, Non-Executive Director

Mr. A.C.S. Jayaranjan
Member, Independent Non-Executive Director

Consequent to the resignation of Mr. A.C.S. Jayaranjan and Mr. P.M.A. Sirimane from the Board of Directors as at the close of business on 31st December 2024 and the subsequent appointment of Mr. K.G. Punchihewa and Mr. S.B. Perera as Independent Non-Executive Directors with effect from 31st December 2024, the Committee was duly reconstituted on 29th January 2025 and comprised of the following Members as at 31st March 2025 and as of the date of this Report.

Mr. K.G. Punchihewa
Chairman - Independent / Non-Executive Director

Mr. S.B. Perera
Member - Independent / Non-Executive Director

Mr. S.D.R. Arudpragasam
Non Executive Director

The Company was not compliant in relation to the constitution of the Related Party Transactions Review Committee from 1st January 2025 to 28th January 2025 and due disclosures were made to the CSE in this regard. The Related Party Transactions Review Committee being reconstituted on 29th January 2025 as mentioned above, met the compliance requirement and relevant disclosures were made to the CSE.

The Company's Secretaries Corporate Managers and Secretaries (Pvt) Ltd, function as the Secretaries to the Related Party Transactions Review Committee.

Brief profiles of the current members of the Committee are given on pages 46 to 51of the Annual Report.

MEETINGS OF THE COMMITTEE

The Related Party Transactions Review Committee (RPTRC) meets on a quarterly basis at a minimum or as often as may be deemed necessary. During the financial year, the Committee met five times, having held meetings in each calendar quarter, to review the related party transactions. The attendance of the Committee was as follows:

RPTRC Committee for the period 1st April 2024 to 31st December 2024	P.M.A. Sirimane - Chairman	3/3
	Mr. A. Hettiarachchy - Member	3/3
	Mr. A.C.S. Jayaranjan – Member	3/3
RPTRC Committee for the period 29th January 2025 to 31st March 2025	Mr. K.G. Punchihewa - Chairman	2/2
	Mr. S.B. Perera - Member	2/2
	Mr. S.D.R. Arudpragasam - Member	2/2

Further during the said period, on several occasions the RPTRC has also reviewed and recommended Related Party Transactions by Resolutions in writing.

Other members of the Board and the Management were present at discussions where appropriate. The proceedings of the RPTRC are regularly reported to the Board of Directors.

POLICIES, PROCEDURES AND FUNCTIONS OF THE COMMITTEE

The Policies and Procedures adopted by the Related Party Transactions Review Committee when reviewing and recommending transactions are consistent with Section 9.14 of the Listing Rules of the Colombo Stock Exchange. The Functions of the Committee are as follows;

- Review all proposed Related Party Transactions (Except for exempted transactions)
- Determining whether the relevant Related Party Transaction is fair and is conducted on normal commercial terms and is in the best interest of the Company and its stakeholders and is not prejudicial to its minority shareholders.
- Acquire appropriate knowledge or expertise to assess all aspects of proposed Related Party Transactions where necessary. This includes obtaining independent professional or expert advice from suitably qualified persons when required.
- Obtain updates on previously reviewed Related Party Transactions from Senior Management and approve any material changes.
- Establish guidelines for Senior Management to follow in ongoing dealings with related parties.
- Direct the transactions for Board approval/ Shareholder approval as deemed appropriate.
- Ensuring that immediate market disclosures and disclosures in the Annual Report as required by the applicable rules and regulations are made in a timely and detailed manner.

CONCLUSION

The Related Party Transactions Review Committee has reviewed the Related Party Transactions entered during the financial year under review and has communicated its comments and observations to the Board of Directors.

The Board of Directors has also declared in the Annual Report that there were no recurrent related party transactions which exceeded the respective thresholds mentioned in Section 9 of the Colombo Stock Exchange Listing Rules. However non-recurrent related party transactions which exceeded the respective thresholds are duly disclosed on page 178 of the Annual Report. The Company has complied with the requirements of the Listing Rules on Related Party Transactions.



K.G. Punchihewa
Chairman
Related Party Transactions Review Committee

14th August 2025

AUDIT COMMITTEE REPORT

The role of Audit Committee is to assist the Board in effecting its oversight responsibilities on financial reporting. This includes responsibility to the shareholders in relation to the integrity of the Company's financial reporting process in accordance with the Companies Act and other legislative reporting requirements including the adequacy of disclosures in the financial statements in accordance with the Sri Lanka Accounting Standards. The Audit Committee also monitors the Company's internal control systems and facilitates compliance with the legal and regulatory requirements. The Committee also evaluates the performance and the independence of the Company's external audit functions.

COMPOSITION

The changes to the composition of the Audit Committee during the financial year ended 31st March 2025 are detailed below.

The Audit Committee of the Company comprised of the following members until 31st December 2024:

Mr. A.C.S. Jayaranjan
Chairman, Independent Non-Executive Director

Mr. A Hettiarachchy
Member, Non-Executive Director

Mr. P.M.A. Sirimane
Member, Independent Non-Executive Director

Consequent to the resignation of Mr. A.C.S. Jayaranjan and Mr. P.M.A. Sirimane from the Board of Directors as at the close of business on 31st December 2024, and the subsequent appointment of Mr. K.G. Punchihewa and Mr. S.B. Perera as Independent Non-Executive Directors with effect from 31st December 2024, the Committee was duly reconstituted on 29th January 2025 and comprised of the following Members as at 31st March 2025 and as of the date of this Report.

Mr. K.G. Punchihewa
Chairman, Independent Non-Executive Director

Mr. S.B. Perera
Member, Independent Non-Executive Director

Mr. S.D.R. Arudpragasam
Member, Non-Executive Director

The Company was not compliant in relation to the constitution of the Audit Committee from 1st January 2025 to 28th January 2025 and due disclosures were made to the CSE in this regard. The Audit Committee being reconstituted on 29th January 2025 as mentioned above, met the compliance requirement and relevant disclosures were made to the CSE.

Mr. A.C.S. Jayaranjan, the former Chairman of the Committee is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA) and Mr. K.G. Punchihewa, the current Chairman of the Committee is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA) and a Member of the Certified Public Accountants (CPA) – Australia.

The Committee has a blend of experience in the commercial sector with financial expertise and high standing of integrity and business acumen to carry out their role effectively and efficiently. The Committee comprises of three finance professionals.

Brief profiles of the current members of the Committee are given on pages 46 to 51 of the Annual Report

The Company's Secretaries, Corporate Managers & Secretaries (Pvt) Limited function as the Secretaries to the Audit Committee.

MEETINGS AND ATTENDANCE

The Audit Committee has met on seven occasions during the financial year ended 31st March, 2025 and the attendance of the committee was as follows:

Audit Committee for the period 1st April 2024 to 31st December 2024	Mr. A.C.S. Jayaranjan - Chairman	4/4
	Mr. A. Hettiarachchy- Member	3/4
	P.M.A. Sirimane Member	4/4
Audit Committee for the period 29th January 2025 to 31st March 2025	Mr. K.G. Punchihewa- Chairman	3/3
	Mr. S.B. Perera- Member	3/3
	Mr. S.D.R. Arudpragasam - Member	3/3

Meetings of the Audit Committee have been held in each quarter of the financial year. In addition to these Meetings on several occasions the committee has also adopted resolutions in writing in relation to matters under the purview of the audit committee.

The proceedings of the audit committee are regularly reported to the Board of Directors.

The Managing Director and the Chief Financial Officer attend the meetings of the Audit Committee. Further other members of the Board and Management Committee, as well as the External and Internal Auditors, were present at discussions where appropriate.

KEY RESPONSIBILITIES OF THE COMMITTEE

The Committee is governed by the specific terms of reference set out in the Audit Committee charter which has been reviewed and recommended by the Audit Committee and approved by the Board.

The Committee focuses on the following objectives in discharging its responsibilities, taking into consideration the terms of reference together with the requirements of the Listing Rules of the Colombo Stock Exchange.

(a) Risk Management

The Committee reviews and assesses the effectiveness and sufficiency of the Company's risk management function to ensure that the Company's assets are adequately safeguarded.

(b) Efficiency of the system of internal controls

The Committee reviews the effectiveness of the internal control systems, financial reporting, compliance with laws and regulations, as well as the adequacy and effectiveness of the governance processes within the Company. The Committee also obtains a statement of compliance from the Managing Director and the Chief Financial Officer on the Company's operations, finances, risk management and internal control systems.

(c) Independence and objectivity of the external (statutory) Auditors

The Committee exercises independent oversight on internal and external assurance functions ensuring both internal and external auditor's independence, objectivity and the effectiveness of the audit processes.

(d) Appropriateness of the principal accounting policies used

The Committee reviews the key judgements applied in the preparation of the financial statements described in the relevant accounting policies and notes to the Financial Statements.

(e) Financial Statement integrity

The Committee reviews and ensures that the Financial Reporting system is in accordance with the Sri Lankan Accounting Standards and other regulatory and statutory requirements.

ACTIVITIES DURING THE FINANCIAL YEAR 2024/25

Financial Reporting

The Committee reviewed and discussed the quality and integrity of the financial reporting system adopted by the Company in the preparation and presentation of its quarterly and annual financial statements to ensure reliability of the processes and consistency of the accounting policies adopted and their compliance with the Sri Lanka Financial Reporting Standards.

The Audit Committee obtained Statements of Compliance from the Management where appropriate and reviewed the adequacy of disclosures and presentation of the Annual and Interim Financial Statements before recommending them for approval by the Board.

Further, the Committee reviewed the procedures established by the Management to comply with Statutory and Regulatory requirements and is satisfied that the financial reporting requirements under the Listing Rules of the Colombo Stock Exchange, Companies Act No. 07 of 2007, Securities and Exchange Commission Act and other relevant financial reporting related regulations and requirements are met.

Internal Audit, Risk and Control

The Committee reviewed and approved the Annual Internal Audit Plan by ensuing there are no unjustified restrictions or limitations in the scope of the Internal Audit.

The Company's internal audit function has been outsourced to Deloitte, Chartered Accountants. The internal auditors report quarterly to the Committee on the adequacy and effectiveness of internal controls in the Company and compliance with rules and regulations and established policies of the Company.

The periodic reports submitted by the Internal auditors where appropriate were reviewed by the Committee with the management responses on financial and operational audits, carried out in line with the approved Annual Audit Plan. The Audit Committee obtains the required assurances from the Management and the Internal Auditors on the remedial action in respect of identified risks to maintain the effectiveness of internal control procedures in place.

COMPLIANCE

During the year under review, The Committee has assisted the Board in ensuring compliance with the statutory provisions prior to publication of Interim Financial Statements and the Annual Report. The Committee has taken necessary measures to ensure that the interim Financial Statements and the Annual Report are published in a timely manner, and they are prepared and presented in accordance with the Sri Lanka Accountings Standards and in compliance with the Companies Act and the regulatory requirements. The Committee has assessed the adequacy of existing controls and risk management procedures and recommend to the Board additional controls and risk mitigating strategies that could be implemented to strengthen the existing internal control system. Further, the Committee has, where necessary, reviewed the routine operations of the Company and assessed the prospects of its business operations and accordingly makes sure that the going concern assumption used in the preparation of the financial statements is appropriate.

AUDIT COMMITTEE REPORT

ETHICS AND GOOD GOVERNANCE

The Committee continuously emphasizes upholding ethical values of the staff members. In this regard, the Policy on Internal Code of Business Conduct and Ethics, the Policy on Whistleblowing and the Policy on Anti-Bribery and Corruption have been established. All appropriate procedures are in place to conduct independent investigations into incidents reported through Whistleblowing or identified through other means. The Whistleblower Policy guarantees strict confidentiality of the identity of the Whistleblowers.

EXTERNAL AUDIT

The Company has appointed KPMG, Chartered Accountants, as its External Auditors and the services provided by them are segregated between audit assurance services and other advisory services. The Committee has reviewed the progress and the conduct of the statutory audit function and discussed the audit-related issues with the Auditors. KPMG Chartered Accountants has also issued a declaration as required by the Companies Act 7 of 2007 that they do not have any relationship or interest in any of the companies in the Group which may have a bearing on the independence of their role as auditors. During the year under review, the Committee evaluated the independence and performance of the External Auditors and is satisfied that the independence of the External Auditors have not been impaired by an event or service that gives rise to a conflict of interest. The Committee obtained written assurance from the External Auditors that they have been independent throughout the conduct of the audit engagement in terms of all relevant professional and regulatory requirements.

The Audit Committee has recommended to the Board the reappointment of KPMG, Chartered Accountants for the financial year ending 31st March 2026 subject to the approval of the Shareholders at the Annual General Meeting of the Company. The current External Auditors, KPMG has been functioning as the external auditor of the Company for over 20 years. A partner rotation of the External Auditor takes place periodically and the last change took place during the year under review.



K.G. Punchihewa
Chairman
Audit Committee
14th August 2025

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board of Directors (Board) of the Company is responsible for the adequacy of the Company's system of internal controls and for reviewing its design and effectiveness regularly. However, such a system is designed to manage, rather than eliminate the risk of failure to achieve business objectives of the Group. Accordingly, the system of internal controls can only provide reasonable and not absolute assurance against material misstatements of losses or frauds.

The Board is of the view that the prevalent internal control systems instituted, by them, and which comprise internal checks, internal audits, risk management policies and financial and other controls are so designed that, there is reasonable assurance that all assets are safeguarded and transactions properly authorized and recorded, so that material misstatements and irregularities are either prevented or detected within a reasonable period of time.

The Board has established various Committees, such as the Audit Committee, Remuneration Committee, Nominations and Governance Committee and Related Party Transactions Review Committee to strengthen the process of identifying and reviewing the adequacy and integrity of the system of internal controls and risk management.

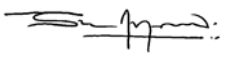
The Directors are of the view that the Company and its Group have adequate resources to continue operations in the foreseeable future and have continued to use the going concern basis in the preparation of these Financial Statements. The Directors have provided the Auditors, Messrs. KPMG, Chartered Accountants, with every opportunity to carry out reviews and tests that they consider appropriate and necessary for the performance of their responsibilities. The Auditors have examined the Financial Statements together with all financial records and related data and expressed their opinion, which appears as reported by them on pages 94 to 97 of this Report.

The Directors are Responsible for:

- preparing the Annual Report and the Consolidated Financial Statements in accordance with the Companies Act No.7 of 2007 and Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and are required to prepare Financial Statements for each financial year, which give a true and fair view of the state of affairs of the Company and its subsidiaries as at the reporting date and of the profit and loss of the Company and its subsidiaries for the financial year ending on that reporting date;
- preparing Financial Statements which give a true and fair view of the state of affairs as at the reporting date and the Profit or Loss for the period then ended of the Company and the Group in accordance with SLFRSs and LKASs;
- establishing an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, and regularly reviewing the effectiveness of such process;
- taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities; and maintaining the integrity of the statutory and audited information available to the public;
- In addition, the Directors consider that, in preparing the Financial Statements:
  - suitable accounting policies have been selected and applied consistently;
  - judgements and estimates made have been reasonable and prudent;
  - the Financial Statements comply with IFRS as adopted for use in Sri Lanka (SLFRSs/LKASs);
  - all Accounting Standards which they consider applicable have been followed in preparing the Parent Company Financial Statements; and
  - it is appropriate that the Group and Parent Company Financial Statements have been prepared on a "Going Concern" basis.

The Directors also confirm that to the best of their knowledge, the Financial Statements are prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the Group taken as a whole; and this Directors' Report contains a fair review of the development and performance of the business and the position of the Company and the Group taken as a whole, together with a description of the principal risks and uncertainties that they face. The Board of Directors of the Company is of the view that the Board has discharged its responsibilities accordingly.

By Order of the Board



S.D.R. Arudpragasam
Chairman

14th August 2025



FINANCIAL INFORMATION

INDEPENDENT AUDITOR'S REPORT

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

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

TO THE SHAREHOLDERS OF LANKEM CEYLON PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the Financial Statements of Lankem Ceylon PLC ("the Company") and the Consolidated Financial Statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31st March 2025, and the statement of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the Financial Statements, including material accounting policies and other explanatory information as set out on pages 98 to 196.

In our opinion, the accompanying Financial Statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31st March 2025, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Emphasis of Matter – Restatement of Comparative Balances

We draw attention to Note 42 to the Consolidated Financial Statements which indicates that the comparative balances presented as at and for the year ended 31st March 2024 and have been restated and disclosed in these Financial Statements.

Our opinion is not modified in respect of this matter.

Key Audit Matters

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

1. IMPAIRMENT ASSESSMENT OF GOODWILL ON CONSOLIDATION, INVESTMENT IN SUBSIDIARIES AND INVESTMENTS IN ASSOCIATES.

(Refer to the material accounting policy in Note 3.10.2 and explanatory Notes 16, 17 and 18 to the Financial Statements).

Risk Description

The Company has recorded investments in subsidiaries amounting to Rs.5,391 Mn and investments in associates amounting to Rs. 768 Mn as at 31st March 2025. Goodwill on consolidation of Rs. 1,543 Mn has been recognized in the consolidated financial statements as at 31st March 2025. Additionally, the Company has recognized Rs. 324 Mn and Rs. 435 Mn as provision for impairment of investment in subsidiaries, and Goodwill on consolidation respectively as at 31st March 2025.

The Management allocated goodwill to the respective cash-generating units ("CGUs") as disclosed in Note 16 to the Financial Statements. The recoverable amounts of the identified CGUs have been determined based on value-in-use calculations or fair value less cost to sell calculations.

The carrying amounts of each investment in subsidiaries and associates where indications existed have been tested for impairment and determined their recoverable amounts based on value in use calculations or fair value less cost to sell calculations as at 31st March 2025.

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

C.P. Jayatilake FCA, Ms. S. Joseph FCA, R.M.D.B. Rajapakse FCA, M.N.M. Shameel FCA, Ms. P.M.K. Sumanasekara FCA, T.J.S. Rajakarier FCA, W.K.D.C. Abeyrathne FCA, Ms. B.K.D.T.N. Rodrigo FCA, Ms. C.T.K.N. Perera ACA, R. G. H. Raddella ACA, W.W.J.C. Perera FCA, G.A.U. Karunaratne FCA, R.H. Rajan FCA, A.M.R.P. Alahakoon ACA

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

KPMG

Investments which do not generate adequate returns may be an indication of impairment. Due to the investments being material in the Financial Statements, it will have significant impact on the financial performance of the Company.

We have identified the impairment of goodwill on consolidation, investments in subsidiaries, and investment in associates as a key audit matter due to the magnitude of the amounts recognized in the Financial Statements as at 31st March 2025. In addition, these areas were significant to our audit because the impairment assessment process involves significant management judgement and required the management to make various assumptions in the underlying cash flow forecasts and valuation methodology.

Our audit procedures included;

- Obtaining an understanding of management's impairment assessment process.
- Evaluating the carrying amounts and the nature and background of the investments to identify impairment indications under accounting standards.
- Assessing the management's basis used to determine the recoverable amounts of these investments by our own expectations based on our knowledge of the investments and experience of the industry in which those operate.
- Engaging our own internal experts where applicable to assess the reasonability of the valuation techniques, forecasts and assumptions used.
- Assessing the accuracy of management's assumptions comparing with externally derived data as well as our own assessments in relation to key inputs such as projected economic growth, competition, cost inflation and discount rates.
- Assessing the adequacy of disclosures in the Financial Statements in relation to impairment of investments in subsidiaries, investment in associates and goodwill on consolidation.

2. RECOVERABILITY OF DEFERRED TAX ASSETS ON ACCUMULATED TAX LOSSES

(Refer to the material accounting policy in Note 3.18.2 and explanatory Note 30 to the Financial Statements).

The Group and the Company have recorded a deferred tax assets of Rs. 547 Mn and Rs. 161 Mn respectively as at 31st March 2025 on deductible temporary differences arising from accumulated tax losses.

In recognizing these deferred tax assets, the management has considered expected utilization or recovery in the future through generation of future taxable profits by the Group entities or set off against deferred tax liabilities. This consideration involves significant judgment and estimates of the management in respect of assessing the sufficiency of future taxable profits and the probability of such future taxable profits being generated by the entities within the Group.

The recoverability of the deferred tax assets was significant to our audit because it involves significant management judgments based on the assumptions that are affected by expected future business strategies.

Our audit procedures included;

- Assessing the Group's/Company's approach for evaluating the likelihood of the recoverability of deferred tax assets on tax losses.
- Challenging the key assumptions included in forecasting the future taxable profits after considering the accumulated unutilized tax losses by comparing the key inputs used in the forecasts, including future revenue growth, management of operating costs with historical performance of the entities;
- Assessing the appropriateness of the approval for the forecasts used by the management; and
- Assessing the adequacy of disclosures in the Financial Statements as required by the relevant accounting standards.

3. REVALUATION OF LANDS

(Refer to the material accounting policy in Note 3.4.3 and explanatory Note 13 to the Financial Statements).

The Group and the Company carried Land classified as Property, Plant and Equipment at fair value amounting to Rs. 7,317 Mn and Rs. 453 Mn respectively as at 31st March 2025. Accordingly, the Group and the Company have recognized a fair value gain of Rs. 1,541 Mn and Rs. 67 Mn respectively during the year ended 31st March 2025.

The assessment of fair value of these lands are based on valuations performed by qualified independent property valuers. We considered this as a key audit matter because the valuation of lands involved significant judgments exercised by external valuation experts and were subjected to significant level of estimation, uncertainty and management bias.

Our audit procedures included;

- Assessing the objectivity, independence, competence, and qualifications of the external valuer engaged by the management.
- Assessing the reasonableness of the valuers' assumptions and methods used in the valuation and comparing the same with evidence of current market values.
- Engaging our own internal experts where applicable to assess the reasonability of the valuation technique and per perch prices.

INDEPENDENT AUDITOR'S REPORT

KPMG

- Evaluating conclusions reached by component auditors where applicable on the fair values of lands determined by external experts.
- Assessing the adequacy of disclosures made in relation to the revaluation of lands in the Financial Statements, including the description and appropriateness of the inherent degree of subjectivity and key assumptions used.

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

KPMG

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3707.

Chartered Accountants
Colombo

14th August 2025

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31st March	Notes	Consolidated		Company	
		2025 Rs. '000	2024 Rs. '000 Restated	2025 Rs. '000	2024 Rs. '000
Revenue	5	40,334,070	33,601,738	6,302,597	6,336,610
Cost of Sales		(31,489,141)	(26,097,292)	(4,452,053)	(4,459,487)
Gross Profit		8,844,929	7,504,446	1,850,544	1,877,123
Other Income	6	248,665	443,836	976,754	800,559
Distribution Costs		(3,095,576)	(2,426,926)	(1,228,633)	(1,048,270)
Administrative Expenses		(3,887,758)	(3,274,576)	(585,812)	(467,909)
Other Expenses	7	-	(132,063)	(38,155)	(276,765)
(Provision) / Reversal of Impairment of Amount due from Related Parties and Trade Receivable		(92,596)	(91,530)	(80,628)	30,954
Results from Operating Activities		2,017,664	2,023,187	894,070	915,692
Finance Income	8	184,747	294,010	139,301	183,876
Finance Costs	8	(1,831,836)	(2,179,049)	(650,378)	(789,532)
Share of Loss of Associate	18	(281,626)	(729,253)	-	-
Share of Profit of Joint Venture	19	168,829	1,002	-	-
Profit /(Loss) before Tax	9	257,778	(590,103)	382,993	310,036
Income Tax (Expenses)/ Reversals	10	(583,299)	(271,952)	(68,492)	22,522
(Loss) /Profit for the Year		(325,521)	(862,055)	314,501	332,558
Other Comprehensive Income / (Expense)					
Items that will not be reclassified to profit or loss					
Fair Value Gain / (Loss) on Financial Assets Designated at Fair Value Through Other Comprehensive Income		15,172	(18,111)	12,951	(19,411)
Actuarial Loss on Defined Benefit Obligations	31	(79,669)	(149,716)	(42,126)	(32,957)
Revaluation Surplus	13	1,541,012	1,148,921	66,657	247,842
Share of Other Comprehensive Income of Equity-Accounted Investees (Net of Tax)	18/19	367,141	656,452	-	-
Tax Effect on Components of OCI	30.2	(441,493)	(340,532)	(7,536)	(60,892)
Other Comprehensive Income for the Year, Net of Tax		1,402,163	1,297,014	29,946	134,582
Total Comprehensive Income for the Year		1,076,642	434,959	344,447	467,140
(Loss) /Profit Attributable to:					
Owners of the Company		(462,796)	(838,150)	314,501	332,558
Non-Controlling Interests		137,275	(23,905)	-	-
(Loss) /Profit for the Year		(325,521)	(862,055)	314,501	332,558
Total Comprehensive Income Attributable to:					
Owners of the Company		329,549	211,132	344,447	467,140
Non-Controlling Interests		747,093	223,827	-	-
Total Comprehensive Income for the Year		1,076,642	434,959	344,447	467,140
Basic (Loss) / Earnings per Share (Rs.)	11	(8.99)	(16.28)	6.11	6.46

The Notes from pages 105 to 196 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

As at 31st March	Notes	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000 Restated	Consolidated 2023 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Assets						
Non-Current Assets						
Property, Plant and Equipment	13	13,621,993	11,009,481	9,716,495	1,112,649	1,063,983
Right-of-Use Assets	14	298,303	255,306	275,366	31,796	43,360
Investment Property	15	662,143	819,163	840,844	-	-
Intangible Assets	16	1,135,533	1,130,052	1,221,924	12,956	13,015
Investment in Subsidiaries	17	-	-	-	5,067,476	3,929,246
Investment in Associates	18	950,842	808,267	-	768,422	768,422
Investment in Joint Venture	19	460,474	293,163	-	-	-
Financial Assets Measured at Fair Value Through OCI	20	81,690	66,519	83,400	73,039	60,088
Deferred Tax Assets	30.3	-	-	-	149,529	225,557
Total Non-Current Assets		17,210,978	14,381,951	12,138,029	7,215,867	6,103,671
Current Assets						
Inventories	22	7,068,741	5,502,332	5,491,770	1,622,937	1,041,359
Trade & Other Receivables	23	9,529,176	8,274,294	6,706,245	1,952,083	1,819,994
Amounts Due from Related Parties - Trade	33.1	67,182	38,646	108,187	25,322	23,586
Amounts Due from Related Parties - Non Trade	33.2	542,596	344,204	564,143	377,107	420,334
Loans Due from Related Parties	33.3	369,465	241,939	443,913	260,236	266,993
Income Tax Recoverable		27,542	34,320	43,218	23,215	23,215
Financial Assets Measured at Fair Value through Profit or Loss	21	67,924	34,297	25,935	67,924	34,297
Cash & Cash Equivalents	24	987,230	615,038	557,249	107,137	139,869
Total Current Assets		18,659,856	15,085,070	13,940,660	4,435,961	3,769,647
Total Assets		35,870,834	29,467,021	26,078,689	11,651,828	9,873,318
Equity and Liabilities						
Equity						
Stated Capital	25	1,282,697	1,282,697	1,282,697	1,282,697	1,282,697
Other Capital Reserves	26	4,833	4,833	4,833	-	-
Revaluation Reserves	26	3,909,580	3,094,241	1,913,390	619,850	573,190
Fair Value through OCI Reserves	26	36,343	8,818	46,443	48,037	35,366
(Accumulated Losses)/Retained Earnings		(1,589,317)	(1,397,729)	270,659	686,235	401,119
Equity Attributable to Owners of the Company		3,644,136	2,992,860	3,518,022	2,636,819	2,292,372
Non - Controlling Interest		5,196,393	4,553,255	3,791,681	-	-
Total Equity		8,840,529	7,546,115	7,309,703	2,636,819	2,292,372

STATEMENT OF FINANCIAL POSITION

As at 31st March	Notes	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000 Restated	Consolidated 2023 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Liabilities						
Non-Current Liabilities						
Interest Bearing Borrowings	27	4,327,117	4,193,908	4,552,726	1,901,965	1,503,968
Lease Liabilities	28.1	242,593	211,741	224,669	10,058	18,297
Deferred Income	29	22,678	26,486	706	-	-
Deferred Tax Liabilities	30.3	2,052,473	1,449,106	1,146,380	-	-
Retirement Benefit Obligations	31	594,861	465,615	283,000	273,062	213,032
Loans Payable to Related Parties	27.3	26,590	26,590	26,590	160,542	203,110
Total Non-Current Liabilities		7,266,312	6,373,446	6,234,071	2,345,627	1,938,407
Current Liabilities						
Interest Bearing Borrowings	27	10,739,045	8,126,328	6,194,054	3,573,722	2,713,437
Lease Liabilities	28.1	72,108	67,504	56,882	7,766	9,524
Loans Payable to Related Parties	27.3	389,664	193,419	145,234	120,369	95,369
Trade & Other Payables	32	6,186,952	4,927,757	3,755,884	2,131,834	1,918,860
Amounts Due to Related Parties - Trade	33.4	12,133	-	-	14,523	6,647
Amounts Due to Related Parties - Non Trade	33.5	969,045	828,288	755,584	588,336	553,254
Income Tax Payable		237,008	259,497	521,671	-	-
Bank Overdraft	24	1,158,038	1,144,667	1,105,606	232,832	345,448
Total Current Liabilities		19,763,993	15,547,460	12,534,915	6,669,382	5,642,539
Total Liabilities		27,030,305	21,920,906	18,768,986	9,015,009	7,580,946
Total Equity and Liabilities		35,870,834	29,467,021	26,078,689	11,651,828	9,873,318
Net Assets per Share (Rs.)		70.80	58.15	68.35	51.23	44.54

The Notes from pages 105 to 196 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. 07 of 2007.

Upekha Abeysekera Anthony
Chief Financial Officer

The Board of Directors are responsible for the preparation and presentation of these Financial Statements.

Approved and signed for and on behalf of the Board of Directors of Lankem Ceylon PLC.

P.S. Goonewardene
Managing Director

S.D.R. Arudpragasam
Chairman

Colombo
14th August 2025

STATEMENT OF CHANGES IN EQUITY

Group	Attributable to Owners of the Company							
	Stated Capital Rs. '000	Other Capital Reserves Rs. '000	FVOCI Reserves Rs. '000	Accumulated Losses Rs. '000	Revaluation Reserves Rs. '000	Total Rs. '000	Non-Controlling Interest Rs. '000	Total Rs. '000
Balance as at 1st April 2023	1,282,697	4,833	46,443	270,659	1,913,390	3,518,022	3,791,681	7,309,703
Restated Loss for the year	-	-	-	(838,150)	-	(838,150)	(23,905)	(862,055)
Restated Other Comprehensive Income/ (Expenses) for the year (Net of Tax)	-	-	(37,625)	(94,787)	1,180,851	1,048,439	248,575	1,297,014
Changes in Ownership Interests								
Share issues to Non Controlling Interest	-	-	-	-	-	-	186,691	186,691
Changes in Percentage Holding of Subsidiaries	-	-	-	(220,744)	-	(220,744)	548,767	328,023
Distribution to Equity Holders								
Dividend Paid	-	-	-	(514,707)	-	(514,707)	(198,554)	(713,261)
Restated Balance as at 31st March 2024	1,282,697	4,833	8,818	(1,397,729)	3,094,241	2,992,860	4,553,255	7,546,115
Restated Balance as at 1st April 2024	1,282,697	4,833	8,818	(1,397,729)	3,094,241	2,992,860	4,553,255	7,546,115
Profit/(Loss) for the Year	-	-	-	(462,796)	-	(462,796)	137,275	(325,521)
Other Comprehensive Income for the year (Net of Tax)	-	-	27,525	(50,519)	815,339	792,345	609,818	1,402,163
Changes in ownership interests								
Changes in Percentage Holding of Subsidiaries (Note 41)	-	-	-	(13,353)	-	(13,353)	13,353	-
Changes in Interest while retaining control (Note 41)	-	-	-	335,080	-	335,080	14,410	349,490
Distribution to Equity Holders								
Dividend Paid	-	-	-	-	-	-	(131,718)	(131,718)
Balance as at 31st March 2025	1,282,697	4,833	36,343	(1,589,317)	3,909,580	3,644,136	5,196,393	8,840,529

STATEMENT OF CHANGES IN EQUITY

Company	Attributable to Owners of the Company				
	Stated Capital	FVOCI Reserves	Revaluation Reserves	Retained Earnings	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st April 2023	1,282,697	51,073	399,701	606,468	2,339,939
Profit for the Year	-	-	-	332,558	332,558
Other Comprehensive Income/(Expenses) for the year (Net of Tax)	-	(15,707)	173,489	(23,200)	134,582
Distribution to Equity Holders					
Dividend Paid	-	-	-	(514,707)	(514,707)
Balance as at 31st March 2024	1,282,697	35,366	573,190	401,119	2,292,372
Balance as at 1st April 2024	1,282,697	35,366	573,190	401,119	2,292,372
Profit for the Year	-	-	-	314,501	314,501
Other Comprehensive Income/(Expenses) for the year (Net of Tax)	-	12,671	46,660	(29,385)	29,946
Balance as at 31st March 2025	1,282,697	48,037	619,850	686,235	2,636,819

The Notes from pages 105 to 196 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF CASH FLOW

For the Year Ended 31st March	Notes	Consolidated		Company	
		2025 Rs. '000	2024 Rs. '000 Restated	2025 Rs. '000	2024 Rs. '000
Cash Flow from Operating Activities					
Profit /(Loss) before tax		257,778	(590,103)	382,993	310,036
Adjustments for :					
Depreciation/ Amortisation	9	483,189	436,006	59,463	46,539
Amortisation of Right of Use Assets	14	81,269	87,206	10,527	10,814
Dividend Income	6	(2,397)	(1,819)	(225,521)	(248,845)
Gain on Disposal of Investment in Subsidiaries/ Associate	6/7	-	(55,636)	-	88,458
Interest Expense	8	1,791,641	2,126,177	650,378	789,532
Amortisation of Deferred Income	29	(8,375)	(15,327)	-	-
Profit on Disposal of Property, Plant & Equipment	6	(5,347)	(17,523)	(520)	-
Net Exchange Gain	8	(42,755)	(109,373)	(21,525)	(39,483)
Interest Income	8	(68,170)	(123,403)	(84,149)	(136,030)
Provision for Retirement Benefit Obligation	31	111,481	91,706	42,414	41,433
Fair Value Gain on Financial Assets Measured at Fair Value Though Profit or Loss	8	(33,627)	(8,362)	(33,627)	(8,362)
Write Back of Payables	6	-	(21,058)	-	(21,018)
Share of Loss from Associate	18.2	281,626	729,253	-	-
Share of Profit from Joint Venture	19	(168,829)	(1,002)	-	-
Reversal of Impairment of Investment in Subsidiaries	17	-	-	(438,230)	(83,093)
Reversal of Impairment of Associates	18.1.1	-	-	-	(220,500)
Provision/(Reversal) for Impairment of Trade Receivables	23	93,085	(58,848)	43,347	(55,117)
Reversal of Impairment of Amount due from Related Parties	33	(1,314)	(32,682)	37,281	(12,675)
Write off of Amount payable to Related Parties		-	-	-	11,488
Provision for Impairment of Goodwill	7	-	106,288	-	-
Provision made for Obsolete Inventories	22.1	183,103	88,038	36,214	16,458
Recognition of revaluation gain, previously recognized as revaluation loss	6	-	(80,835)	-	-
Gain on Dilution of Interest	18	(55,542)	-	-	-
Operating Profit Before Working Capital Changes		2,896,816	2,548,703	459,045	489,635
(Increase) / Decrease in Inventories		(1,749,512)	(98,600)	(617,792)	31,681
Increase in Trade and Other Receivables		(1,341,189)	(1,518,099)	(175,436)	(91,995)
(Increase) / Decrease in Amounts due from Related Parties		(353,140)	305,542	(475,425)	(229,797)
Increase in Trade and Other Payables		1,277,685	1,348,660	220,582	641,967
Increase / (Decrease) in Amounts due to Related Parties		152,890	72,704	(5,364)	(188,891)
Cash Generated from/ (Used in) Operations		883,550	2,658,910	(594,390)	652,600
Income Tax Paid		(443,915)	(572,737)	-	-
Interest Paid		(1,626,254)	(2,067,640)	(551,565)	(657,703)
Gratuity Paid	31	(29,519)	(36,416)	(21,412)	(5,673)
Gratuity Refund from Planed Assets	31.1	(23,637)	(22,391)	-	-
Net Cash Used in Operating Activities		(1,239,775)	(40,274)	(1,167,367)	(10,776)

STATEMENT OF CASH FLOW

For the Year Ended 31st March	Notes	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000 Restated	Company 2025 Rs. '000	Company 2024 Rs. '000
Cash Flow from Investing Activities					
Purchase & Construction of Property, Plant & Equipment	13	(1,382,752)	(485,370)	(41,112)	(41,681)
Investment in Intangible assets	16.2	(8,554)	(13,301)	(591)	(9,089)
Purchase & Construction of Investment Property	15	(17,686)	-	-	-
Proceeds received from disposal of subsidiary shares	17	349,490	328,023	-	328,023
Dilution in Non Controlling Interests		-	34,026	-	-
Investment in Associates	18	-	(650,000)	-	(325,000)
Investment in Joint Venture	19	-	(294,000)	-	-
Grants Received	29	4,567	41,107	-	-
Interest Received		89,898	29,070	1,035	592
Dividend Received	6	2,397	1,819	223,270	247,188
Proceeds from Disposal of Property, Plant & Equipment/ Investment Property		10,954	22,478	-	-
Net Cash (Used in) /Generated from Investing Activities		(951,686)	(986,148)	182,602	200,033
Cash Flow from Financing Activities					
Dividend Paid		(131,718)	(713,261)	-	(514,707)
Share issued to Non Controlling Interest		-	186,691	-	-
Loans Given to Related Parties		-	-	(160,000)	(61,375)
Proceeds from Long Term Loans	27.1	1,045,677	1,901,388	123,000	325,000
Repayment of Long Term Loans	27.1	(1,678,246)	(1,959,066)	(378,389)	(306,817)
Net Lease Payment	28	(115,802)	(124,251)	(13,499)	(13,885)
Net movement in Short Term Borrowings	27	3,234,126	1,660,464	1,511,105	426,516
Loans Obtained from Related Parties		235,000	48,185	160,000	142,000
Settlement of Loans Granted to Related Parties		-	45,000	-	45,000
Settlement of Loans obtained from Related Parties		(38,755)	-	(177,568)	(62,892)
Net Cash Generated from/ (Used in) Financing Activities		2,550,282	1,045,150	1,064,649	(21,160)
Net Increase in Cash & Cash Equivalents		358,821	18,728	79,884	168,097
Cash & Cash Equivalents at the beginning of the year		(529,629)	(548,357)	(205,579)	(373,676)
Cash & Cash Equivalents at the end of the year	24	(170,808)	(529,629)	(125,695)	(205,579)

The Notes from pages 105 to 196 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

1.1 Domicile and Legal Form

Lankem Ceylon PLC (the "Company") is a public limited liability company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office of the Company is situated at No. 98, Sri Sangaraja Mawatha, Colombo 10, Sri Lanka.

The Consolidated Financial Statements of the Company for the year ended 31st March 2025 comprise of the Company and its subsidiaries (together referred to as the "Group" and individually as 'Group entities') and the Group's interest in Equity accounted investees.

1.2 Principal Activities and Nature of the Operation

Lankem Ceylon PLC manages a portfolio of investments consisting of a range of diverse business operations. The principal business line of the Company is manufacturing of chemicals, paints and consumer products.

There were no significant changes in the nature of the principal business activities of the Companies in the Group during the financial year under review.

1.3 Parent Company and Ultimate Parent Company

The immediate and ultimate holding company of Lankem Ceylon PLC is The Colombo Fort Land & Building PLC.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Financial Statements of the Company and those consolidated with such, comprise of the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows, together with Accounting Policies and Notes to the Financial Statements. The consolidated Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS), as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

Further these statements comply with the requirements of the Companies Act No. 07 of 2007.

The Consolidated Financial Statements for the year ended 31st March 2025 were authorised for issue by the Board of Directors 14th August 2025.

2.2 Basis of Measurement

The Consolidated Financial Statements have been prepared on the historical cost basis and applied consistently with an adjustment being made for inflationary factors affecting the Financial Statements except for the following:

- Retirement Benefit Obligation has been measured at fair value
- Classes of Land and buildings under Property, Plant and Equipment are carried at fair value
- Financial Assets Classified at fair value through Profit and Loss
- Financial Assets classified at Fair Value Through Other Comprehensive Income

2.3 Use of Estimates, Judgments and Assumptions

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

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

Information about critical judgments, estimates and assumptions in applying accounting policies that could have a significant effect on the Financial Statements are mentioned below:

	Policy No.
Investment in Subsidiaries: whether the Group has control over an investee;	3.1.3
Measurement of Fair Value of Financial Instruments	3.3
Measurement of Intangible Assets	3.7
Impairment	3.10
Valuation of Retirement Benefit Obligations	3.13
Provisions, Contingent Assets and Liabilities	3.14
Deferred Tax Assets and Liabilities	3.18.2
Valuation of Land and Buildings	3.4.3
Inventories	3.8

NOTES TO THE FINANCIAL STATEMENTS

2.3.1 Assumptions and Estimation Uncertainties

Information about the assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31st March 2025 is included in the following notes.

Note 31 : Measuring of defined benefit Obligations: Key actuarial assumptions

Note 30 : Recognition of deferred tax liability

Note 17 : Impairment test key assumptions underlying recoverable amounts

Note 13 : Valuation of Property, Plant and Equipment

Note 20.2.2 : Fair value measurement of unquoted investments

Note 16 : Impairment of Goodwill

2.3.2 Measurement of Fair Values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non- financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Group Finance manager.

When measuring fair value of an asset or liability, the Group 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 categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of reporting period during which is the change has occurred.

2.4 Functional and Presentation Currency

The Consolidated Financial Statements are presented in Sri Lankan Rupees which is the Group's functional and presentation currency. All financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand unless otherwise stated.

Monetary assets and liabilities denominated in foreign currencies have been translated into local currency as per the exchange rate at the date of the Statement of Financial Position while all non-monetary items are reported at the rate prevailing at the time transactions were affected.

2.5 Accounting Policies and Comparative Information

The Accounting Policies applied by the Company consistent with those used in the previous year. Previous year's figures and phrases have been rearranged, wherever necessary, to conform to the current year's presentation.

2.6 Materiality and Aggregation

Each material class of similar items is presented separately in the consolidated financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by LKAS 1: Presentation of Financial Statements.

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 amounts and there is an intention to settle on net basis, or to realize the assets and settle the liability simultaneously.

2.7 Going Concern

The management has made an assessment of its ability to continue as a going concern and it is satisfied that it has the resources to continue in business for the foreseeable future. Therefore, the financial statement of the group continues to be prepared on a going concern basis as disclosed in Note 36 to the financial statements.

3. MATERIAL ACCOUNTING POLICIES

Accounting policies set out below have been applied consistently to all periods presented in these consolidated Financial Statements and have been applied consistently by the Group entities, unless otherwise indicated.

3.1 Basis of Consolidation

3.1.1 Business Combinations

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

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

The Consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment.

Any contingent consideration is measured at fair value at the acquisition date. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured, and settlement is accounted for within equity. Otherwise, other contingent consideration is measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

The Group measures goodwill at the acquisition date as: The fair value of the consideration transferred; plus

The recognised amount of any non-controlling interests in the acquiree; plus

If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less

The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships, such amounts are generally recognised in Profit or Loss.

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

3.1.2 Non-controlling interests

For each business combination, the Group elects to measure any non-controlling interests in the acquiree at fair value.

The total profit and loss for the year of the Company and its subsidiaries included in consolidation, are shown in the consolidated Statement of Profit or Loss with the proportion of profit or loss after taxation pertaining to minority shareholders of subsidiaries being deducted as 'Non-Controlling Interest'. All assets and liabilities of the Company and of its subsidiaries included in consolidation are shown in the consolidated Statement of Financial Position. The interest of minority shareholders of subsidiaries in the fair value of net assets of the Group are indicated separately in the consolidated Statement of Financial Position under the heading 'Non-Controlling Interest'.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill.

3.1.3 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it has control if there are changes to one or more of the elements of control.

The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases.

Control over an investee

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Consolidation of entities in which the Group holds less than a majority of voting rights

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

NOTES TO THE FINANCIAL STATEMENTS

The contractual arrangement with the other vote holders of the investee. Rights arising from other contractual arrangements; and The Group's voting rights and potential voting rights

The following companies, with equity control equal to or less than 50%, have been consolidated as subsidiaries based on above criteria.

Company Name	Holding %
Beruwala Resorts PLC	38.80
Marawila Resorts PLC	26.93
Imperial Hotels Ltd. (Previously known as York Hotels (Kandy) Ltd.)	29.35
Ceytra (Pvt) Ltd.	34.08
Kelani Valley Canneries Ltd.	50.37
Sunquick Lanka Properties (Pvt) Ltd.	27.67
Sigiriya Village Hotels PLC	27.06
ACME Printing & Packaging PLC	25.10
B.O.T. Hotel Services (Pvt) Ltd.	43.25

The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date the control effectively commences until the date that control effectively ceases.

3.1.4 Investments in Associates and Joint Venture

An associate is an entity in which the Group has significant influence, but no control over the financial and operating policies Significant influence is presumed to exist when the Group holds between 20 percent and 50 percent of the voting power of another entity.

Joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group determines significant influence or joint control by taking into account similar considerations necessary to determine control over subsidiaries.

The Group's investments in associate and joint venture are accounted for using the equity method and are recognised initially at cost which includes the transaction cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

At each reporting date, the Group determines whether there is objective evidence that the investment in associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the income statement.

When the Group's share of losses exceeds its interest in the associate, the carrying amount of that interest, including any long- term investments, is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The Group discontinues the use of the equity method from the date that it ceases to have significant influence over an associate or joint control over the joint venture and accounts for the investment in accordance with the Group's accounting policy for financial instruments. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

There are no significant restrictions on the ability of the associate to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Details of the associates within the Group are provided in Note 18 to the financial statements and the details of the joint venture are provided in Note 19 to the Financial Statements.

3.1.5 Loss of control

On the loss of control, the Group de-recognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

Subsequently it is accounted for as an equity-accounted investee or Financial Assets Fair Value Through Other Comprehensive Income (FVOCI) depending on the level of influence retained.

3.1.6 Transactions eliminated on consolidation

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

3.2 Foreign Currency

Foreign currency transactions

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

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

3.3 Financial Instruments

3.3.1 Recognition and Initial Measurement

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

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

3.3.2 Classification and Subsequent Measurement

3.3.2.1 Financial Assets

On initial recognition, a financial asset is classified as measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) or Fair Value through Profit or Loss (FVTPL).

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

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

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

NOTES TO THE FINANCIAL STATEMENTS

a) Business Model Assessment

The Group makes an assessment of the objectives of the business model in which a financial asset is held as a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes;

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

- How the performance of the portfolio is evaluated and reported to the Group's management.

The risks that affect the performance of the business model (and the financial assets held within the business model) and how those risks are managed;

- How managers of business are compensated. eg: whether compensation is based on the fair value of assets managed or the contractual cash flows collected.
- The frequency, volume and timing of sales of financial assets in prior periods, the reason for such sale and expectation about future sales activity.

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

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

3.3.2.2 Assessment Whether Contractual Cash Flows are Solely Payments of Principal and Interest

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

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

Contingent events that would change the amount or timing of cash flows;

- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Company's claim to cash flows from specified assets (eg. Non-recourse features).

A prepayment feature is consistent with the solely payments of principle and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

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

3.3.2.3 Financial Liabilities

i) Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost. Financial liabilities are subsequently measured at amortised cost using effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on de recognition is also recognised in profit or loss.

3.3.3 De-recognition

3.3.3.1 Financial Assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all

of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its Statements of Financial Position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

3.3.3.2 Financial Liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3.3.4 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.3.5 Other Payables

Other payables are stated at the amounts they are estimated to realise inclusive of provisions for impairment. Other payables include amounts due to related companies and income tax payables.

3.3.6 Assets and Basis of their Valuation

Assets classified as Current Assets in the Statement of Financial Position are Cash, Bank balances and those which are expected to be realised in cash during the normal operating cycle of the Group's business, or within one year from the reporting date, whichever is shorter. Assets other than current assets are those which the Group intends to hold beyond a period of one year from the reporting date.

3.4 Property, Plant and Equipment

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

3.4.1 Recognition and Measurement

Property, Plant and Equipment are recognised, if it is probable that future economic benefits associated with the asset will flow to the Company and cost of the asset can be measured reliably.

Property, Plant and Equipment are initially measured at its cost. All items of property, plant and equipment except lands and buildings are subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

At the time of transition from SLASs to SLFRSs/ LKASs, the Group has elected to recognise their land at deemed cost by applying the optional exemption included in the transitional provisions of SLFRS 1, "First time Adoption of Sri Lanka Accounting Standards". Accordingly, previously recognised revalued amount has been considered as deemed cost of the land as at 1st April 2011 and the cost model has been applied subsequently as per LKAS 16.

LKAS 16 provide that, when an item of property plant & equipment is revalued, the carrying amount of that asset is adjusted to the revalued amount at the date of revaluation.

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

When significant parts of an item of Property, Plant and Equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and Equipment.

3.4.2 Cost Model

The Group applies cost model to Property, Plant and Equipment except for lands and buildings records at cost of purchase or construction together with any incidental expenses thereon, less accumulated depreciation and any accumulated impairment losses.

3.4.3 Revaluation Model

The Group applies the revaluation model for the entire class of lands and buildings. Such lands and buildings are carried at a revalued amount, being their fair value at the date of revaluation, less subsequent accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

Freehold Land

From 31st March 2022, the Group applies the revaluation model for the entire class of freehold land for measurement after initial recognition. The Group policy is to revalue all freehold land by an independent professional valuer every three years or when there is a substantial difference between the fair value and the carrying amount. The Group has carried the latest revaluation of free hold lands as at 31st March 2025 and land value is based on the market prices of each land respectively.

Buildings on Freehold Land

Since 31st March 2021, the Group adopts the revaluation model for the entire class of Buildings on freehold land for measurement after initial recognition. As per the Group policy, all Buildings on freehold land are also revalued by an independent professional valuer every three years or when there is a substantial difference between the fair value and the carrying amount. The most recent revaluation of buildings on freehold land was conducted as at 31st March 2024, with valuations based on prevailing market prices.

On revaluation of an asset, any increase in the carrying amount is recognised in Other Comprehensive Income and accumulated in equity, under capital reserve or used to reverse a previous revaluation decrease relating to the same asset, which was charged to the Statement of Income. In this circumstance, the increase is recognised as income to the extent of the previous write down. Any decrease in the carrying amount is recognised as an expense in the Statement of Income or debited in the Other Comprehensive Income to the extent of any credit balance existing in the capital reserve in respect of that asset. The decrease recognised in other Comprehensive

Income reduces the amount accumulated in equity under capital reserves. Any balance remaining in the revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

3.4.4 Gains and Losses on Disposal

Gains and losses on disposal of an item of Property, Plant and Equipment are determined by comparing the proceeds from disposal with the carrying amount of Property, Plant and Equipment, and are recognised net within “other income/other expenses” in Profit or Loss.

3.4.5 Subsequent Costs

The cost of replacing a part of an item of Property, Plant and Equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of Property, Plant and Equipment are recognised in profit or loss as incurred.

3.4.6 De-Recognition

The carrying amount of an item of Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an item of Property, Plant and Equipment is included in Profit or Loss when the item is derecognised. When replacement costs are recognised in the carrying amount of an item of Property, Plant and Equipment, the remaining carrying amount of the replaced part is derecognised. Major inspection costs are capitalised. At each such capitalisation, the remaining carrying amount of the previous cost of inspections is derecognised.

3.4.7 Depreciation

Items of Property, Plant and Equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of Property, Plant and Equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in Profit or Loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative years are as follows:

Assets	Years
Freehold Buildings	10-40
Plant, Machinery & Equipment	04-13 1/3
Motor Vehicles	04-05
Office Equipment	08-10
Furniture & Fittings	08-10
Computer Equipment	04-05
Linen, Cutlery & Crockery	On replacement basis\ 4 Years

The useful life and residual value of assets are reviewed, and adjusted if required, at the end of each financial year.

3.4.8 Capital Work in Progress

Capital expenses incurred during the year which are not completed as at the reporting date are shown as capital work-in-progress, while the capital assets which have been completed during the year and put to use are transferred to Property, Plant and Equipment.

3.4.9 Leases

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

The contract involves the use of an identified asset this may be specified explicitly or implicitly and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either;
- The Group has the right to operate the asset; or
- The Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. Where the lease agreement includes an annual adjustment on a variable such as GDP deflater, the Group shall annually reassess the liability considering such variable and recognise the amount of remeasurement of the lease liabilities as an adjustment to the right-of-use asset.

i. As a Lessee

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

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

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

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

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

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

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

As per the Group accounting policy, lease payments are presented in the statement of cash flows under financing activities in their entirety, comprising both the principal and interest components. The interest portion of the lease payments is not separately disclosed under operating activities, in line with the Group's consistent presentation approach.

Short Term Leases and Leases of Low Value Assets

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low value assets and short terms leases. The Group recognize the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii. As a Lessor

The Group leases out its investment property, including own property and right of use assets. The Group has classified these leases as operating leases.

The Group is required to make any adjustments on transition to SLFRS 16 for leases in which it acts as a lessor, except for a sub – lease.

The Group sub – leases some of its properties. Under LKAS 17, the head lease and sub lease contracts were classified as operating leases. On transition to SLFRS 16, the right of use assets recognized from the head leases are presented in investment property and measured at fair value at that date. The Group assessed the classification of the sub – lease contracts with reference to the right of use asset rather than the underlying asset and concluded that they are operating leases under SLFRS 16.

3.5 Investment Property

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

The Group has chosen cost model to measure investment property and consequently investment property is measured at deemed cost less accumulated depreciation and any impairment losses. Depreciation is recognised on a straight line basis over the estimated useful life of the investment property.

The estimated useful life of investment properties in the Group are as follows:

Lankem Ceylon PLC	Building: 20 years
C.W. Mackie PLC	Building: 40 years

Investment properties are derecognised when disposed of, or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on retirement or disposal are recognised in the year of retirement of disposal. Transfers are made to and from investment property only when there is a change in use in accordance with the criteria listed in LKAS 40-Investment Property.

Where group companies occupy a significant portion of the investment property of a subsidiary, such investment properties are treated as property, plant and equipment in the Consolidated Financial Statements, and accounted for in accordance with LKAS 16-Property, Plant and Equipment.

3.6 Borrowing Costs

Borrowing Costs that are directly attributable to acquisition, construction of products of a qualifying asset, which takes a substantial period of time to get ready for its intended use or sale, are capitalised as a part of the asset.

Borrowing Costs that are not capitalised are recognised as expenses in the period in which they are incurred and charged to the Statement of Comprehensive Income.

The amounts of the Borrowing Costs which are eligible for capitalisation determined in accordance with LKAS 23 – Borrowing Costs.

3.7 Intangible Assets

3.7.1 Goodwill

Goodwill that arises on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash Generating Unit. (or Group of cash Generating Unit) to which the goodwill relates. When the recoverable amount of the cash Generating Unit less than it's carrying value, an impairment loss is recognised. Impairment losses relating to goodwill cannot be revised in future periods.

3.7.2 Other Intangible assets

Software acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment losses

3.7.2.1 Subsequent expenditure

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

3.7.2.2 Amortisation

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

Computer software and licenses	4-5 years

Amortisation shall cease at the earlier of the date that the asset is classified as held for sale or the date that asset is de-recognised.

3.7.2.3 Derecognition

An intangible asset shall be derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an intangible asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. It shall be recognised in profit or loss when the asset is derecognised.

3.8 Inventories

Raw materials finished goods and work in progress of the Group are valued at the lower of cost on a weighted average basis and net realisable value. Provision is made for obsolete, slow moving and defective inventories where necessary.

The cost includes expenditure incurred in acquiring the inventories and bringing them to their existing condition. In the case of manufactured inventories, cost includes raw material cost and packing material cost.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

3.9 De-recognition of Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is de-recognised when the rights to receive cash flows from the asset have expired. The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either

(a) the Group has transferred substantially all the risks and rewards of the asset, or

(b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Group's continuing involvement in it.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3.10 Impairment

3.10.1 Non-derivative financial assets

a. Financial Instruments and Contract Assets

The Group recognises loss allowance for ECLs (Expected Credit Loss) on:

Contract Assets
Financial assets measured at amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the bank balances for which credit risk has not increased significantly since initial recognition which are measured at 12 month ECLs.

Loss allowance for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

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

- The debtor is unlikely to pay its credit obligation to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The financial asset is more than 365 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade".

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

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

b. Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e, the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

c. Presentation of allowance for ECL in the statement of financial position

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

d. Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. For Individual customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the write off. However, Financial Assets that are written off could still be subject to enforcement activities in order to comply with the Group procedures for recovery of amount due.

3.10.2 Non-Financial Assets

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

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 cash inflows of other assets or CGUs. Goodwill arising from business combination is allocated to CGUs or groups of CGUs that are expected to benefit from synergies of the combination.

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

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

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.11 Cash and Cash Equivalents

Cash and cash equivalents comprise of cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short- term commitments.

3.12 Stated Capital

Ordinary shares

Ordinary shares are classified as equity. As per the Companies Act No. 07 of 2007, section 58 (1), stated capital in relation to a Company means the total of all amounts received by the Company or due and payable to the Company in respect of the issue of shares and in respect of call-in arrears.

Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

3.13 Employee Benefits

3.13.1 Short-Term Employee Benefits

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

3.13.2 Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in Profit or Loss in the periods during which related services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(a) Employees' Provident Fund

The Company and employees contribute 12-15% and 8-10% respectively on the salary of each employee to the Employees' Provident Fund.

(b) Employees' Trust Fund

The Group contributes 3% of the salary of each employee to the Employees' Trust Fund. The total amount recognised as an expense of the Group for contribution to ETF is disclosed in the notes to Financial Statements.

3.13.3 Defined Benefit Plan – Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted.

The defined benefit obligation for the Company and Group are based on actuarial valuations. An actuarial valuation was carried out by a professionally qualified firm of actuaries as recommended by LKAS 19 – 'Employee Benefits'. The valuation method used by the actuary is "Projected Credit Unit method". When the calculation results in a benefit to the Company, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the company. An economic benefit is available to the Company if it is realisable during the life of the plan, or on settlement of the plan liabilities. When the benefits of a plan are improved, the portion of the increased benefit relates to past service by employees is recognised in Profit or Loss on a straight- line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in Profit or Loss. Actuarial gain/losses for the period are recognised fully in the statement of Other Comprehensive Income.

However, according to the Payment of Gratuity Act No. 12 of 1983, the liability for the gratuity payment to an employee arises only on the completion of 5 years of continued service with the Company.

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

Lankem Ceylon PLC and C.W. Mackie PLC have obtained insurance policies to meet the retiring gratuity payments to its employees.

3.14 Provisions, Contingent Assets and Contingent Liabilities

Provisions are made for all obligations existing as at the date of Statement of Financial Position when it is probable that such an obligation will result in an outflow of resources and a reliable estimate can be made of the quantum of the outflow.

All contingent liabilities are disclosed as a note to the Financial Statements unless the outflow of resources is remote.

Contingent assets are disclosed in the notes, where inflow of economic benefit is probable.

3.15 Revenue

3.15.1 Revenue

Revenue will be recognised upon satisfaction of performance obligation. The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods and service.

A.Revenue Streams

The Group generates revenue primarily from sale of goods under revenue from contracts with customers. The rental income and repair income are the other sources of income included under revenue.

The cost of fulfilling a contract will be amortised over the contract period on a systematic basis

Contract Liabilities

The Company recognise a contract liability for the deferred revenue on the extended warranty provided for the customers.

The contract liability shall be realized to revenue on the basis of utilizing the warranty by the customers or on a systematic basis accordingly.

D.Performance Obligations and Revenue Recognition Policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or services to a contract.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies

NOTES TO THE FINANCIAL STATEMENTS

Type of Product	Nature and timing of performance obligations including significant payment terms	Revenue recognition under SLFRS 15
(a) Sale of Goods	Customers obtain control of products when the goods are delivered to and have been accepted at their premises. Invoices are generated at that point in time. Invoices are usually payable within 30/60/90 days based on the product category	Customers obtain control of products when the goods are delivered to and have been accepted at their premises. Invoices are generated at that point in time. Invoices are usually payable within 30/60/90 days based on the product category

b) Rendering of Services

Revenue from rendering of services is recognised in the accounting period in which the services are rendered or performed.

(c) Revenue from Construction Contracts

Revenue from construction contracts are calculated on the basis of the percentage completion method. Revenue is accounted proportionately and accrued accordingly on the jobs which are substantially completed as at the date of Statement of Financial Position. The stage of completion is assessed by reference to the surveys of work performed.

(d) Revenue from Hotel Services

Apartment revenue is recognised on the rooms occupied on a daily basis and food and beverage and other hotel related sales are recognised at the point of sale.

(e) Dividend Income

Dividend income is recognised when the shareholders' right to receive such dividend is established.

(f) Finance Income

Finance income comprises interest income on funds invested (including Financial Assets Measured at Fair Value Through OCI), gains on the disposal of financial instruments at fair value through other comprehensive income and fair value gains on financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

3.15.2 Other Sources of Revenue

Other Income - Other income recognised based on the accrual basis.

Rental income from investment property is recognised in profit or loss on an straight line basis over the term of the agreement. Rental income is recognised as other income.

Gains and losses of a revenue nature on the disposal of Property, Plant and Equipment and other non-current assets are recognised by comparing the net sales proceeds with the carrying amount of the corresponding asset and are recognised net within 'other income' in the Statement of Profit or Loss.

3.16 Government Grants

3.16.1 Capital nature grants and subsidies

Grants and subsidies are credited to the Statement of Profit or Loss over the periods necessary to match them with related costs which they are intended to be compensated on a systematic basis. Grants related to assets, including non-monetary grants at fair value is deferred in the Statement of Financial Position and credited to the Statement of Profit or Loss over useful life of the related assets. Grants related to income are recognised in the Statement of Profit and Loss in the period in which it is receivable.

3.16.2 Revenue nature grants and subsidies

Grants and subsidies that compensate the Group for expenses incurred are recognised as revenue in the Statement of Profit or Loss on a systematic basis in the period in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in the Statement of Profit or Loss over the useful life of the related assets.

3.17 Expenses

All expenditure incurred in running the business and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to Statement of Profit and Loss and Comprehensive Income in arriving at the profit/(loss) for the year. Expenditure incurred for the purpose of acquiring and extending or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

3.17.1 Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and losses on disposal of FVOCI financial assets, fair value losses on financial assets measured at fair value through profit or loss and impairment losses recognised on financial assets (other than trade receivables).

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3.18 Taxation

Income tax expense comprises current and deferred tax. Income tax is recognised in the Statement of Profit or Loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

3.18.1 Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates and tax laws enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

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

3.18.2 Deferred tax

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

The following temporary differences are not provided for: goodwill not deductible for tax purposes. The initial recognition of assets or liabilities that affect neither accounting nor taxable profit, nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date and reflects uncertainty related to income taxes, if any.

The principal temporary differences arise from depreciation on Property, Plant and Equipment; tax losses carried forward, impairment of trade and other receivables and provisions for defined benefit obligations. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred Tax Assets are reviewed at reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred Tax Assets and Liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

3.19 Earnings per Share

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

3.20 Cash Flow Statement

The Cash Flow Statement has been prepared using 'indirect method'. Interests paid are classified as operating cash flows while dividends paid are classified as financing cash flows. Interests and dividends received are classified as investing cash flows for the purpose of presentation of Cash Flow Statement.

3.21 Segmental Information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.22 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.

3.23 Comparative Figures

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

3.24 Capital Commitments and Contingencies

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Group's control. Contingent liabilities are disclosed in Note 38 to the Financial Statements. Commitments are disclosed in Note 37 to the Consolidated Financial Statements.

3.25 Related Party Transactions

Disclosures have been made in respect of the transactions between parties who are defined as related parties as per LKAS- 24 Related Party Disclosures.

3.26 Financial Risk Management Policies

The Group's principal financial liabilities comprise of loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has loan and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations. The Group also holds Financial Assets Measured at Fair Value Through OCI, Financial Assets Measured at Fair Value Through Profit or Loss and enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's Senior Management monitors these risks. The Group's Senior Management is supported by an audit committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The Audit Committee provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with group policies and group risk appetite.

4. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE AS AT 31ST MARCH 2025

The Institute of Chartered Accountants of Sri Lanka has issued a number of new amendments to Sri Lanka Accounting Standards (SLFRSs/ LKASs) that are effective for annual periods beginning after the current financial year. Accordingly, the Group has not early adopted them in preparing these Financial Statements.

The following amended standards are not expected to have a significant impact on the Group's and Company's Financial Statements.

1. SLFRS S1 General requirements for disclosure of sustainability related financial information and SLFRS S2 Climate-related disclosures.
2. SLFRS S1 General Requirements for Disclosure of Sustainability related Financial Information requires an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.
3. SLFRS S2 Climate-related Disclosures is to requires an entity to disclose information about its climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.
4. These standards will become effective for the Group and the Company from 1st April 2025. No financial impact is expected on the Group and the Company except for additional disclosures.
5. Lack of exchangeability(Amendments to LKAS 21) - The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments will be effective for annual reporting periods beginning on or after 1st January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information. The amendments are not expected to have a material impact on the Group's financial statement.

5. REVENUE

5.1 Revenue Streams

For the Year Ended 31st March	Consolidated		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Revenue from contracts with customers				
Sale of Goods	37,539,159	31,482,022	6,302,597	6,336,610
Rendering of Services	2,794,911	2,119,716	-	-
	40,334,070	33,601,738	6,302,597	6,336,610

5.2 Business Segment Analysis of Revenue

Segmentation has been determined based on the operating activities of the companies or the sector, where multiple activities fall within one company or sector has been based on the core activities of that particular sector.

Trading Consumer Products - Manufacturing, Selling and Distribution of Consumer Products
Trading Industrial Products - Manufacturing, Selling and Distribution of Industrial Products
Leisure - Owning and Operation of Resort Hotels
Others - Special Projects and Other Services

5.3 Segment Revenue

For the Year Ended 31st March	Consolidated		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Trading - Consumer Products	8,872,199	8,045,468	-	-
Trading - Industrial Products	29,361,444	23,914,068	6,302,597	6,336,610
Leisure	2,794,911	2,119,716	-	-
	41,028,554	34,079,252	6,302,597	6,336,610
Inter-Segment Revenue	(694,484)	(477,514)	-	-
	40,334,070	33,601,738	6,302,597	6,336,610

5.4 Timing of Revenue Recognition

For the Year Ended 31st March	Consolidated		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Products and Services Transferred at a Point in Time	40,334,070	33,601,738	6,302,597	6,336,610
Products and Services Transferred Over Time	-	-	-	-
	40,334,070	33,601,738	6,302,597	6,336,610

NOTES TO THE FINANCIAL STATEMENTS

5. REVENUE (CONTD.)

5.5 Segment Operating Profit - Consolidated

For the Year Ended 31st March	Operating Profit		Profit before Tax	
	2025 Rs. '000	2024 Rs. '000 Restated	2025 Rs. '000	2024 Rs. '000 Restated
Consumer Products	399,142	246,466	244,956	114,241
Industrial Products	1,073,276	1,360,283	(401,567)	(466,188)
Leisure	530,831	330,518	405,787	233,749
Others	14,415	85,920	8,602	(471,905)
	2,017,664	2,023,187	257,778	(590,103)

5.6 Assets and Liabilities

As At	Total Assets		Total Liabilities	
	2025 Rs. '000	2024 Rs. '000 Restated	2025 Rs. '000	2024 Rs. '000
Trading - Consumer Products	3,564,545	3,456,912	2,280,448	2,257,174
Trading - Industrial Products	22,525,447	19,144,584	19,905,876	15,799,077
Leisure	8,517,823	6,689,963	3,649,861	3,443,990
Other	1,263,019	175,562	1,194,120	420,665
	35,870,834	29,467,021	27,030,305	21,920,906

Additions to Property, Plant and Equipment, Depreciation and Amortization.

As at	Additions to Right of Use Assets		Additions to Property, Plant & Equipment		Depreciation/ Amortization and Impairment	
	31.03.2025 Rs. '000	31.03.2024 Rs. '000	31.03.2025 Rs. '000	31.03.2024 Rs. '000	31.03.2025 Rs. '000	31.03.2024 Rs. '000
Trading - Consumer Products	-	-	173,717	51,441	38,434	86,248
Trading - Industrial Products	125,303	76,379	896,532	261,815	309,863	333,909
Leisure	-	-	312,503	172,114	210,311	103,055
	125,303	76,379	1,382,752	485,370	558,608	523,212

6. OTHER INCOME

For the Year Ended 31st March	Consolidated		Company	
	2025 Rs. '000	2024 Rs. '000 Restated	2025 Rs. '000	2024 Rs. '000
Profit on Disposal of Property, Plant and Equipment	5,347	17,573	520	-
Dividend Income - Quoted Companies	2,397	1,819	140,385	200,956
- Unquoted Companies	-	-	85,136	47,889
Write Back of Creditors	-	21,058	-	21,018
Amortisation of Grants and Subsidies	8,375	15,327	-	-
Commission income	2,176	5,564	-	-
Reversal of impairment provision for Investment in Subsidiaries (Note 17.2)	-	-	476,385	213,163
Reversal of impairment provision for Investment in Associates (Note 18.1.1)	-	-	-	220,500
Gain on Disposal of Associate (Note 18.3)	-	55,636	-	49,329
Rent Income	79,391	173,430	-	-
Recognition of revaluation gain, previously recognized as revaluation loss	-	80,835	-	-
Gain on Dilution of Interest	55,542	-	-	-
Sundry Income	95,437	72,594	274,328	47,704
	248,665	443,836	976,754	800,559

7. OTHER EXPENSES

For the Year Ended 31st March	Consolidated		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Loss on Disposal of Investments (Note 17.4)	-	-	-	137,787
Impairment of Investment in Subsidiaries (Note 17.2)	-	-	38,155	130,070
Impairment of Goodwill (Note 16.1)	-	106,288	-	-
Sundry Expenses	-	25,725	-	8,858
Loss on Disposal of Property, Plant and Equipment	-	50	-	50
	-	132,063	38,155	276,765

8. NET FINANCE COSTS

For the Year Ended 31st March	Consolidated		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
(A) Finance income				
Interest Income	(31,094)	(59,953)	(1,035)	(593)
Interest from Loans due from Related Companies	(32,475)	(63,450)	(39,457)	(91,402)
Commission on Corporate Guarantee	(4,601)	-	(43,657)	(44,036)
Gain on Translation of Foreign Currency	(82,950)	(162,245)	(21,525)	(39,483)
Gain on Financial Assets measured at Fair Value through Profit or Loss	(33,627)	(8,362)	(33,627)	(8,362)
Total Finance Income	(184,747)	(294,010)	(139,301)	(183,876)
(B) Finance Costs				
Interest on Bank Loans	1,204,249	1,463,076	302,524	316,725
Interest on Overdraft, Trust Receipt Loans and Short Term Loans	540,067	607,189	343,389	467,798
Interest on Lease Liabilities (Note 28)	47,325	55,912	4,465	5,009
Foreign Exchange Loss	40,195	52,872	-	-
Total Finance Costs	1,831,836	2,179,049	650,378	789,532
Net Finance Costs	1,647,089	1,885,039	511,077	605,656

NOTES TO THE FINANCIAL STATEMENTS

9. PROFIT/(LOSS) BEFORE TAX

Is stated after charging all expenses including the following:

For the Year Ended 31st March	Consolidated		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Depreciation/Amortisation				
Property, Plant & Equipment (Note 13)	459,778	410,508	58,813	45,533
Investment Property (Note 15)	17,561	21,681	-	-
Intangible Assets (Note 16.2)	5,850	3,817	650	1,006
Right of Use Assets (Note 14)	81,269	87,206	10,527	10,814
Auditor's Remuneration				
KPMG	25,310	19,577	9,658	5,265
Other Auditors	5,389	5,080	-	-
Non-Audit Services				
KPMG	2,356	3,605	378	1,459
Other Auditors	2,260	1,504	1,892	1,504
Salaries and Wages	2,502,481	2,193,455	1,118,491	1,100,492
Defined Benefit Plan Cost - Retiring Gratuity	111,281	91,706	42,414	41,433
Defined Contribution Plan Cost - EPF & ETF	332,001	282,268	124,788	113,735
Managing Agent Fees	57,804	49,045	-	-
Donations	436	709	-	-

10. INCOME TAX EXPENSE/(REVERSALS)

For the Year Ended 31st March	Consolidated		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Current Income Tax Expense				
Taxation on Profit for the Year (Note 10.1)	365,546	299,724	-	-
(Over)/ Under Provision in respect of previous Year	(3,408)	10,034	-	-
Taxes on Dividend Received	59,287	-	-	-
	421,425	309,758	-	-
Deferred Tax Expense				
Deferred Tax Recognized/(Reversals) through Profit or Loss (Note 30.1)	161,874	(37,806)	68,492	(22,522)
	583,299	271,952	68,492	(22,522)

10.1 Current Income Tax Expense

Reconciliation of Accounting Profit to Income Tax Expense

For the Year Ended 31st March	Consolidated		Company	
	2025 Rs. '000	2024 Rs. '000 Restated	2025 Rs. '000	2024 Rs. '000
Accounting Profit/(Loss) before Taxation	257,778	(590,103)	382,993	310,036
Inter Group Adjustments	2,015,724	2,280,523	-	-
	2,273,502	1,690,420	382,993	310,036
Aggregate Disallowable Expenses	327,590	1,110,706	94,255	231,229
Aggregate Allowable Expenses	(2,110,710)	(2,053,990)	(942,045)	(1,098,452)
Tax Exempt Income	30,208	(106,221)	-	-
Income not part of Assessable Income	(345,994)	(599,032)	-	-
	174,596	41,883	(464,797)	(557,187)
Statutory Loss from Business (Note 10.2)	1,037,920	1,382,907	464,797	557,187
Taxable Profit from Business	1,212,516	1,424,790	-	-
Other Sources of Income	120,822	(69,540)	39,457	91,402
Tax Losses Utilized During the Year (Note 10.2)	(114,852)	(356,170)	(39,457)	(91,402)
Taxable Income	1,218,486	999,080	-	-
Income Tax @ 30%	365,546	299,724	-	-
Income Tax @ 24%	-	-		
Income Tax @ 18%	-	-	-	-
Income Tax @ 14%	-	-	-	-
Income Tax @ 10%	-	-	-	-
Income Tax on Profit for the year	365,546	299,724	-	-

10.2 Accumulated Tax Losses

For the Year Ended 31st March	Consolidated		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Balance at the Beginning of the Year	5,382,431	4,641,333	1,622,634	1,441,224
Adjustments to Opening Balance	(588,550)	(285,639)	(562,619)	(284,375)
Tax Loss Utilized During the Year	(114,852)	(356,170)	(39,457)	(91,402)
Tax Loss for the Year	1,037,920	1,382,907	464,797	557,187
Disallowed Tax Loss Due to Expiration	(977,856)	-	(948,034)	-
Balance at the End of the Year	4,739,093	5,382,431	537,321	1,622,634

NOTES TO THE FINANCIAL STATEMENTS

10. INCOME TAX EXPENSE/(REVERSALS) (CONTD.)

10.3 The Group/ Company is liable to pay income tax on its taxable income at 30% as per the Inland Revenue (Amendment) Act No 45 of 2022 (2024-30%) .

Effective tax rate of the Group is 30% (2024 - 30%).

(a) Subsidiaries

Name of the Company	Income Tax Rate for profits earned for the Year Ended 31st March 2025	Income Tax Rate for profits earned for the Year Ended 31st March 2024
SunAgro LifeScience Ltd.	30%	30%
Associated Farms (Pvt) Ltd.	30%	30%
Lankem Paints Ltd.	30%	30%
Lankem Chemicals Ltd.	30%	30%
Lankem Consumer Products Ltd.	30%	30%
Lankem Exports (Pvt) Ltd.	30%	30%
Lankem Research Ltd.	30%	30%
SunAgro Farms Ltd.	30%	30%
JF Ventures Ltd. (previously known as SunAgro Foods Ltd.)	30%	30%
Nature's Link Ltd.	30%	30%
Lankem Technology Services Ltd.	30%	30%
Marawila Resorts PLC	30%	30%
Sigiriya Village Hotels PLC	30%	30%
Colombo Fort Hotel Ltd.	30%	30%
Beruwala Resorts PLC	30%	30%
B.O.T. Hotel Services (Pvt) Ltd.	30%	30%
Galle Fort Hotel (Pvt) Ltd.	30%	30%
Imperial Hotels Ltd.	30%	30%
Sherwood Holidays Ltd.	30%	30%
C.W.Makies PLC	30%	30%
J.F. Packaging Ltd.	30%	30%
Alliance Five (Pvt) Ltd.	30%	30%
Kiffs (Pvt) Ltd.	30%	30%
Ceylon Tapes (Pvt) Ltd.	30%	30%
ACME Printing and Packaging PLC	30%	30%
Lankem Minerals Ltd.	30%	30%

(b) Associates

Name of the Company	Income Tax Rate for profits earned for the Year Ended 31st March 2025
Consolidated Tea Plantations Ltd.	30%

(c) Joint Venture

The joint venture company, Sunquick Lanka (Pvt) Ltd has used the tax rate of 30% in calculating the income tax provision for the year ended 31st March 2025. (2024: 30%)

11. (LOSS)/EARNING PER SHARE

11.1 Basic (Loss) / Earnings per Share

The calculation of the earnings per share is based on the profit for the year attributable to ordinary shareholders divided by weighted average number of ordinary shares outstanding during the year as given below, as per the requirements of the Sri Lanka Accounting Standard (LKAS 33) – "Earnings per Share".

For the Year Ended 31st March	Consolidated		Company	
	2025	2024 Restated	2025	2024
(Loss) / Profit Attributable to Equity Holders of the Company (Rs.'000)	(462,796)	(838,150)	314,501	332,558
Weighted Average Number of Ordinary Shares (No.'000)	51,471	51,471	51,471	51,471
(Loss) / Earnings per Share (Rs.)	(8.99)	(16.28)	6.11	6.46

11.2 Diluted Earnings per share

There was no potential dilutive ordinary shares outstanding at any time during the year. Therefore, diluted earnings per share is same as basic earning per share shown above.

12. DIVIDEND PER SHARE

For the Year Ended 31st March	Company	
	2025	2024
Gross Dividend Paid During the Year (Rs. '000)	-	514,707
Weighted Average Number of Ordinary Shares (No.'000)	51,471	51,471
Dividend per Share (Rs.)	-	10

Dividend per share for the year ended 31st March 2024 is the cash dividend paid during the year in respect of the year ended 31st March 2023.

13. PROPERTY, PLANT AND EQUIPMENT

13.1 Consolidated

	Balance As at 01.04.2024 Rs.'000	Transfer During the Year Rs. '000	Reclassified During the Year Rs. '000	Revaluation During the year Rs.000	
Cost / Revalued Amount					
Land	5,600,984	18,137	157,145	1,541,012	
Freehold Buildings	4,178,431	(18,137)	-	-	
Buildings on Leasehold Lands	29,245	-	-	-	
Fixtures	68,407	-	-	-	
Plant & Machinery	3,027,786	(1,352)	-	-	
Motor Vehicles	458,107	-	-	-	
Furniture & Fittings	723,005	(3,412)	-	-	
Office Equipment	521,219	1,606	-	-	
Linen & Soft Furnishings	180,641	-	-	-	
	14,787,825	(3,158)	157,145	1,541,012	
Capital Work in Progress	3,485	-	-	-	
Total Cost/Revalued Amount	14,791,310	(3,158)	157,145	1,541,012	

	Balance As at 01.04.2024 Rs.'000	Transfer During the Year Rs. '000	Charge for the year Rs. '000	
Accumulated Depreciation				
Freehold Buildings	-	-	152,230	
Buildings on Leasehold Lands	21,319	-	1,929	
Fixtures	41,631	-	-	
Plant & Machinery	2,238,669	(167)	155,425	
Motor Vehicles	397,194	(155)	19,683	
Furniture & Fittings	523,810	(2,581)	48,528	
Office Equipment	393,826	2,289	69,560	
Linen & Soft Furnishings	165,380	-	12,423	
Total Depreciation	3,781,829	(614)	459,778	
Net Carrying Value of Property, Plant and Equipment	11,009,481			

The capital working progress of the Group includes, Plant & Machinery and Buildings under construction of Lankem Minerals Ltd., Sigiriya Village Hotels PLC, Beruwala Resorts PLC, Marawila Resorts PLC, C W Mackie PLC, Ceylon Tapes (Pvt) Ltd., Alliance Five (Pvt) Ltd. and Kiffs (Pvt) Ltd. and Imperial Hotels Ltd.

	Additions During the Year Rs. '000	Disposals During the Year Rs. '000	Write Off During the Year Rs. '000	Balance As at 31.03.2025 Rs.'000	Balance As at 31.03.2024 Rs.'000
	-	-	-	**7,317,278**	5,600,984
	121,372	-	-	**4,281,666**	4,178,431
	12,476	-	-	**41,721**	29,245
	-	-	-	**68,407**	68,407
	325,900	(40,322)	-	**3,312,012**	3,027,786
	15,190	(2,430)	-	**470,867**	458,107
	70,316	(4,288)	(1,002)	**784,619**	723,005
	143,351	(65,688)	-	**600,488**	521,219
	48,427	(908)	-	**228,160**	180,641
	737,032	(113,636)	(1,002)	**17,105,218**	14,787,825
	645,720	-	(333)	**648,872**	3,485
	1,382,752	(113,636)	(1,335)	**17,754,090**	14,791,310

	Disposals During the Year Rs. '000	Write Off During the Year Rs. '000	Balance As at 31.03.2025 Rs.'000	Balance As at 31.03.2024 Rs.'000
	-	-	**152,230**	-
	-	-	**23,248**	21,319
	-	-	**41,631**	41,631
	(38,092)	-	**2,355,835**	2,238,669
	(2,430)	-	**414,292**	397,194
	(3,574)	(867)	**565,316**	523,810
	(63,771)	-	**401,904**	393,826
	(162)	-	**177,641**	165,380
	(108,029)	(867)	**4,132,097**	3,781,829
			13,621,993	11,009,481

NOTES TO THE FINANCIAL STATEMENTS

13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

13.2 Company

	Balance As at 01.04.2024 Rs.'000	Revaluation During the Year Rs.'000	Additions During the Year Rs. '000	Disposals During the Year Rs. '000	Balance As at 31.03.2025 Rs.'000
Cost / Revalued Amount					
Land	385,844	66,657	-	-	**452,501**
Buildings	593,388	-	7,614	-	**601,002**
Fixtures	8,142	-	-	-	**8,142**
Plant & Machinery	259,684	-	8,199	(2,387)	**265,496**
Motor Vehicles	38,948	-	-	-	**38,948**
Furniture, Fittings & Office Equipment	289,605	-	25,299	(3,799)	**311,105**
Cost / Revalued Amount	1,575,611	66,657	41,112	(6,186)	**1,677,194**

	Balance As at 01.04.2024 Rs.'000	Charge for the Year Rs. '000	Disposals During the Year Rs. '000	Balance As at 31.03.2025 Rs.'000
Accumulated Depreciation				
Buildings	-	29,060	-	**29,060**
Fixtures	857	721	-	**1,578**
Plant & Machinery	243,910	5,351	(2,387)	**246,874**
Motor Vehicles	37,197	1,167	-	**38,364**
Furniture, Fittings & Office Equipment	229,664	22,514	(3,509)	**248,669**
Total Depreciation	511,628	58,813	(5,896)	**564,545**
Total Carrying Amount of Property, Plant and Equipment	1,063,983			**1,112,649**

Carrying Amount of Property Plant and Equipment

Asset Category	Consolidated		Company	
	As at 31.03.2025 Rs.'000	As at 31.03.2024 Rs.'000	As at 31.03.2025 Rs.'000	As at 31.03.2024 Rs.'000
Land	**7,317,278**	5,600,984	**452,501**	385,844
Freehold Buildings	**4,129,436**	4,178,431	**571,942**	593,388
Buildings on Leasehold Lands	**18,473**	7,926	**-**	-
Fixtures	**26,776**	26,776	**6,564**	7,285
Plant & Machinery	**956,177**	789,117	**18,622**	15,774
Motor Vehicles	**56,575**	60,913	**584**	1,751
Furniture & Fittings	**219,303**	199,195	**62,436**	59,941
Office Equipments	**198,584**	127,393	**-**	-
Linen & Soft Furnishing	**50,519**	15,261	**-**	-
Capital Working in Progress	**648,872**	3,485	**-**	-
	13,621,993	11,009,481	**1,112,649**	1,063,983

13.3 Fully Depreciated Property, Plant and Equipment Still in Use

Consolidated

The gross carrying amount of fully depreciated Property, Plant and Equipment still in use as at 31st March 2025 is Rs. 3,100 Mn (2024-Rs.3,001 Mn)

Company

The gross carrying amount of fully depreciated Property, Plant and Equipment still in use as at 31st March 2025 is Rs.465 Mn (2024-Rs.449 Mn)

NOTES TO THE FINANCIAL STATEMENTS

13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

13.4 Revaluation of Lands

A Valuation of freehold Lands of the Group was carried out by the independent valuers as at 31st March 2025 using "Comparable market value"method and incorporated in the financial statements of the Group. The surplus on revaluation of Land and Buildings has been credited to the revaluation reserve.

The fair value measurement for all Lands has been categorized at level 03 fair value based on input valuation.

Portfolio of lands owned by the Group are as follows:

Company Name	Location	Extent	Number of Buildings	
i Lankem Ceylon PLC				
Land	St. Anthony's Road Ekala	2A:3R:36.35P	12	
ii Marawila Resorts PLC				
Land	Thalawila, Marawila	29A:1R:33.6P	23	
Land	Amarasekera Road, Mudukatuwa	00A: 01R: 20.00P	-	
iii Sigiriya Village Hotels PLC				
Land	Sigiriya, Mankani, Trincomalee	08A: 01R: 02.29P	32	
iv B.O.T. Hotels Services (Pvt) Ltd.				
Land	Kapparatota Road, Weligama	03A: 01R: 05.50P	6	
v C.W. Mackie PLC				
Land	Munagama, Horana.	3A:0R:5.21P	12	
Land	Aramanagolla, Horana	5A:0R:0.5P	4	
Land	Thebuwana, Narthupana	5A:3R:10P	8	
Land	Kaluaggala, Hanwella	2A:0R:30.20P	11	
vi Galle Fort Hotel (Pvt) Ltd.				
Land	Galle Fort, Galle	0A:1R:37.5P	4	
vii Beruwala Resorts PLC				
Land	Freehold :Moragalla, Beruwala	0A:0R:2.78P	12	
viii JF Packaging Ltd.				
Land	Minuwangoda Road, Kotugoda.	2A:0R:28P	7	
ix Ceylon Tapes (Pvt) Ltd.				
Land	23/20, Samagi Mawatha, Ja-Ela.	0A:01R:05P	3	
x. ACME Printing and Packaging PLC				
Land	345, Gonamadiththa Road, Piliyandala	2A:3R:23.80P	5	
xi. Imperial Hotels Ltd.				
Land	Halloluwa, Kandy	6A-0R-18.00P	2	

	Name of the Valuer	Effective Date of the Latest Valuation	Significant Unobservable Input/ Value for Perch Rs. '000	Carrying Value of Lands As at 31.03.2025 Rs. '000	Market value of Land as at 31.03.2025 Rs. '000
	WikiFrank Chartered Valuers	31.03.2025	800-1000	452,500	452,500
	WikiFrank Chartered Valuers	31.03.2025	500-650	1,388,933	1,388,933
	WikiFrank Chartered Valuers	31.03.2025	350-400	18,000	18,000
	WikiFrank Chartered Valuers	31.03.2025	225	297,500	297,500
	WikiFrank Chartered Valuers	31.03.2025	2,250-2,500	709,427	709,427
	WikiFrank Chartered Valuers	31.03.2025	700-800	412,429	412,429
	WikiFrank Chartered Valuers	31.03.2025	1,000-1,200	680,400	680,400
	WikiFrank Chartered Valuers	31.03.2025	400-500	143,750	143,750
	WikiFrank Chartered Valuers	31.03.2025	600-800	180,650	180,650
	WikiFrank Chartered Valuers	31.03.2025	13,000-20,000	1,694,410	1,694,410
	WikiFrank Chartered Valuers	31.03.2025	1,000-1,200	3,614	3,614
	WikiFrank Chartered Valuers	31.03.2025	800-1000	348,000	348,000
	WikiFrank Chartered Valuers	31.03.2025	700-800	36,000	36,000
	WikiFrank Chartered Valuers	31.03.2025	500-750	266,685	266,685
	WikiFrank Chartered Valuers	31.03.2025	750-1,500	684,980	684,980
				7,317,278	7,317,278

NOTES TO THE FINANCIAL STATEMENTS

13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

13.5 Sensitivity Analysis

Possible changes at the reporting date to one of the significant unobservable inputs, holdings the other inputs content, would have the followings impacts.

Market Price per Perch (10% movement)	Market Value as at 31st March 2025	Increase +10%	Decrease -10%
Lankem Ceylon PLC	452,500	45,250	(45,250)
Sigiriya Village Hotels PLC	297,500	29,750	(29,750)
Marawila Resort PLC	1,406,933	140,693	(140,693)
B.O.T. Hotel Services (Pvt) Ltd.	709,427	70,943	(70,943)
Galle Fort Hotels (Pvt) Ltd.	1,694,410	169,441	(169,441)
Ceylon Tapes (Pvt) Ltd.	36,000	3,600	(3,600)
JF Packaging Ltd.	348,000	34,800	(34,800)
Beruwala Resorts PLC	3,614	361	(361)
CW Mackie PLC	1,417,229	141,723	(141,723)
ACME Printing and packaging PLC	266,685	26,669	(26,669)
Imperial Hotels Ltd.	684,980	68,498	(68,498)
	7,317,278	731,728	(731,728)

13.6. Revaluation of Buildings under Property, Plant and Equipment

A valuation of buildings of the Group was carried out by independent valuers as at 31st March 2024 using estimated replacement cost method and incorporated in the financial statements of the Group. The surplus on revaluation of Buildings have been credited to the revaluation reserve while loss being charged to profit and loss.

The directors of the Company are of the view that the fair value of these Buildings as at 31st March 2024 has not been changed significantly since the last valuation date.

The fair value measurement for all of Buildings has been categorized as level 03 fair value based on the input to the valuation technique used.

The portfolio of buildings owned by the Group are as follows:

Company Name	Location	No of Buildings	Extent of the Buildings Sq.ft	Valuation of Buildings Rs.000	Net Book Value Rs.000	Revaluation Gain / (Loss) Rs.000	Name of the Valuer	Significant Unobservable Inputs	Range of Estimates for Unobservable Inputs	Sensitivity of Fair Value to Unobservable Inputs
Galle Fort Hotels (Pvt) Ltd.	No. 6217, Pedlar Street, Galle Fort, Galle. No. 31, Light House Street, Galle Fort, Galle.	5	32,311 sq. ft.	245,259	246,647	(1,388)	WikiFrank Chartered Valuers	Estimated replacement cost per Sq. Ft. adjusted for wear and tear.	Rs.5,000- Rs 8000	Positively correlated sensitivity
Sherwood Holidays Ltd.	Totalagala, Haputale	7	11,940 sq. ft.	81,406	77,353	4,053	WikiFrank Chartered Valuers	Estimated replacement cost per Sq. Ft. adjusted for wear and tear.	Rs. 3,700- Rs 6,750	Positively correlated sensitivity
Lankem Ceylon PLC	St. Anthony's Road, Ekala	12	53,282 sq. ft.	192,590	102,058	90,532	Mr.Vlr.Guruge S.K. Chartered Valuer	Estimated replacement cost per Sq. Ft. adjusted for wear and tear.	Rs. 2,500- Rs 6,750	Positively correlated sensitivity

Company Name	Location	No of Buildings	Extent of the Buildings Sq.ft	Valuation of Buildings Rs.000	Net Book Value Rs.000	Revaluation Gain / (Loss) Rs.000	Name of the Valuer	Significant Unobservable Inputs	Range of Estimates for Unobservable Inputs	Sensitivity of Fair Value to Unobservable Inputs
Lankem Ceylon PLC	Pannala, Kurunegala	4	58,133 sq. ft.	307,550	172,267	135,283	Mr.Vlr.Guruge S.K. Chartered Valuer	Estimated replacement cost per Sq. Ft. adjusted for wear and tear.	Rs. 4,000- Rs 6,750	Positively correlated sensitivity
Lankem Ceylon PLC	Siripura, Polonnaruwa	1	20,675 sq.ft.	93,244	71,217	22,027	Mr.Vlr.Guruge S.K. Chartered Valuer	Estimated replacement cost per Sq. Ft. adjusted for wear and tear.	Rs. 5,500	Positively correlated sensitivity
Marawila Resorts PLC	Pannala, Kurunegala	24	181,664 sq. ft.	967,501	824,325	143,176	WikiFrank Chartered Valuers	Estimated replacement cost per Sq. Ft. adjusted for wear and tear.	Rs. 1,800- Rs 7,200	Positively correlated sensitivity
Ceylon Tapes (Pvt) Ltd.	23/20, Samagi Mawatha,	3	4,204 sq. ft.	14,000	5,542	8,458	Siri Nissanka Chartered & Incorporated Valuers	Estimated replacement cost per Sq. Ft. adjusted for wear and tear.	Rs. 1,500- Rs 3,000	Positively correlated sensitivity
B.O.T Hotel Services (Pvt) Ltd.	No. 215, Sri Sanghananda Mawatha, Kapparathota, Weligama.	7	58,971 sq.ft	153,758	161,437	(7,679)	Siri Nissanka Chartered & Incorporated Valuers	Estimated replacement cost per Sq. Ft. adjusted for wear and tear.	Rs. 825- Rs 3,975	Positively correlated sensitivity
J.F.Packaging Ltd.	No.306, Minuwangoda Road, Kotugoda	8	71,320 sq. ft.	440,512	190,141	250,371	Siri Nissanka Chartered & Incorporated Valuers	Estimated replacement cost per Sq. Ft. adjusted for wear and tear.	Rs. 5,000- Rs 16000	Positively correlated sensitivity
Beruwala Resorts PLC	6th Lane, Moragalla, Beruwala	12	131,988 sq. ft.	461,574	265,107	196,467	Siri Nissanka Chartered & Incorporated Valuers	Leasehold interest	YP @ 6.25 % in perpetuity and Annual Rent 1.2Mn per annum	Positively correlated sensitivity
Ceymac Rubber Co, Ltd.	Aramangolla, Horana and Thebuwana, Narthupana	17	124,798 sq. ft.	244,000			Mr.K.T.D.Tissera Chartered Valuer	Estimated replacement cost per Sq. Ft. adjusted for wear and tear.	Rs. 750- Rs 3,000	Positively correlated sensitivity
Kelani Valley Canneries Ltd.	Kaluaggala, Hanwella	11	26,522sq. ft.	60,000	299,257	84,743	Mr.K.T.D.Tissera Chartered Valuer	Estimated replacement cost per Sq. Ft. adjusted for wear and tear.	Rs. 500- Rs 2,500	Positively correlated sensitivity
C.W. Mackie PLC	Munagama, Horana	7	24,785 sq. ft.	80,000			Mr.K.T.D.Tissera Chartered Valuer	Estimated replacement cost per Sq. Ft. adjusted for wear and tear.	Rs. 1,000- Rs 4,000	Positively correlated sensitivity
Sigiriya Village Hotel PLC	P.O Box 1, Sigiriya	32	160241 sq.ft.	363,750	194,032	169,718	WikiFrank Chartered Valuers	Estimated replacement cost per Sq. Ft. adjusted for wear and tear.	Rs 1,600 - Rs 5,000	Positively correlated sensitivity
ACME Printing & Packaging PLC	Piliyandala	7	74,549 sq.ft.	320,672	232,205	88,467	Mr.Vlr.Guruge S.K. Chartered Valuer	Estimated replacement cost per Sq. Ft. adjusted for wear and tear.	Rs 1,000- Rs 7,500	Positively correlated sensitivity
ACME Packaging Solutions (Pvt) Ltd.	Makandura, Gonawila	7	30,648 sq.ft.	152,615	107,088	45,527	Mr.Vlr.Guruge S.K. Chartered Valuer	Estimated replacement cost per Sq. Ft. adjusted for wear and tear.	Rs 1,750- Rs 6,750	Positively correlated sensitivity
Total Gain				4,178,431	2,948,675	1,229,756				

NOTES TO THE FINANCIAL STATEMENTS

13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

13.7 Sensitivity Analysis

Possible changes at the reporting date to one of the significant unobservable inputs, holdings the other inputs content, would have the followings impacts.

Market Price Sq.ft. (10% movement)	Revalued amount as at 31st March 2025	Increase +10%	Decrease -10%
Lankem Ceylon PLC	593,384	59,338	(59,338)
Sigiriya Village Hotels PLC	363,750	36,375	(36,375)
Marawila Resort PLC	967,501	96,750	(96,750)
B.O.T. Hotel Services (Pvt) Ltd.	153,758	15,376	(15,376)
Galle Fort Hotels (Pvt) Ltd.	245,259	24,526	(24,526)
Ceylon Tapes (Pvt) Ltd.	14,000	1,400	(1,400)
JF Packaging Ltd.	440,512	44,051	(44,051)
Beruwala Resorts PLC	461,574	46,157	(46,157)
CW Mackie PLC	384,000	38,400	(38,400)
Sherwood Holidays Ltd.	81,406	8,141	(8,141)
ACME Printing & Packaging PLC	473,287	47,329	(47,329)
	4,178,431	417,843	(417,843)

13.8 Market Comparable Method

This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for differences in size, nature, location, condition of specific property. In this process, outlier transactions, indicative of particularly motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value.

13.9 Replacement cost method (Depreciation About the Valuation)

The replacement cost method involves arriving at an asset's value by reference to the present-day cost, in an arms-length transaction, of replacing that asset with a similar asset in a similar condition (plus, if appropriate, payment of any taxes due). The method is based on the principle that a buyer will not pay more for an asset—and a seller will not accept less—than the price of a similar asset. The method can be used to value both an entire business and its individual assets.

Property, Plant & Equipment pledged as securities in obtaining loans have been disclosed in Note 27.4 to these Financial Statements.

13.10 Carrying Amount of Lands and Buildings had those were Carried at Cost of Less Accumulated Depreciation are as Follows.

As at	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Lands	2,180,901	2,180,901	60,600	60,600
Buildings	1,955,048	2,150,884	77,657	182,860

14. RIGHT-OF-USE-ASSETS

As at	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Cost				
Balance as at 1st April	561,554	501,624	102,111	81,374
Additions During the Year	125,303	76,379	-	28,406
De recognition During the Year	(2,074)	(16,449)	(2,074)	(7,669)
Balance at the End of the Year	684,783	561,554	100,037	102,111
Accumulated Amortisation				
Balance as at 1st April	306,248	226,258	58,751	55,153
Amortisation for the Year	81,269	87,206	10,527	10,814
De Recognition During the Year	(1,037)	(7,216)	(1,037)	(7,216)
Balance at the End of the Year	386,480	306,248	68,241	58,751
Written Down Value as at 31st March	298,303	255,306	31,796	43,360

Right of Use Assets includes both Land & Buildings of the Hotel, Packaging & Industrial sectors.

15. INVESTMENT PROPERTY

As at	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Cost				
Balance at the Beginning of the Year	977,763	977,763	-	-
Additions During the Year	17,686	-	-	-
Reclassified to Property, Plant and Equipment	(157,145)	-	-	-
Balance at the End of the Year	838,304	977,763	-	-
Accumulated Depreciation				
Balance at the Beginning of the Year	158,600	136,919	-	-
Charge for the Year	17,561	21,681	-	-
Balance at the End of the Year	176,161	158,600	-	-
Carrying Amount	662,143	819,163	-	-

C. W. Mackie PLC

Part of the C.W.Mackie PLC's Building complex has been given out on rent and the value of land and buildings of that portion has been classified as 'investment property' and accounted, under "Cost Model" as required by LKAS 40 – Investment Property.

NOTES TO THE FINANCIAL STATEMENTS

15. INVESTMENT PROPERTY (CONTD.)

As per the valuation carried out by Mr. K.T.D. Tissera, Fair value of these investment property as at 31st March 2024 is as follows;

Company / Location	Fair Value Rs. Mn
Sunquick Lanka Properties (Pvt) Ltd, Munagama, Horana	700.0
Total	700.0

Amounts included in the Statement of Comprehensive Income in respect of this property is as follows;

For the year ended 31st March	2025 Rs.'000	2024 Rs.'000
Rent Income	78,191	173,430
Direct operating expenses arising from investment property that generated rental income during the year	30,425	42,624

Sigiriya Village Hotels PLC

Land held for capital appreciation has been classified as investment property. This property is situated in Trincomalee and the extent of the land is 8 A, 1 R & 2.3 P.

16. INTANGIBLE ASSETS

As at	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Goodwill (Note 16.1)	1,107,155	1,107,155	-	-
Other Intangible Assets (Note 16.2)	28,378	22,897	12,956	13,015
	1,135,533	1,130,052	12,956	13,015

16.1 Goodwill

As at	Consolidated	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Goodwill on Acquisition	1,542,515	1,542,515
Impairment of Goodwill	(435,360)	(435,360)
	1,107,155	1,107,155

This represents the excess of the cost of acquisition over the attributable net assets of the following companies. The aggregate carrying amount of Goodwill allocated to each company is as follows:

As at	Consolidated	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000
C.W. Mackie PLC	165,935	165,935
ACME Printing and Packaging PLC	372,289	372,289
Ceylon Tapes (Pvt) Ltd.	23,490	23,490
JF Packaging Ltd.	435,500	435,500
Sherwood Holidays Ltd.	30,267	30,267
Kiffs (Pvt) Ltd.	143,777	143,777
Alliance Five (Pvt) Ltd.	42,185	42,185
Galle Fort Hotel (Pvt) Ltd.	329,072	329,072
	1,542,515	1,542,515
Less: Provision for Impairment (Note 16.1.1)	(435,360)	(435,360)
	1,107,155	1,107,155

16.1.1 Impairment Assessment of Goodwill

The Group has carried out an impairment assessment for the Goodwill recognized in the Consolidated Financial Statements as at 31st March 2025. For the purpose of impairment assessment the Group considered each Company as separate CGUs.

The recognized impairment as at 31st March 2025 is attributable to below CGUs

As at	Consolidated	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000
ACME Printing & Packaging PLC	106,288	106,288
Galle Fort Hotel (Pvt) Ltd.	329,072	329,072
	435,360	435,360

ACME Printing and Packaging PLC

The recoverable amount of this CGU was calculated based on it's fair value less cost to sell. The fair value of the Company was determined based on its market value of Rs. 370.5 Mn as at 31st March 2025. The carrying amount of the CGU was determined as higher than its recoverable amount. Therefore, an impairment loss of Rs. 106 Mn was recognized in during the year ended 31st March 2024. The fair value is classified as level 1 as per the fair value hierarchy under SLFRS 13.

Galle Fort Hotels (Pvt) Ltd.

The recoverable amount of this CGU was calculated based on it's value in use, determined by discounting future cash flows from continuing use of CGU. The carrying amount of the CGU was determined as higher than its recoverable amount. Therefore, an impairment loss of Rs.329 Mn was recognized in during the year ended 31st March 2022.

In both the situations the Group assumed that the cost related to sales is not significant to its recoverable value.

NOTES TO THE FINANCIAL STATEMENTS

16. INTANGIBLE ASSETS (CONTD.)

Recoverable amounts of these investments were measured as follows:

16.1.1.1 Recoverable Values Measured with Reference to the Value in Use

The values assigned to the key assumptions represents management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

Investee	Significant unobservable inputs	Value of the inputs
Ceylon Tapes (Pvt) Ltd. (CT)	Average Growth Rate	10.3%
	Terminal Growth Rate	3%
	Discount Rate	14.9%
	Term	4 years (terminal value thereafter)
JF Packaging Ltd. (JF)	Average Growth Rate	9.9%
	Terminal Growth Rate	3%
	Discount Rate	14.3%
	Term	4 years (terminal value thereafter)
Kiffs (Pvt) Ltd. (KF)	Average Growth Rate	10%
	Terminal Growth Rate	3%
	Discount Rate	14.4%
	Term	4 years (terminal value thereafter)
Alliance Five (Pvt) Ltd. (A5)	Average Growth Rate	9.2%
	Terminal Growth Rate	3%
	Discount Rate	16.5%
	Term	4 years (terminal value thereafter)
Sherwood Holidays Ltd. (SW)	Average Growth Rate	15%
	Terminal Growth Rate	2%
	Discount Rate	21%
	Term	5 years (terminal value thereafter)

Above assumption have been determined based on the historical performance of the CGU adjusted for market information related to discount rate.

The management has identified that a reasonably possible change in below key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which assumption would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

Company Name	Change required for carrying amount to equal recoverable amount				
	KF	A5	CT	JF	SW
Discount Rate	13.6%	36.2%	5.0%	0.1%	35.9%
Growth Rate	-3.0%	-9.6%	-2.5%	-0.1%	-24.8%

16.1.1.2 Recoverable Values Measured with Reference to the Fair Value less Cost to Sell

Investee	Significant Unobservable / Observable Inputs	Value of the Inputs
CW Mackie PLC	Adjusted NAV	Rs.110 - Rs. 130

Above fair values are classified as Level 3 as per the fair value hierarchy under SLFRS 13.

16.2 Other Intangible Assets

As at	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Cost				
Balance at the Beginning of the Year	98,880	80,302	14,366	-
Additions During the Period	8,554	13,301	591	9,089
Transfer from CWIP	-	3,240	-	3,240
Reclassified from Property, Plant and Equipment	3,158	2,037	-	2,037
Balance at the End of the Year	110,592	98,880	14,957	14,366
Accumulated Amortization				
Balance at the Beginning of the Year	75,983	71,821	1,351	-
Charge for the Year	5,850	3,817	650	1,006
Reclassified from Property, Plant and Equipment	381	345	-	345
Balance at the End of the Year	82,214	75,983	2,001	1,351
Carrying Amount	28,378	22,897	12,956	13,015

Other intangible assets include Licenses, Sales Force Automation Systems, Human Resources Information Systems, E Mail Solutions and Enterprise Resource Planning Systems (ERP).

NOTES TO THE FINANCIAL STATEMENTS

17. INVESTMENT IN SUBSIDIARIES

17.1 Company

As at	Group Holding 2025 %	Company Holding 2025 %	Group Holding 2024 %	Company Holding 2024 %	No of Shares 31.03.2025	Market Value 31.03.2025 Rs.'000	Cost 31.03.2025 Rs.'000	No of Shares 31.03.2024	Market Value 31.03.2024 Rs.'000	Cost 31.03.2024 Rs.'000
Quoted Investments										
C.W.Mackie PLC	54.25	54.25	54.25	54.25	19,523,252	2,123,154	873,919	19,523,252	1,854,708	873,919
Marawila Resorts PLC (Note 17.3)	26.92	4.68	26.92	4.68	16,478,829	112,056	98,066	16,478,829	56,028	98,066
ACME Printing and Packaging PLC (Note 17.3)	25.10	25.10	25.10	25.10	23,846,993	93,003	284,952	23,846,993	131,159	284,952
Total Quoted Investments							1,256,937			1,256,937
Unquoted Investments										
Colombo Fort Hotels Ltd.	53.02	52.93	53.02	52.93	147,270,913	-	1,965,848	147,270,913	-	1,965,848
Lankem Plantation Services Ltd.	60.00	60.00	60.00	60.00	179,993	-	1,800	179,993	-	1,800
Lankem Exports (Pvt) Ltd.	100.00	100.00	100.00	100.00	10,000	-	100	10,000	-	100
Lankem Paints Ltd.	100.00	100.00	100.00	100.00	2,000,000	-	20,000	2,000,000	-	20,000
Lankem Consumer Products Ltd.	100.00	100.00	100.00	100.00	2,000,000	-	20,000	2,000,000	-	20,000
Lankem Chemicals Ltd.	100.00	100.00	100.00	100.00	2,000,000	-	20,000	2,000,000	-	20,000
Lankem Research Ltd.	100.00	100.00	100.00	100.00	250,007	-	2,500	250,007	-	2,500
SunAgro Life Science Ltd.	100.00	100.00	100.00	100.00	626,000	-	215,000	626,000	-	215,000
SunAgro Farms Ltd.	100.00	100.00	100.00	100.00	1,200,000	-	12,000	1,200,000	-	12,000
Lankem Technology Services Ltd.	100.00	100.00	100.00	100.00	4,999,995	-	5,000	4,999,995	-	5,000
JF Packaging Ltd.	100.00	100.00	100.00	100.00	120,406,800	-	1,121,515	1,204,068	-	1,121,515
Associated Farms (Pvt) Ltd.	100.00	100.00	100.00	100.00	55,398	-	554	55,398	-	554
Nature's Link Ltd.	100.00	100.00	100.00	100.00	5,000,000	-	50,000	5,000,000	-	50,000
Lankem Minerals Ltd*	100.00	100.00	100.00	100.00	70,012,500		700,125	12,499		125
Total Unquoted Investments							4,134,442			3,434,442
							5,391,379			4,691,379
Provision for Impairment of Investment in Subsidiaries (17.2)							(323,903)			(762,133)
Net Carrying Amount							5,067,476			3,929,246

*The Company has invested in Lankem Minerals Ltd. amounting to Rs. 700 Mn during the year ended 31st March 2025.

17.2 Provision for Impairment of Investment in Subsidiaries

The Provision for impairment of investment in subsidiaries as at 31st March 2025 are attributable to followings:

As at	Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Lankem Consumer Products Ltd.	20,000	20,000
Lankem Paints Ltd.	20,000	20,000
SunAgro Farms Ltd.	12,000	12,000
Associated Farms (Pvt) Ltd.	554	554
Lankem Plantation Services Ltd.	1,800	1,800
Colombo Fort Hotels Ltd.	-	434,347
Nature's Link Ltd.	50,000	50,000
Lankem Exports (Pvt) Ltd.	100	100
Lankem Research Ltd.	2,500	2,500
Lankem Technology Services Ltd.	5,000	5,000
Marawila Resorts PLC	-	42,038
Lankem Chemicals Ltd.	20,000	20,000
ACME Printing and Packaging PLC	191,949	153,794
	323,903	762,133

i) The Company has made a provision for impairment on investments in subsidiaries due to continuous losses, negative operating cash flows and reduction in net assets in subsidiaries. The market value/ net assets/ adjusted net assets value of the respective subsidiaries have been considered as the recoverable amounts for the calculation of the provision for impairment as at the reporting date.

Colombo Fort Hotels Ltd.

The recoverable amount of the Company has been determined based on its adjusted net assets value as at 31st March 2025. As the recoverable amount was higher than the carrying cost of the investment, an impairment provision amounting to Rs. 434 Mn has been reversed during the year ended 31st March 2025.

Marawila Resorts PLC

The recoverable amount of the Company has been determined based on its market value as at 31st March 2025. As the recoverable amount was higher than the carrying cost of the investment, an impairment provision amounting to Rs. 42 Mn has been reversed during the year ended 31st March 2025.

ii) All the subsidiaries of the Group are incorporated in Sri Lanka.

NOTES TO THE FINANCIAL STATEMENTS

17. INVESTMENT IN SUBSIDIARIES (CONTD.)

Calculation of Recoverable Values

17.2.1 Recoverable values measured with reference to their respective fair value less cost to sell

As explained above, the recoverable values of these subsidiaries were determined with reference to their net assets / adjusted net assets values as follows,

Subsidiary	Unobservable input	Range of input Rs.
Lankem Consumer Products Ltd.	Net Assets per Share	-
Lankem Paints Ltd.	Net Assets per Share	-
Sun Agro Farms Ltd.	Net Assets per Share	-
Associated Farms (Pvt) Ltd.	Net Assets per Share	-
Lankem Plantation Services Ltd.	Net Assets per Share	-
Colombo Fort Hotels Ltd.	Adjsuted Net Assets per Share	9-20
Nature's Link Ltd.	Net Assets per Share	-
Lankem Exports (Pvt) Ltd.	Net Assets per Share	-
Lankem Research Ltd.	Net Assets per Share	-
Lankem Technology Services Ltd.	Net Assets per Share	-
Marawila Resorts PLC	Market Value	6.80
Lankem Chemicals Ltd.	Net Assets per Share	-
ACME Printing and Packaging PLC	Market Value	3.90
JF Packaging Ltd.	Net Assets per Share	1400-1500

17.3. Subsidiaries with ownership of less than 50%

Marawila Resort PLC

Although the Group owns less than 50% of Marawila Resorts PLC, management has determined that the Group controls this entity. The Group controls Marawila Resorts PLC by virtue of an agreement with its major shareholders, who owns approximately 76.21% of voting rights of Marawila Resorts PLC.

ACME Printing and Packaging PLC

As at the reporting date, Lankem Ceylon PLC (LCPLC), jointly with E B Creasy & Co PLC (EBC), the party acting in concert, holds 78.24% equity stake in ACME Printing & Packaging PLC (ACME). LCPLC entered into a formal shareholder agreement with EBC, wherein LCPLC has been granted the authority to act as the immediate Parent of ACME on the basis that LCPLC has the expertise in the packaging industry and currently manages other subsidiaries in the packaging cluster of the Group. As per the said agreement, LCPLC has the power to control the financial and operating policies of ACME, and accordingly as per SLFRS 10 'Business Combinations', LCPLC has recognised the investment in ACME as a Subsidiary and has consolidated the same in its Group Financial Statements.

17.4 Gain on Disposal of Investment in Subsidiary's shares

Beruwala Resorts PLC

The Group has disposed its investment in Beruwala Resorts PLC.

Due to the above disposal the impact of non controlling interest at the Group level is as follows,

As at	Consolidated 31.03.2025 Rs.'000
Considerations received	349,490
Increase in Retained Earnings	335,080
Increase in Non Controlling Interest	14,410

Along with the Beruwala Resorts PLC disposal, there is an indirect disposal of B.O.T. Hotel Services (Pvt) Ltd. The impact of non controlling interest at the Group level is as follows.

Due to this, there is an adjustment between equity components, which resulted in decrease in retained earnings of Rs. 13 Mn and a corresponding increase in non-controlling interest of Rs. 13 Mn with no impact on the total equity of the Group.

Colombo Fort Hotels (Pvt) Ltd.
The Company has disposed 34,896,000 shares of its investment in Colombo Fort Hotels in 18th October 2023, decreasing its ownership by 12.54%.

As at	Consolidated 31.03.2025 Rs.'000
Consideration Received	328,023
Carrying amount of the Investment Disposed	(465,810)
Disposal Loss	(137,787)

Due to the above disposal the impact of non controlling interest at the group level is as follows,

As at	Consolidated 31.03.2025 Rs.'000
Considerations received	328,023
Carrying value of investee's net assets disposed	186,718
Increase in Non Controlling Interest	514,741

18. INVESTMENT IN ASSOCIATES

As at	Consolidated 31.03.2025 Rs.'000	31.03.2024 Rs.'000 Restated
Unquoted Investments		
Consolidated Tea Plantations Ltd. (CTPL)	950,842	808,267
Total Unqouted Investments	950,842	808,267
Balance as at Beginning of the Year	808,267	-
Investments During the Year	-	921,321
Net Share of Loss for the Year (Net of Tax)	(281,626)	(729,253)
Other Comprehensive Income	368,659	658,291
Disposal During the Year	-	(42,092)
Gain on Dilution of Interest (Note 18.3)	55,542	-
Balance as at End of the Year	950,842	808,267

18. INVESTMENT IN ASSOCIATES (CONTD.)

18.1 Company

As at	Principle Business Activities	Holding 2025 %	Holding 2024 %	No. of Shares 31.03.2025	Cost 31.03.2025 Rs'000	No. of Shares 31.03.2024	Cost 31.03.2024 Rs'000
Unqouted Investments							
Consolidated Tea Plantations Ltd. (CTPL)	Investing in Plantation	33.39	34.23	28,733,222	768,422	28,733,222	768,422
Gross Carrying Amount					768,422		768,422
Provision for Impairment (18.1.1)					-		-
Net Carrying Amount					768,422		768,422

18.1.1 Provision /(Reversal) for Impairment of Investments in Associates

As at	Company 31.03.2025 Rs.'000	Company 31.03.2024 Rs.'000
Consolidated Tea Plantations Ltd. (CTPL)		
Opening Balance	-	220,500
Reversal During the Year	-	(220,500)
Closing Balance	-	-

Consolidated Tea Plantation Ltd. (CTPL) has invested in the plantation sector (Kotagala Plantations PLC, Agarapatana Plantations PLC. and Lankem Tea & Rubber Plantations (Pvt) Ltd. and in other sectors Lankem Developments PLC, Waverly power (Pvt) Ltd. and Union Commodities (Pvt) Ltd. as at 31st March 2025. Considering profitability improvement in the plantation sector, the Company has re-assessed the impairment of its investment in CTPL and recognized a reversal of Rs. 220.5 Mn as at 31st March 2024 and there is no impairment indication as at 31st March 2025.

The recoverable value of CTPL was estimated based on its fair value less cost to sell calculated with reference to the adjusted net assets value of CTPL as at 31st March 2025. In calculating the adjusted net assets value of CTPL, the Company has used the fair values of investments made in the subsidiaries of CTPL. Fair values of investment made in the subsidiaries of CTPL were estimated using a combination of valuation techniques. Fair values of all listed subsidiaries were determined with reference to the market prices of share traded as at reporting date. For non-listed subsidiaries, respective net assets values were used.

Significant unobservable inputs are,

	Range
Market prices of listed subsidiaries	Rs. 9 - Rs.18 per share
Net assets value of non-listed subsidiaries	Rs. 525 - Rs. 575 per share

Further, the Company has assumed that cost to sell is immaterial in arriving at the recoverable amount.

18.2 Summarised Financial Information of Associates Companies

Summary of the Statement of Financial Position

As at	CTPL 31.03.2025 Rs.'000	CTPL 31.03.2024 Rs.'000 Restated
Non-current Assets	18,122,538	16,062,561
Current Assets	5,768,248	5,603,386
Total Assets	23,890,786	21,665,947
Non-current Liabilities	9,683,098	9,150,201
Current Liabilities	8,060,009	7,541,460
Total Liabilities	17,743,107	16,691,661
Equity Attributable to the Owners of the Company	2,354,655	1,952,546
Non-Controlling Interest	3,793,024	3,021,740
Total Net Assets	6,147,679	4,974,286
Ownership interest	40.38%	41.40%
Investees Share of Net Assets	950,842	808,267
Goodwill	-	30,820
Impairment of Goodwill	-	(30,820)
Carrying Amount of Interest	950,842	808,267

Summary of the Statement of Profit or Loss

For the Year Ended	CTPL 31.03.2025 Rs.'000	CTPL 31.03.2024 Rs.'000 Restated
Revenue	17,393,943	16,724,806
Total Expenses	(16,004,499)	(16,359,329)
Profit Before Tax	1,389,444	365,477
Income Tax	(595,073)	(687,916)
Profit After Tax	794,371	(322,439)
Other Comprehensive Income	328,403	1,198,248
Total Comprehensive Income	1,122,774	875,809
Profit/ (Loss) Attributable to:		
Owners of the Company	(106,684)	(561,007)
Non Controlling Interest	901,055	238,568
	794,371	(322,439)
Total Comprehensive Income/ (Expense) Attributable to:		
Owners of the Company	108,121	892,356
Non Controlling Interest	1,014,653	(16,547)
	1,122,774	875,809

18. INVESTMENT IN ASSOCIATES (CONTD.)

For the Year Ended	CTPL 31.03.2025 Rs.'000	CTPL 31.03.2024 Rs.'000
Investee Share of Loss Recognized for the Year	(281,626)	(232,232)
Unrecognized Share of Loss in Prior Year	-	(497,021)
Investees Share of Other Comprehensive Income	368,659	658,291

18.3 Investment and Disposal of Consolidate Tea Plantation Ltd.

CTPL has issued 2,108,368 ordinary shares under a private placement and consequently the Company holding reduced by 0.84% during the year 31st March 2025.

CTPL has issued 42,950,339 ordinary shares under a private placement. The Company has purchased 11,042,990 shares (Rs.596 Mn) and Subsequently the Company divested its holding of 2.16% represented by 1,809,770 shares to E B Creasy Company PLC (Rs.48 Mn) during the year 31st March 2024.

As at	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000 Restated	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Disposal Value	-	97,728	-	97,728
Carrying Amount of the Investment Disposed	-	(42,092)	-	(48,399)
Disposal Gain	-	55,636	-	49,329

At the Group Level

CTPL has issued 2,108,368 ordinary shares under a private placement and consequently the Group holding reduced by 1.01% during the year 31st March 2025 and the gain on Dilution of Interest amounted to Rs. 56 Mn.

CTPL has issued 42,950,339 ordinary shares under a private placement. The Group has purchased 17,061,508 shares (Rs.921 Mn) and Subsequently the Group divested its holding of 2.16% represented by 1,809,770 shares to E B Creasy Company PLC (Rs.18 Mn) during the year 31st March 2024.

19. INVESTMENT IN JOINT VENTURE

Sunquick Lanka (Pvt) Ltd.

A subsidiary of the Group, CW Makie PLC has 49% interest in Sunquick Lanka (Pvt) Ltd, a joint venture formed for the purpose of manufacturing , processing and marketing Co-Ro's products in the form of concentrates and ready to drink (RTD) products marketed under 'Sunquick' brand.

As at	Consolidated	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Balance as at 01st April	293,163	-
Investment Made During the Year	-	294,000
Share of Profit & OCI for the Year	167,311	53,739
Unrecognised Share of Loss in Prior Period	-	(54,576)
Carrying Value as at 31st March	460,474	293,163

The Group's interest in Sunqick Lanka (Pvt) Ltd. is accounted for using the equity method in the Consolidated Financial Statements. Summarized financial information of the joint venture and the reconciliation with the carrying amount of the investment in the Financial Statements are set out below .

As at	Consolidated	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Summary of the Statement of Financial Position		
Non-Current Assets	755,538	908,808
Current Assets	2,066,811	1,859,674
Non - Current Liabilities	(213,775)	(725,889)
Current Liabilities	(1,668,831)	(1,444,302)
Equity	939,743	598,291
Group's Carrying Amount of the Investments	460,474	293,163

As at	Consolidated	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Summary of the Statement of Profit or Loss		
Revenue	3,512,878	3,268,852
Operating Expenses	(3,341,149)	(3,263,005)
Other Operating Income	17,114	10,288
Finance Income	10,486	115,249
Income Tax	145,220	(17,959)
Profit for the year	344,549	113,425
Other Comprehensive Expense	(3,098)	(3,754)
Total Comprehensive Income for the year	341,451	109,671
Group's Share of Profit for the year	168,829	55,578
Unrecognised share of Loss in Prior Year	-	(54,576)
Group's Share of Profit Recognised for the Year	168,829	1,002
Share of Loss Recognised in Other Comprehensive Income	(1,518)	(1,839)

20. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group/Company designated investments shown below as financial assets measured at fair value through other comprehensive income because these investments represent investment that the Group/Company intend to held for long term as strategic investments.

As at		Consolidated			Company	
	Note	31.03.2025 Rs.'000	31.03.2024 Rs.'000	Note	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Quoted Investments	20.1.1	75,592	61,355	20.2.1	66,966	54,949
Unquoted Investments	20.1.2	6,098	5,164	20.2.2	6,073	5,139
		81,690	66,519		73,039	60,088

NOTES TO THE FINANCIAL STATEMENTS

20. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTD.)

20.1 Consolidated

20.1.1 Quoted Investments

As at	Consolidated			
	No of Shares 31.03.2025	Fair Value 31.03.2025 Rs.'000	No of Shares 31.03.2024	Fair Value 31.03.2024 Rs.'000
Bank, Finance & Insurance				
Nations Trust Bank PLC	6,365	1,478	6,365	825
National Development Bank PLC	5,724	834	5,724	498
Total		2,312		1,323
Hotels & Travel				
Hunas Holdings PLC	60,000	1,434	60,000	1,614
Pegasus Resorts PLC	960	33	960	22
Renuka City Hotels PLC	525	250	525	189
Royal Palms Beach Hotels PLC	375	12	375	11
Hotel Sigiriya PLC	38,000	2,918	38,000	1,938
Total		4,647		3,774
Plantations				
Lankem Developments PLC	2,480,626	43,907	2,480,626	41,923
Agarapatana Plantations PLC	1,760,204	23,059	1,760,204	13,026
Total		66,966		54,949
Healthcare				
Ceylon Hospitals PLC	130	17	130	16
Total		17		16
Other				
Chevron Lubricants Lanka PLC	12,000	1,650	12,000	1,293
Total		1,650		1,293
Total Quoted Investments		75,592		61,355

Market value per share of quoted investments are based on published stock market prices as at 31st March 2025 (2023/24-31st March 2024).

20.1.2 Unquoted Investments

As at	Consolidated			
	No of Shares 31.03.2025	Fair Value 31.03.2025 Rs.'000	No of Shares 31.03.2024	Fair Value 31.03.2024 Rs.'000
Nanotechnology (Pvt) Ltd.	3,810,182	-	3,810,182	-
Lankem Tea & Rubber Plantations (Pvt) Ltd.	8,342	6,073	8,342	5,139
Asia Pacific Golf Courses Ltd.	2,500	-	2,500	-
Ingrin Institute of Printing & Graphics (Pvt) Ltd.	1	25	1	25
Total		6,098		5,164

20.2 Company

20.2.1 Quoted Investments

As at	Company			
	No of Shares 31.03.2025	Fair Value 31.03.2025 Rs.'000	No of Shares 31.03.2024	Fair Value 31.03.2024 Rs.'000
Lankem Developments PLC	2,480,626	43,907	2,480,626	41,923
Agarapatana Plantations PLC	1,760,204	23,059	1,760,204	13,026
Total		66,966		54,949

20.2.2 Unquoted Investments

As at	Company			
	No of Shares 31.03.2025	Fair Value 31.03.2025 Rs.'000	No of Shares 31.03.2024	Fair Value 31.03.2024 Rs.'000
Nanotechnology (Pvt) Ltd.	3,810,182	-	3,810,182	-
Lankem Tea & Rubber Plantation (Pvt) Ltd.	8,342	6,073	8,342	5,139
Total		6,073		5,139

No Strategic investments were disposed during 2024/25, and there were no transfer of any cumulative gain or loss within equity relating to these investments.

The fair Value of unquoted investments is classified as level 03 in their value hierarchy. The unobservable inputs used are disclosed in Note 34.5.

21. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

As at	Consolidated/Company			
	No of Shares 31.03.2025	Fair Value 31.03.2025 Rs.'000	No of Shares 31.03.2024	Fair Value 31.03.2024 Rs.'000
Nations Trust Bank PLC	53,774	10,366	53,774	5,781
Tokyo Cement Company PLC (Voting)	36,117	2,853	36,117	1,860
C M Holdings PLC	331,547	54,705	331,547	26,656
Union Bank Colombo PLC	30	-	30	-
		67,924		34,297

22. INVENTORIES

As at	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Raw Materials	2,383,117	1,662,520	811,527	367,802
Work- in -Progress	183,295	86,154	19,698	11,560
Finished Goods	4,558,848	3,687,443	837,048	664,387
Goods-in-Transit	90,859	109,008	77,738	84,572
Consumable Stock	421,065	390,024	-	-
Packing & Other Materials	24,629	16,002	-	-
	7,661,813	5,951,151	1,746,011	1,128,321
Less: Provision for Obsolete Inventories (Note 22.1)	(593,072)	(448,819)	(123,074)	(86,962)
	7,068,741	5,502,332	1,622,937	1,041,359

22.1 Provision for Obsolete Inventories

As at	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Balance as at 1st April	448,819	403,461	86,962	84,192
Provision for the Year	183,103	88,038	36,214	16,458
Inventory Write-off	(38,850)	(42,680)	(102)	(13,688)
Balance as at 31st March	593,072	448,819	123,074	86,962

23. TRADE & OTHER RECEIVABLES

As at	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Trade Receivables	8,362,466	7,536,655	2,002,138	1,930,540
Provision for Impairment of Trade Receivables (Note 23.1.1)	(563,715)	(539,776)	(301,803)	(258,456)
	7,798,751	6,996,879	1,700,335	1,672,084
Other Receivables	763,458	420,531	244,924	141,677
Deposits, Advances and Prepayments	737,386	749,905	5,000	5,000
Staff Loan	40,710	35,099	1,824	1,233
Tax Recoverable (Note 23.2)	222,302	106,136	-	-
Provision for Impairment of Other Receivables (Note 23.1.2)	(33,431)	(34,256)	-	-
	1,730,425	1,277,415	251,748	147,910
	9,529,176	8,274,294	1,952,083	1,819,994

23.1.1 Provision for Impairment on Trade Receivables

As at	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Balance as at 1st April	539,776	608,356	258,456	313,573
Provision Made During the Year	98,519	20,976	43,347	-
Reversal During the Year	(4,609)	(79,694)	-	(55,117)
Written-off During the Year	(69,971)	(9,862)	-	-
Balance as at 31st March	563,715	539,776	301,803	258,456

Outstanding balances for which enforcement activities are proceeding are not considered for write off

23.1.2 Provision for Impairment of Other Receivables

As at	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Balance as at 01st April	34,256	34,386	-	-
Reversal Made During the Year	(825)	(130)	-	-
Balance as at 31st March	33,431	34,256	-	-

23.2 Taxes Recoverable

As at	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Nation Building Tax	-	812	-	-
Withholding Tax	15,830	6,954	-	-
Value Added Tax	206,472	98,370	-	-
	222,302	106,136	-	-

NOTES TO THE FINANCIAL STATEMENTS

24. CASH & CASH EQUIVALENTS

As at	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Favorable Balance				
Fixed Deposits	7,975	7,149	-	-
Cash at Bank	916,569	582,611	106,113	139,028
Cash in Hand	62,686	25,278	1,024	841
	987,230	615,038	107,137	139,869
Unfavorable Balance				
Bank Overdraft	(1,158,038)	(1,144,667)	(232,832)	(345,448)
	(170,808)	(529,629)	(125,695)	(205,579)

25. STATED CAPITAL

As at	31.03.2025		31.03.2024	
	Number of Shares	Value of Shares Rs.'000	Number of Shares	Value of Shares Rs.'000
Fully Paid Ordinary Shares	51,470,757	1,282,697	51,470,757	1,282,697

The holders of ordinary shares are entitled to receive dividend as declared from time to time and are entitled to one vote per individual present at meetings of the shareholders or one vote per share in the case of a poll.

26. CAPITAL RESERVES

	Other Capital Reserves Rs'000	Revaluation Reserves Rs'000	FVOCI Reserves Rs'000	Total Rs.'000
Consolidated				
Restated Balance as at 01st April 2024	4,833	3,094,241	8,818	3,107,892
Gain on Financial Assets Measured at FVOCI (Net of Tax)	-	-	27,525	27,525
Revaluation Gain on Lands (Net of Tax)	-	815,339	-	815,339
Balance as at 31st March 2025	4,833	3,909,580	36,343	3,950,756
Company				
Balance as at 01st April 2024	-	573,190	35,366	608,556
Gain on Financial Assets Measured at FVOCI (Net of Tax)	-	-	12,671	12,671
Revaluation Gain on Lands (Net of Tax)	-	46,660	-	46,660
Balance as at 31st March 2025	-	619,850	48,037	667,887

26.1 Other Capital Reserves

The amount set aside out of the retained profits by C. W. Mackie PLC as Export Development Grant Reserve.

26.2 Fair Value through OCI Reserves

The amount set aside out of retained profits for the changes in the fair value of investments is classified as Fair Value through OCI.

26.3 Revaluation Reserve

The revaluation reserve comprise of the gain from revaluation of land and buildings. This reserve is realized upon the derecognition of the revalued property.

27. INTEREST BEARING BORROWINGS

As at		Consolidated		Company	
		31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Payable after one year					
Long Term Loans	(Note 27.1)	4,327,117	4,193,908	1,901,965	1,503,968
Loans Payable to Related Parties	(Note 27.3)	26,590	26,590	160,542	203,110
		4,353,707	4,220,498	2,062,507	1,707,078
Payable within one year					
Long Term Loans	(Note 27.1)	1,211,136	1,597,933	452,654	706,040
Short Term Loans	(Note 27.2)	9,040,027	6,205,901	2,989,849	1,873,560
Interest Payable		487,882	322,494	131,219	133,837
		10,739,045	8,126,328	3,573,722	2,713,437
Loans Payable to Related Parties	(Note 27.3)	389,664	193,419	120,369	95,369
Total		11,128,709	8,319,747	3,694,091	2,808,806
Total Interest Bearing Borrowings		15,482,416	12,540,245	5,756,598	4,515,884

27.1 Long Term Loans

As at	Consolidated		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Balance at the Beginning	5,791,841	5,937,386	2,210,008	2,191,825
Loans Obtained During the Year	1,045,677	1,901,388	123,000	325,000
Transfer From Short Term Loans	400,000	-	400,000	-
Effects on Foreign Currency Fluctuations	(21,019)	(87,867)	-	-
Payments Made During the Year	(1,678,246)	(1,959,066)	(378,389)	(306,817)
Balance at the End	5,538,253	5,791,841	2,354,619	2,210,008
Payable Within One Year	1,211,136	1,597,933	452,654	706,040
Payable After One Year	4,327,117	4,193,908	1,901,965	1,503,968

27.2 Short Term Loans

As at	Consolidated		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Term Loans	6,132,543	4,178,630	942,045	285,000
Trust Receipt Loans	2,907,484	2,027,271	2,047,804	1,588,560
	9,040,027	6,205,901	2,989,849	1,873,560

NOTES TO THE FINANCIAL STATEMENTS

27. INTEREST BEARING BORROWINGS (CONTD.)

27.3 Loans Payable to Related Parties

As at	Consolidated		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Balance at the Beginning	220,009	171,824	298,479	311,368
Loans Transferred / Obtained During the Year	235,000	48,185	160,000	127,000
Payments Made During the Year	(38,755)	-	(177,568)	(139,889)
Balance at the End	416,254	220,009	280,911	298,479
Loans Payable to Related Parties are as Follows:				
The Colombo Fort Land & Building PLC	20,576	23,085	10,000	-
Darley Butler & Co. Ltd.	100,000	-	-	-
Sigiriya Village Hotels PLC	-	-	60,369	60,369
Colombo Fort Hotels Ltd.	-	-	-	35,000
SunAgro LifeScience Ltd.	-	-	210,542	203,110
E.B. Creasy & Company PLC	134,088	170,334	-	-
Agarapatana Plantations PLC	161,590	26,590	-	-
	416,254	220,009	280,911	298,479
Payable Within One Year	389,664	193,419	120,369	95,369
Payable After One Year	26,590	26,590	160,542	203,110

Following interest rates are applied on the outstanding balance by the Company.

Party	Interest Rate
Sigiriya Village Hotels PLC	AWPLR + 2%
Colombo Fort Land & Building PLC	AWPLR + 2%
SunAgro LifeScience Ltd.	AWPLR + 3.75%/2%

Following interest rates are applied on the outstanding balance by the Group.

Party	Interest Rate
The Colombo Fort Land & Building PLC	AWPLR + 2%
E.B. Creasy & Company PLC	AWPLR + 2%
Agarapatana Plantations PLC	AWPLR + 2%
Darley Butler & Co. Ltd.	AWPLR + 2%

27.4 Assets Pledged as Security Against Interest Bearing Borrowings

Company	Lender	Balance as at 31.03.2025 Rs.'Mn	Balance as at 31.03.2024 Rs.'Mn	Terms of Repayment	Security Pledged
Lankem Ceylon PLC	**Sampath Bank PLC**				
	Loan 1	30.11	44.36	In January 2025, existing loan Rs. 189.888 Mn was convert to new reschedule facility payable over 15 monthly installments on 26th of each month as follows, together with interest. 1-3 months - Rs.2.625 Mn, 4-14 months - Rs.8.130 Mn and 15th month - Rs.10.458 Mn.	(a) Term Loan Agreement of Rs.60.11 Mn. (b) Term Loan Agreement of Rs.189.888 Mn. (C) Corporate guarntee of E.B. Creasy & Company PLC for Rs. 250 Mn.(d) Corporate guarantee of E.B. Creasy & Co PLC for Rs.200 Mn. (e) Hypothecation bond over stock and book debts for Rs.450 Mn over stocks lying at Makandura industrial zone (west) Pannala and book debts of the Company.
	Loan 2	99.89	142.64	In January 2025, existing loan Rs. 60.112 Mn was convert to new reschedulement facility payable over 14 monthly instalments on 26th of each month as follows, together with interest. 1-2 months - Rs.0.875 Mn, 3-13 months - Rs.2.71 Mn and 14th month - Rs.0.302 Mn.	
	Commercial Bank of Ceylon PLC				
	Loan 1	-	2.80	In 60 monthly installments of Yr -1 Rs. 0.5 Mn , Yr -2 Rs. 2 Mn, Yr- 3 Rs. 3 Mn , Yr- 4 Rs. 5 Mn , Yr -5 Rs. 6 Mn for 11 months and a final installment of Rs. 8 Mn together with interest payable monthly on reducing balance of capital.	a) Primary Mortgage for Rs.200 Mn over land at Ja-ela. b) Secondary Mortgage Bond No.528 dated 07-04-1998 for Rs.50 Mn executed over above property. c) Tertiary Mortgage Bond for Rs. 307 Mn executed over above property. d) Additional Mortgage Bond for Rs.400 Mn over stocks and assignment of book debts to be executed by the Company. (e) Corporate guarantee of E.B. Creasy & Company PLC Rs. 382 Mn
	Loan 2	-	11.60	In 60 monthly installments of Yr -1 Rs. 0.1 Mn , Yr -2 Rs. 0.4 Mn, Yr- 3 Rs. 0.6 Mn , Yr- 4 Rs. 1 Mn , Yr -5 Rs. 1.2 Mn for 11 months and a final installment of Rs. 1.6 Mn together with interest payable monthly on reducing balance of capital.	

NOTES TO THE FINANCIAL STATEMENTS

27. INTEREST BEARING BORROWINGS (CONTD.)

27.4 Assets Pledged as Security Against Interest Bearing Borrowings (Contd.)

Company	Lender	Balance as at 31.03.2025 Rs.'Mn	Balance as at 31.03.2024 Rs.'Mn	Terms of Repayment	Security Pledged
	Loan 3	375.00	-	In 60 monthly installments of Yr - 1 equal installments of Rs. 5 Mn, Yr - 2 equal installments of Rs. 5.5 Mn, Yr - 3 equal installments of Rs. 6.5 Mn, Yr - 4 equal installments of Rs. 7.5 Mn, Yr - 5 equal installments of Rs. 8.75 Mn, and a final installment of Rs. 9.75 Mn together with interest payable monthly on reducing balance of capital.	(a) Primary Mortgage for Rs. 200 Mn over land at Ja-ela. (b) Secondary Mortgage Bond No. 528 dated 07-04-1998 for Rs.50 Mn executed over above property. (c) Tertiary Mortgage Bond for Rs. 307 Mn over above property. (d) Additional Mortgage Bond for Rs.400 Mn over stocks and assignment of book debts to be executed by th Company. (e) Corporate guarantee of E.B. Creasy & Company PLC Rs. 382 Mn (f) Corporate guarantee of E.B. Creasy & Company PLC Rs. 215 Mn
	Loan 4	55.00	-		
	Peoples' Bank				
	Loan 1	498.00	504.95	In September 2022, Existing loan Rs. 515 Mn was convert to new reschedulement facility payable over 96 installments inclusive of 12 months capital grace period.	Mortgage over stocks and Book debts and a Corporate Gurantee from SunAgro LifeScience Ltd. for Rs.515 Mn.
	Loan 2	216.43	216.47	Payable over 10 quarterly installments.	Stock in Trade & Book debts, Company Indemnity
	Loan 3	73.80	83.20	Payable over 96 Monthly installments.	
	Loan 4	43.40	48.60	Payable over 96 Monthly installments.	
	Loan 5	24.00	30.20	Payable over 60 Monthly installments.	
	Loan 6	8.90	11.80	Payable over 60 Monthly installments.	
	National Development Bank PLC				
	Loan 1	-	86.98	In June 2024 existing loan convert to new reschedulment facility payable over 9 installments from April 2024 to December 2024 inclusive of interest.	Mortgage over stocks and book debts
	Bank of Ceylon				
	Loan 1	-	6.63	In 60 monthly installments inclusive of 12 months grace period.	
	Nations Trust Bank PLC				
	Loan 1	245.62	252.38	In June 2022 existing loan was converted to new reschedulement facility. Payable over 62 installments inclusive of interest.	(a) Mortgage over stocks and book debts of Rs. 300 Mn. (b) Corporate gurantee from SunAgro Lifescience Ltd. For Rs.300 Mn. (c) Letter of comfort from Colombo Fort Land & Building PLC.
	Peoples Leasing & Finance PLC				
	Loan 1	28.01	50.11	In February 2023, existing loan was converted to new reschedule facility, payable over 36 installments, Rs. 2,872,608/- per month (Installment amount can be varied due to revision of AWPLR)	Corporate guarantee from SunAgro LifeScience Ltd. for Rs. 65.53 Mn.

Company	Lender	Balance as at 31.03.2025 Rs.'Mn	Balance as at 31.03.2024 Rs.'Mn	Terms of Repayment	Security Pledged
	Loan 2	145.75	162.63	Repayable within 6 years with a grace period of 12 months. 1-1 months -Rs. 3 Mn, 2-19 months - Rs.3 Mn, 20-48 months - Rs.5,325,727/-.	Corporate gurantee from SunAgro Lifescience Ltd. For Rs.185.11 Mn.
	Pan Asia Banking Corporation PLC				
	Loan 1	52.27	66.89	Repayable within 6 years with a grace period of 12 months	Floating Mortgage Bond for Rs.150 Mn over stocks stored at Lankem Paint factory, Horncastle Estate,Kanuwana, Ja-Ela together with an assignment over book debts (Mortgage bond No.313 of 20/11/2008) Pledge over trading shares for Rs 147 Mn held in Slash Account.
	Siyapatha Finance PLC				
	Loan 1	-	5.36	Payable over 48 monthly installments (Commenced from 10th January 2021).	Corporate Guarantee from J.F.Packaging Ltd. for Rs.14.5 Mn
	Loan 2	157.44	157.46	Payable over 96 monthly installments (Commencing from 10th January 2021).	Corporate Guarantee from J.F.Packaging Ltd. for Rs.157.59 Mn
	Hatton National Bank PLC			Payable over 72 monthly installments. 1-12 months -Rs. 2 Mn, 12-24 months - Rs.3 Mn, 24-36 months - Rs.4 Mn, 36-48 months -Rs.5 Mn, 48-60 months - Rs. 6.25 Mn, 61-71 months - Rs. 7 Mn, Last installment - Rs. 5 Mn.	Secondary floating mortgage for Rs.325Mn over commercial property (Free Hold) belonging to union Commodities (Pvt) Ltd. at No. 79, Biyagama Road, Talwatte, Kelaniya to the extent of 3A 3R 11.2P including machinery and buildings.
	Loan 1	301.00	325.00		
		2,354.62	2,210.06		
Beruwala Resorts PLC					
	Cargills Bank PLC				
	Term Loan USD	172.10	311.7		Primary mortgage over land and buildings of B.O.T. Hotel Services (Pvt) Ltd. situated at Weligama.
	Term Loan LKR	174.88	123.23		Corporate guarantee of Colombo Fort Land and Buildings PLC Rs. 25 Mn
		346.98	434.93		
Sigiriya Village Hotels PLC	**Sampath Bank PLC**				
	Term Loan	115.45	192.63	Repayable over 35 monthly installments.	Primary Mortage Bond for Rs.195,000,000/- over leasehold right of property at No.01, Hotel Road Sigiriya owned by the Sri Lanka Tourism Development Authority. Also depicted as Lot No. 217B and 217C in survey Plan No.2356 dated 22nd January 1979 made by Mr. H.Anil Peris (Licensed Surveyor)
		115.45	192.63		

NOTES TO THE FINANCIAL STATEMENTS

27. INTEREST BEARING BORROWINGS (CONTD.)

27.4 Assets Pledged as Security Against Interest Bearing Borrowings (Contd.)

Company	Lender	Balance as at 31.03.2025 Rs.'Mn	Balance as at 31.03.2024 Rs.'Mn	Terms of Repayment	Security Pledged
Marawila Resorts PLC	**Commercial Bank of Ceylon PLC**				
	Loan 1 - LKR	80.8	93.69	Repayable over 48 monthly installments, as advice by the bank.	Floating Primary Mortgage Bond No.5484 dated 26.03.2019 for Rs. 120,000,000/- executed over the property situated at "Club Palm Bay". Thalwilawella, Marawila more fully depicted as Lots 03 to 09 in Plan No. 5656 dated 16.10.2016 drawn by Mr. W S S A Fernando (L/S) in extent of A 24: R:0 P 2.7 owned by Marawila Resorts PLC.
	Loan 2 - LKR	81.74	-	Repayable over 60 monthly installments, per monthly Rs.1.5 Mn.	
	Loan 3 - USD	159.74	372.58	Total of existing USD term loan outstanding is USD 631,376/- which should be repaid in 60 monthly installments	Floating Primary Mortgage Bond No.5484 dated 26.03.2019 for Rs. 120,000,000/- executed over the property situated at "Club Palm Bay". Thalwilawella, Marawila more fully depicted as Lots 03 to 09 in Plan No. 5656 dated 16.10.2016 drawn by Mr. W S S A Fernando (L/S) in extent of A 24: R: 0 P 2.7 owned by Marawila Resorts PLC.
		322.28	466.27		
Galle Fort Hotels (Pvt) Ltd.	**Cargills Bank PLC**				Primary mortgage bond over property mentioned as Lot X in the plan No.130 and Lot A and B in plan No.151 situated at Fort Village in the Gramasewa Division of Fort 96D in the district of Galle.
	Loan 1 - LKR	73.63	95.52	Repayable over 24 equal monthly installements	
	Loan 2 - LKR	-	5.24	Repayable over 24 equal monthly installements	
	Loan 3 - USD	171.83	174.63	Repayable over 24 equal monthly installements	
		245.46	275.39		
JF Packaging Ltd.	**Sampath Bank PLC**				
	Loan 1	22.98	56.25	Repayable over 60 monthly installments, 01-12 months - Rs. 0.32Mn, 13-24 months - Rs.1 Mn, 25-36 months - 1.75 Mn, 37-48 months - Rs. 2.25Mn, 49- 60 months - Rs.3 Mn.	Corporate guarantee of Lankem Ceylon PLC for Rs.98.87 Mn mortgage over shares of Alliance Five (Pvt) Ltd.
	Loan 2	6.03	14.74	Repayable over 60 monthly installments, 01-12 months - Rs. 0.12 Mn, 13- 24 months - Rs.0.25 Mn, 25-36 months - Rs. 0.45 Mn, 37-48 months - Rs. 0.58 Mn, 49- 60 months - Rs.74 Mn.	Mortgage over Dry laminating machine and related equipment's
	Loan 3	0.40	0.90	Repayable over 60 monthly installments of Rs.47,500/-	

Company	Lender	Balance as at 31.03.2025 Rs.'Mn	Balance as at 31.03.2024 Rs.'Mn	Terms of Repayment	Security Pledged
	Bank of Ceylon				
	Loan 1	51.57	74.42	Repayable over 72 monthly installments, 01-12 months - Rs. 0.5 Mn, 13-24 months - Rs.0.75 Mn, 25-36 months - Rs. 1.702 Mn, 37-48 months - Rs. 2.119 Mn, 49- 60 months - Rs.2.536 Mn, 61-72 months - Rs.2.607 Mn.	Primary mortgage of Land, building and machinery situated at No.306, Minuwangoda Road, Kotugoda.
	Loan 2	27.64	52.48	Repayable over 60 monthly installments, 01-12 months - Rs. 0.5 Mn, 13-24 months - Rs.0.75 Mn, 25-36 months -Rs. 1.00 Mn, 37-48 months - Rs. 1.333 Mn, 49- 60 months - Rs.1.415 Mn.	
	Loan 3	44.72	82.14	Repayable over 72 monthly installments, 01-12 months - Rs. 0.5 Mn, 13-24 months - Rs.0.75 Mn, 25-36 months - Rs.1.00 Mn, 37-48 months - Rs. 1.828 Mn, 49- 60 months - Rs.1.995 Mn, 61-72 months - Rs.2.397 Mn.	
	Loan 4	161.85	219.55	Repayable over 5 years in equal monthly capital of Rs. 4,927,975/-	Mortgage over stock and book debts held at factory premises at No. 306, Menuwangoda Road, Kotugoda.
	Loan 6	152.76	211.9	Repayable over 72 monthly installments, 01-12 months - Rs. 0.5 Mn, 13-24 months - Rs.1.00 Mn, 25-36 months - Rs.3.283 Mn, 37-48 months - Rs. 4.283 Mn, 49- 60 months - Rs.5.033 Mn, 61-72 months - Rs.2.599 Mn.	Primary mortgage of Land, building and machinery situated at No.306, Minuwangoda Road, Kotugoda.
	Nation Trust Bank PLC				Mortgage over stocks and book debts held at factory premises at No:306,Minuwangoda Road, Kotugoda.
	Loan 1	91.27	107.20	Repayable over 48 monthly installments	
	Siyapatha Finance PLC	29.82	53.76	Repayable over 37 monthly installments, 1-36 Months Rs. 2Mn and Final installment of Rs. 58.82Mn	Corporate guarantee from Ceylon Tapes (Pvt) Ltd. and the loan agreement for Rs.100Mn
		589.04	873.35		
C.W.Mackie PLC	**Commercial Bank of Ceylon PLC**				
	Loan 1	100.00	128.57	Repayable over 60 monthly installments.	Mortgage bond over the machinery valued Rs.1.7 Mn at Kaluaggala, Hanwella
	Loan 2	0.17	0.54	Repayable over 60 monthly installments.	Floating primary mortgage bond over property situated at Mungama, Horana
	Hatton National Bank PLC	22.41	51.16	Repayable over 42 monthly installments.	Floating primary mortgage bond over property situated at Mungama, Horana
		122.58	180.27		

NOTES TO THE FINANCIAL STATEMENTS

27. INTEREST BEARING BORROWINGS (CONTD.)

27.4 Assets Pledged as Security Against Interest Bearing Borrowings (Contd.)

Company	Lender	Balance as at 31.03.2025 Rs.'Mn	Balance as at 31.03.2024 Rs.'Mn	Terms of Repayment	Security Pledged
SunAgro LifeScience Ltd.	**Commercial Bank of Ceylon PLC**	-	78.75	Repayble within 4 months.	Corporate guarantee from Lankem Ceylon PLC amounting to Rs.100 Mn.
	Peoples Leasing & Finance PLC				
	Loan 1	90.88	110.49	Repayable over a period of 60 months commencing form 01st May 2022; 01-60 month - Rs .3,743,624/-,	Corporate Guarantee from Lankem Ceylon PLC amounting to Rs.176,195,001.72/-.
	Hatton National Bank PLC				
	Loan 1	178.14	207.51	To be repaid over a period of five years follows together with interest after an initial grace period of 12 months.0-12 months - Grace Period, 13-36 months Rs.6.25 Mn per month 27-48 Mnnths Rs.7.8 Mn per month and 48-60 Months Rs.10.94 Mn per month	Corporate Guarantee from Lankem Ceylon PLC amounting to Rs.375 Mn.
	Loan 2	-	114.17	To be repaid within 4 months from date of the offer letter	Corporate Guarantee from Lankem Ceylon PLC amounting to Rs.120 Mn.
	Siyapatha Finance PLC	-	1.91	In September 2022, existing loan was converted to new reschedulement facility. Repayable over 19 monthly installments; 01-18 month - Rs .1,650,000/-, Final Payment -Rs.1,570,830.50 /-.	(a) Lankem Ceylon PLC for Rs.24,779,083.70/- corporate guarantee. (b) A loan agreement for Rs.24,779,083.70/- (c) Negative pledge over moveble and immovable assets owned by the Company.
		269.02	510.62		
ACME Printing and Packaging PLC	**Seylan Bank PLC**	20.83	-	Repayable in monthly installments commencing from Oct 2024	Monthly transfer of Rs.0.15 mn to savimgs account.
	National Development Bank PLC				
	Loan 1	39.10	52.90	Repayable in 54 equal monthly installments commencing from May 2023	Primary Mortgage Bond over stocks and book debt of the borrowers and monthly transfer of Rs. 0.1 Mn to savings accounts
	Loan 2	31.48	42.22	Repayable in 53 equal monthly installements commencing from May 2023	
	Loan 3	-	15.56	Repayable in 17 equal monthly installements commencing from May 2023	
	Softlogic Finance PLC	39.20	29.46	Repayable in 60 monthly installements commencing from May 2023.	N/A
		130.61	140.14		

Company	Lender	Balance as at 31.03.2025 Rs.'Mn	Balance as at 31.03.2024 Rs.'Mn	Terms of Repayment	Security Pledged
ACME Packaging Solutions (Pvt) Ltd.	**Sampath Bank PLC**	42.89	43.25	Repayable in equal monthly installments commencing from December 2018	Mortage of Rs. 90 Mn over Machinery owened by ACME Packaging Solution.
	National Development Bank PLC				
	Loan 1	20.59	26.64	Repayable in 53 equal monthly installments commencing from May 2023	Primary Mortgage Bond over stocks & book debt of the borrowers and Monthly transfer of 0.10 Mn to Savings Account.
	Loan 2	-	6.47	Repayable in 17 equal monthly installments commencing from May 2023	
	Softlogic Finance PLC	126.82	96.88	Repayable in 60 equal monthly installments commencing from May 2023	N/A
		190.30	173.20		
Sherwood Holidays Ltd.	**Cargills Bank PLC**	5.00	10.00	Temporary Loan	Double Cab - Vehicle
		5.00	10.00		
Ceylon Tapes (Pvt) Ltd.	**Hatton National Bank PLC**	325.00	325.00	Repayable over 7 years in 84 month installments 01-12 month - interest only 13-24 month - Rs. 0. 9 Mn 25-36 month-Rs.3.4 Mn 37-48 month-Rs.3.9 Mn 49-60 month-Rs.5.9 Mn 61-72 month-Rs.6.5 Mn 78-78 month-Rs.7.05 Mn 79-83 month-Rs. 8.06 Mn 84 month-Rs.7.14 Mn	Commercial Propesty owened by Union Commodity (Pvt) Ltd, No. 79, Biyagama Road, Talwatte, Kelanya
		325.00	325.00		
Lankem Minerals Ltd.	**Hatton National Bank PLC**	521.91	-	Payable over a period of 72 Months inclusive of an initial capital grace period of 12 months & capital - 60 monthly installments of Rs. 10.0Mn each.	a) Corporate Guarantee of Lankem Ceylon Plc. For Rs, 1,800.0 Mn. b) Corporate Guarantee of Sunagro LifeScience Ltd. for Rs, 1,800.0 Mn. c) Agreement to Mortgage over land, building and machinery including project_ assets at Oyamaduwa Village, Oyamaduwa along with a special Power of Attorney d) Assignment of all project documents, receivables, insurance etc. in favour of the bank by way of additional Mortgage Bond. e) Mortgage over 70,012,500 No of shares of Lankem Minerals Ltd. along with a special Power of Attorney.
		521.91	-		
		5,538.25	5,791.84		

28. LEASE LIABILITIES

As at	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Balance as at 01st April	279,245	281,551	27,821	10,473
Leases Obtained During the Year	104,896	68,215	-	28,406
Payments Made During the Year	(115,802)	(124,251)	(13,499)	(13,885)
Interest Charged During the Year	47,325	55,912	4,465	5,009
De-Recognition of Interest Due to Termination During the Year	(963)	(2,182)	(963)	(2,182)
Balance at the End of the Year	314,701	279,245	17,824	27,821
Amounts Recognised in Profit and Loss				
Amortisation on Right-of-Use-Assets	81,269	87,206	10,527	10,814
Interest Charged During the Year	47,325	55,912	4,465	5,009
Amounts Recognised in Cash Flow				
Payments Made During the Year	(115,802)	(124,251)	(13,499)	(13,885)

28.1 Maturity Analysis

As at	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Payable Within One Year	72,108	67,504	7,766	9,524
Payable After One Year	242,593	211,741	10,058	18,297
	314,701	279,245	17,824	27,821

29. DEFERRED INCOME

As at	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
At the Beginning of the Year	64,560	23,453	-	-
Grants Received During the Year	4,567	41,107	-	-
At the End of the Year	69,127	64,560	-	-
Amortisation				
At the Beginning of the Year	38,074	22,747	-	-
Amortisation for the Year	8,375	15,327	-	-
At the End of the Year	46,449	38,074	-	-
Net Deferred Income	22,678	26,486	-	-

Consolidated

C.W.Mackie PLC

C. W. Mackie PLC (CWM) has been awarded a government grant from Ministry of Plantation Industries, amounted to Rs. 4.6 Mn for the acquisition of peanut processing line and automated packing machines during the year ended 31st March 2025 and Rs.41 Mn during the year ended 31st March 2024. The government grant is recognised as deferred income and is being amortised over the useful life of the machinery.

Kelani Valley Canneries Ltd.

Kelani Valley Canneries Ltd. (KVC) has been awarded a government grant in December 2016 from Industrial Development Board of Ceylon, amounted to Rs. 0.5 Mn for the acquisition of fully automated jam cup filing machine at a total cost of Rs.1.3 Mn. During the year 2019/20, the Company has acquired an Automated Filling Machine at a total cost of Rs.2.2 Mn under a government grant scheme which was aimed at facilitating Micro Small and Medium Enterprises (MSME) engaged in food based products by supporting them with funds needed to acquire new technology or purchase modern machinery to enhance the quality or productivity of their production. Out of the approved grant, the Company has received Rs.1.54 Mn during the previous years and Rs.176,000/- during 2021/22. The government grant is recognised as deferred income and is being amortised over the useful life of the machinery.

In accordance with the term of the grant KVC has started the production with above machineries and shall not dispose, assign, pledge, mortgage, gift, or let rent the machinery for a period of five years from the date of purchase.

30. DEFERRED TAX (LIABILITIES) /ASSETS

As at		Consolidated		Company	
		31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Balance at the Beginning of the Year		(1,449,106)	(1,146,380)	225,557	263,927
Recogised Through Profit or Loss	30.1	(161,874)	37,806	(68,492)	22,522
Recogised Through OCI	30.2	(441,493)	(340,532)	(7,536)	(60,892)
Balance at the End of the Year	30.3	(2,052,473)	(1,449,106)	149,529	225,557

30.1 Recognised in Profit or Loss for the Year

As at	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Due to Change in Temporary Differences	(161,874)	37,806	(68,492)	22,522
	(161,874)	37,806	(68,492)	22,522

30.2 Recognised through OCI

As at	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Due to Change in Temporary Differences	(441,493)	(340,532)	(7,536)	(60,892)
	(441,493)	(340,532)	(7,536)	(60,892)

NOTES TO THE FINANCIAL STATEMENTS

30. DEFERRED TAX (LIABILITIES) /ASSETS (CONTD.)

30.3 Deferred Tax (Liabilities)/Assets

The composition of deferred tax (liabilities)/assets as at 31st March 2025 are as follows:

As at	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Defined Benefit Obligations	166,053	132,323	83,919	65,603
Tax Losses Carried Forward	546,566	665,405	161,197	167,156
Provision for Impairment of Trade Receivables	242,768	223,100	90,541	77,537
Provision for Obsolete Inventories	122,039	88,031	36,922	26,090
Unclaimed Finance Cost	76,039	179,557	55,489	157,224
Lease Liability	(35,160)	(11,890)	5,347	8,346
Gain on FVTOCI Investments	17,603	17,883	13,778	14,058
Property, Plant & Equipment	(867,709)	(867,712)	(21,194)	(31,217)
Revaluation Surplus	(2,339,012)	(1,874,703)	(265,650)	(245,653)
Intangible Assets	(1,281)	(579)	(1,281)	(579)
Unrealised Foreign Exchange Gain	902	4,435	-	-
Right of Use Assets	18,719	(4,956)	(9,539)	(13,008)
Net Deferred Tax (Liabilities) / Assets	(2,052,473)	(1,449,106)	149,529	225,557

30.4 Accumulated Tax Losses

As per the Gazette notification issued in relation to the transitional provisions, any unclaimed losses as at 31st March 2018, is deemed to be a loss incurred for the year of assessment commencing on or after 1st April 2018 and shall be carried forward up to 6 years. Accordingly the Group has evaluated the recoverability of unclaimed losses through taxable profit forecasts and deferred tax assets have been recognised.

The deferred tax asset arising from accumulated tax losses carried forward was recognized only up to the extent of the expected future taxable profits. In estimating the future taxable profits, the Company / Group has considered the expected level of future business operations along with the impact of the implementation of new strategic plan.

30.5 Uncliamed Finance Cost

As per the Subsection (3) of Section 18 of the Inland Revenue Act No. 24 of 2017, finance cost for which a deduction is denied as a result of Subsection (1) of the same section, may be carried forward and treated as incurred during any of following six years of assessment, only to the extent of any unused limitation in Subsection (2) of the same section for the year. Accordingly, the Group has evaluated the recoverability of unclaimed finance costs and assets have been recognized.

30.6 Revaluation Surplus on Freehold Land and Buildings

As per Section 6 and Chapter IV of the Inland Revenue Act No. 24 of 2017, free hold lands used for business or investment purpose would be liable to tax at the time of realisation. Accordingly, deferred tax is recognised on the revaluation surplus of freehold lands which are treated as capital assets used in the business for tax purpose.

30.7 Tax Rates - Substantively Enacted as at the Reporting Date

The Group / Company has considered the tax rates substantively enacted as at 31st March 2025 in calculating the deferred tax liabilities /assets. Following tax rates enacted in the Inland Revenue (Amendment) Act No 45 of 2022 have been considered as the rates that were substantively enacted as at the reporting date.

As such, following tax rates have been used by the Group in calculating deferred tax assets / liabilities as at 31st March 2025.

Company	Tax Rates used as at	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Lankem Ceylon PLC	30%	30%
Marawila Resorts PLC	30%	30%
JF Packaging Ltd.	30%	30%
SunAgro LifeScience Ltd.	30%	30%
Sigiriya Village Hotels PLC	30%	30%
Beruwala Resorts PLC	30%	30%
B.O.T. Hotel Services (Pvt) Ltd.	30%	30%
Galle Fort Hotel Ltd.	30%	30%
C.W. Mackie PLC	30%	30%
Alliance Five (Pvt) Ltd.	30%	30%
Kiffs (Pvt) Ltd.	30%	30%
Ceylon Tapes (Pvt) Ltd.	30%	30%
Nature's Link Ltd.	30%	30%
ACME Printing & Packaging PLC	30%	30%
Lankem Minerals Ltd.	30%	30%

30.8 Deferred Tax Assets not Recognised

(a) No provision has been made for deferred tax in the financial statements of Imperial Hotels Ltd. (Previously known as York Hotels (Kandy) Ltd.) as no material temporary differences have arisen during the year which are expected to reverse in the future.

(b) Deferred tax assets have not been recognised in respect of accumulated tax losses on the following companies:

As at	31.03.2025		31.03.2024	
	Temporary Differences Rs. Mn	Deferred Tax Asset Rs. Mn	Temporary Differences Rs. Mn	Deferred Tax Asset Rs. Mn
Lankem Consumer Products Ltd.	-	-	41	12
Lankem Chemicals Ltd.	-	-	5	1
Lankem Ceylon PLC	-	-	1,646	494
ACME Printing and Packaging PLC	1,113	334	1,018	305
ACME Packaging Solutions (Pvt) Ltd.	610	183	615	185
Kelani Valley Canneries Ltd.	46	14	56	17
Ceytra (Pvt) Ltd.	79	24	64	19
Lankem Minerals Ltd.	564	169	-	-
	2,412	724	3,445	1,033

31. RETIREMENT BENEFIT OBLIGATIONS

As at	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Present Value of the Funded Obligations (Note 31.2)	435,269	394,891	279,729	218,678
Present Value of the Unfunded Obligations (Note 31.3)	282,911	181,442	-	-
Present Value of the Obligations	718,180	576,333	279,729	218,678
Fair Value of Retirement Benefit Assets (Note 31.1)	(123,319)	(110,718)	(6,667)	(5,646)
Present Value of Net Obligations	594,861	465,615	273,062	213,032

Company

An Actuarial valuation has been carried out as at 31st March 2025 by Messrs. Actuarial and Management Consultants (Private) Ltd. as required by the Sri Lanka Accounting Standard 19 'Employee Benefits'.

Plan Assets of the Company are held by an approved external gratuity fund where it invests in insurance scheme amounting to Rs.6.67 Mn. as at the date of Statement of Financial Position.

The valuation method used by the actuary is the 'Project Unit Credit Method', the method recommended by Sri Lanka Accounting Standard 19 -'Employee Benefits'.

31.1 Fair Value of Retirement Benefit Assets

As at	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Movements in Fair Value of Plan Assets				
Fair Value of Plan assets at the Beginning of the Year	110,718	100,862	5,646	5,087
Contribution Paid to the Plan Assets	23,637	22,391	-	-
Expected Return on Plan Assets	12,273	16,107	678	992
Benefits paid by the Plan Assets / the Company	(18,591)	(24,165)	-	-
Actuarial Losses	(4,718)	(4,477)	343	(433)
Fair Value of Retirement Benefit Assets	123,319	110,718	6,667	5,646

31.2 Present Value of the Funded Obligations

For the Year Ended	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Movement in Present Value of Funded Obligations				
Balance at the Beginning of the Year	394,891	317,963	218,678	149,402
Transfer Out	-	-	(3,098)	-
Provision for the Year	41,899	36,242	43,092	42,425
	436,790	354,205	258,672	191,827
Benefits Paid by the Plan Assets / the Company	(10,241)	(25,784)	(21,412)	(5,673)
Actuarial (Gains)/Losses	8,720	66,470	42,469	32,524
Present Value of Defined Benefit Obligations	435,269	394,891	279,729	218,678

For the Year Ended	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Expenses Recognised in the Statement of Profit or Loss				
Current Service Cost	18,179	10,860	16,851	13,293
Interest Cost	23,720	25,382	26,241	29,132
	41,899	36,242	43,092	42,425
Expected Return on Plan Assets	(12,273)	(16,107)	(678)	(992)
	29,626	20,135	42,414	41,433
Gain Recognise in OCI	8,720	66,470	42,469	32,524
	8,720	66,470	42,469	32,524

31.3 Present Value of the Unfunded Obligations

As at	Consolidated	
	2025 Rs.'000	2024 Rs.'000
Movement in Present Value of Unfunded Obligations		
Balance at the Beginning of the Year	181,442	65,899
Transfer Out	(8,748)	-
Provision for the Year	81,855	71,571
	254,549	137,470
Gratuity Paid	(37,869)	(34,797)
Actuarial Losses	66,231	78,769
Present Value of Defined Benefit Obligations	282,911	181,442
Expenses Recognised in the Statement of Comprehensive Income		
Current Service Cost	42,302	28,543
Interest on Obligations	39,553	43,028
Provision for the Year	81,855	71,571
Net Actuarial Losses	66,231	78,769
	148,086	150,340

Consolidated

(i) The retirement benefit obligations as at 31st March 2025 for Marawila Resorts PLC, Sigiriya Village Hotels PLC, Beruwala Resorts PLC and C.W.Makie PLC are based on actuarial valuation carried out by Messrs. Piyal S. Goonethilleke and Associates as per which liability as at 31st March 2025 were Rs. 19.3 Mn, Rs. 21.6 Mn, Rs. 15.1 Mn and Rs. 155.2 Mn respectively.

ii) JF Packaging (Pvt) Ltd. The retirement benefit obligations as at 31st March 2025 is based on actuarial valuation carried out by Messrs. Actuarial and Management Consultants (Private) Ltd. as per which liability as at 31st March 2025 was Rs.27.9 Mn.

iii) LKAS 19 - 'Employee benefit' requires to apply Project Credit Unit method to make a reliable estimate of the retirement benefit obligation in order to determine the present value of the retirement benefit obligation. These key assumptions were made in arriving at the retirement benefit obligation as at 31st March 2025 in respect of following companies are stated below:

NOTES TO THE FINANCIAL STATEMENTS

31. RETIREMENT BENEFIT OBLIGATIONS (CONTD.)

31.3 Present Value of the Unfunded Obligations (Contd.)

Company Name	Expected Salary Increment Rate	Discount Rate	Liability as at 31.03.2025
Lankem Ceylon PLC	7.0%	10.0%	273
Marawila Resorts PLC	10.0%	11.0%	19
Sigiriya Village Hotels PLC	10.0%	11.1%	22
C.W. Mackie PLC	10.0%	11.0%	155
Beruwala Resorts PLC	10.0%	11.1%	15
SunAgro LifeScience Ltd.	7.0%	10.5%	2
Galle Fort Hotels (Pvt) Ltd.	7.5%	10.0%	6
Ceylon Tapes (Pvt) Ltd.	10.0%	11.0%	15
Lankem Paints Ltd.	7.0%	10.0%	15
JF Packaging (Pvt) Ltd.	10.0%	11.0%	28
Sherwood Holidays Ltd.	7.5%	10.0%	4
Alliance Five (Pvt) Ltd.	10.0%	11.0%	9
Kiffs (Pvt) Ltd.	10.0%	11.0%	5
ACME Printing and Packagaing PLC	10.0%	10.5%	27
			595

A long term treasury bond rate of 10% - 11.5% p.a. (2024-10% - 12.5%) has been used to discount future liability taking in to consideration remaining working life of employees.

31.4 Sensitivity of assumptions employed in actuarial valuation

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

Consolidated	2025		2024	
	Increase Rs.'000	Decrease Rs.'000	Increase Rs.'000	Decrease Rs.'000
Movement by 1%				
Discount Rate	(35,684)	39,647	(32,525)	35,585
Future salary scale	41,253	(38,349)	35,680	(33,101)

Company	2025		2024	
	Increase Rs.'000	Decrease Rs.'000	Increase Rs.'000	Decrease Rs.'000
Movement by 1%				
Discount Rate	(8,836)	9,454	(5,005)	17,374
Future salary scale	9,971	(9,467)	12,105	(11,140)

The following payments are expected from defined benefit obligation in future years

	Consolidated		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Within the next 12 months	109,796	66,894	41,215	18,104
Between 1-2 years	179,905	56,562	125,129	27,418
Between 2 -5 years	168,234	197,409	71,394	104,164
Between 5-10 years	184,675	380,745	26,051	30,981
Beyond 10 years	75,576	515,415	15,937	38,008
Weighted Average duration of Defined Benefit Obligation	6 years	6 years	3.5 years	5.6 years

32. TRADE AND OTHER PAYABLES

As at	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Trade Payables	3,179,190	2,660,107	1,159,381	1,082,133
Other Payables	1,266,153	831,169	268,620	225,612
Accrued Expenses	962,228	833,940	323,771	328,399
ESC Payable	-	4,929	-	-
WHT Payable	33,115	15,861	14,491	14,418
Unclaimed Dividend	29,397	27,632	11,953	12,050
NBT Payable	2,913	3,540	-	-
VAT Payable	415,013	312,399	242,870	186,893
Advance Received	123,469	135,716	-	-
Other Levies Payable	175,474	102,464	110,748	69,355
	6,186,952	4,927,757	2,131,834	1,918,860

33. RELATED PARTY TRANSACTIONS

33.1 Amounts Due from Related Parties - Trade

As at	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Subsidiaries				
C.W. Mackie PLC	-	-	498	383
Alliance Five (Pvt) Ltd.	-	-	199	277
Beruwala Resorts PLC	-	-	1,767	1,360
Marawilla Resorts PLC	-	-	9,277	4,249
B.O.T. Hotel Services (Pvt) Ltd.	-	-	242	331
Sigiriya Village Hotels PLC	-	-	4,416	2,024
Kiffs (Pvt) Ltd.	-	-	99	506
Lankem Minerals Ltd.	-	-	3,960	-
ACME Printing and Packaging PLC	-	-	-	10,456
Galle Fort Hotels (Pvt) Ltd.	-	-	337	1,274
ACME Packaging Solutions Ltd.	-	-	6,262	5,082
Affiliates				
Ceylon Trading Company Ltd.	-	437	-	-
Consolidated Tea Plantation Ltd.	678	678	-	-
E.B. Creasy & Company PLC	20,184	18,727	-	-
Candy Delights (Pvt) Ltd.	18,714	12,329	-	-
Union Commodities Ltd.	18,253	6,475	-	-
JF Lanka Hotels & Tours (Pvt) Ltd.	1,858	-	-	-
Sunquick Lanka (Pvt) Ltd.	7,131	-	-	-
Colombo Fort Group Services (Pvt) Ltd.	364	-	-	-
	67,182	38,646	27,057	25,942
Provision for Impairment of Amounts due from Related Parties - Trade (Note 33.1.1)	-	-	(1,735)	(2,356)
Net Carrying Amount	67,182	38,646	25,322	23,586

33.1.1 Movement of Provision for Impairment of Amounts due from Related Parties - Trade

As at	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Balance at the Beginning of the Year	-	-	2,356	2,208
(Reversal) / Provision for the Year	-	-	(621)	148
Balance at the End of the Year	-	-	1,735	2,356

33.1.2 Provision for Impairment of Amounts Due from Related Parties - Trade

As at	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Subsidiaries				
Beruwala Resort PLC	-	-	6	97
Marawila Resort PLC	-	-	142	426
B.O.T. Hotel Services (Pvt) Ltd.	-	-	51	47
Sigiriya Village Hotels PLC	-	-	76	213
Kiffs (Pvt) Ltd.	-	-	-	2
Alliance Five (Pvt) Ltd.	-	-	1	16
ACME Packaging Solutions Ltd.	-	-	1,435	469
C.W.Mackie PLC	-	-	3	1
ACME Printing & Packaging PLC	-	-	-	986
Sherwood Holidays Ltd.	-	-	21	99
	-	-	1,735	2,356

33.2 Amounts Due from Related Parties - Non Trade

As at	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Subsidiaries				
Associated Farms (Pvt) Ltd.	-	-	20,169	20,113
Lankem Consumer Products Ltd.	-	-	160,128	158,914
JF Packaging Ltd.	-	-	186	186
SunAgro Farms Ltd.	-	-	2,313	2,032
Lankem Exports (Pvt) Ltd.	-	-	35,681	35,470
Ceylon Tape (Pvt) Ltd.	-	-	6,838	9,101
Galle Fort Hotels (Pvt) Ltd.	-	-	18,000	18,000
ACME Packaging Solutions (Pvt) Ltd.	-	-	4,226	2,549
ACME Printing & Packaging PLC	-	-	52,520	24,639
Lankem Minerals Ltd.	-	-	-	242,692
Nature's Link Ltd.	-	-	5,344	5,198
Lankem Chemicals Ltd.	-	-	1,164	670
Lankem Research Ltd.	-	-	1,757	1,757
Affiliates				
E.B. Creasy & Company PLC	-	1,142	-	484
E.B. Creasy Logistic (Pvt) Ltd.	1,326	1,600	-	1,600
Darley Butler & Co Ltd.	170	193	-	158
Lankem Developments PLC	76,581	60,490	76,581	60,487
Lankem Tea & Rubber Plantations (Pvt) Ltd.	117,499	31,705	117,499	31,680
Kotagala Plantations PLC	38,848	10,428	38,848	6,504
Agarapatana Plantations PLC	43,172	7,898	43,172	5,700
CWM Hotels Holdings Ltd.	81,939	81,939	-	-
York Hotel Management Services Ltd.	119,746	124,330	57	-
Ceylon Trading Company Ltd.	694	-	-	-
Lanka Special Steel Ltd.	171	139	171	139
Candy Delights (Pvt) Ltd.	5,287	-	-	-
The Colombo Fort Land & Buildings PLC	58,311	46,681	324	324
Property & Investment Holdings (Pvt) Ltd.	18,060	18,060	-	-
Laxapana Batteries PLC	179	-	179	-
Union Commodities (Pvt) Ltd.	68,710	46,723	45,899	26,334
Ceyflex Rubber Ltd.	204	97	204	97
Colombo Fort Group Services (Pvt) Ltd.	1,167	-	-	-
Sterling Steel (Pvt) Ltd.	1697	-	220	-
	633,761	431,425	631,480	654,828
Provision for Impairment of Amounts due from Related Parties - Non Trade (Note 33.2.1)	(91,165)	(87,221)	(254,373)	(234,494)
Total Amounts Due from Related Parties - Non Trade	542,596	344,204	377,107	420,334

NOTES TO THE FINANCIAL STATEMENTS

33. RELATED PARTY TRANSACTIONS (CONTD.)

33.2.1 Movement of Provision for Impairment of Amounts due from Related Parties - Non- Trade

As at	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Balance as at the Beginning of the Year	87,221	116,909	234,494	239,846
Provision /(Reversal) for the Year	3,944	(29,688)	19,879	6,136
Writeoff During the Year	-	-	-	(11,488)
Balance as at the End of the Year	91,165	87,221	254,373	234,494

33.2.2 Provision for Impairment of Amounts Due from Related Parties - Non-Trade

As at	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Subsidiaries				
Lankem Consumer Products Ltd.	-	-	160,127	158,914
Associated Farms (Pvt) Ltd.	-	-	20,169	20,113
SunAgro Farms Ltd.	-	-	2,313	2,032
Lankem Exports (Pvt) Ltd.	-	-	35,681	35,470
Nature's Link Ltd.	-	-	5,344	5,198
Lankem Research Ltd.	-	-	1,757	1,757
Galle Fort Hotels (Pvt) Ltd.	-	-	1,127	633
ACME Packaging Solutions Ltd.	-	-	968	85
ACME Printing & Packaging PLC	-	-	16,346	4,118
Ceylon Tape (Pvt) Ltd.	-	-	212	131
Lankem Chemicals Ltd.	-	-	1,164	670
Lankem Technology Services Ltd.	-	-	186	186
Affiliates				
Sterling Steels (Pvt) Ltd.	3	-	3	-
Agarapatana Plantations PLC	426	115	426	73
Lanka Special Steels Ltd.	9	9	9	9
E B Creasy & Company PLC	-	16	-	16
Kotagala Plantations PLC	1,199	194	1,199	141
York Hotel Management Services Ltd.	10	-	10	-
Laxapana Batteries PLC	1	-	1	-
Lankem Developments PLC	223	2,294	223	2,294
Colombo Fort Land & Building PLC	375	1	1	1
Lankem Tea & Rubber Plantations (Pvt) Ltd.	3,025	781	3,025	781
Union Commodities (Pvt) Ltd.	3,930	1,846	3,930	1,846
Ceyflex Rubber Ltd.	152	26	152	26
CWM Hotels Holdings Ltd.	81,812	81,939	-	-
	91,165	87,221	254,373	234,494

33.3 Loans Due from Related Parties

As at	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Lankem Developments PLC	141,465	139,197	141,465	139,197
Lankem Minerals Ltd.	-	-	9,000	-
Sunquick Lanka (Pvt) Ltd.	120,000	-	-	-
ACME Printing and Packgaing PLC	-	-	159,375	159,375
The Colombo Fort Land & Building PLC	108,000	108,000	-	-
	369,465	247,197	309,840	298,572
Provision for Impairment of Loans Due from Related Parties (Note 33.3.1)	-	(5,258)	(49,604)	(31,579)
	369,465	241,939	260,236	266,993

Following interest rates are applied on the outstanding balance by the Company.

Party	Interest Rate
Lankem Developments PLC	AWPLR + 2%
Lankem Minerals Ltd.	AWPLR + 2%
ACME Printing and Packgaing PLC	AWPLR + 2%

Following interest rates are applied on the outstanding balance by the Group.

Party	Interest Rate
Lankem Developments PLC	AWPLR + 2%
Sunquick Lanka (Pvt) Ltd.	AWPLR + 0.5%
The Colombo Fort Land & Building PLC	AWPLR + 2%

33.3.1 Movement of Provision for Impairment of Loans due from Related Parties

As at	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Balance at the Beginning of the Year	5,258	8,252	31,579	13,700
(Reversal)/Provision During the Year	(5,258)	(2,994)	18,025	17,879
Balance at the End of the Year	-	5,258	49,604	31,579

33.3.2 Provision for Impairment of Loans Due from Related Parties

As at	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Provision for Impairment				
Lankem Developments PLC	-	5,258	-	5,258
ACME Printing & Packaging PLC	-	-	49,604	26,321
	-	5,258	49,604	31,579

NOTES TO THE FINANCIAL STATEMENTS

33. RELATED PARTY TRANSACTIONS (CONTD.)

33.4 Amounts Due to Related Parties - Trade

As at	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Subsidiaries				
B.O.T. Hotel Services (Pvt) Ltd.	-	-	-	89
Ceylon Tapes (Pvt) Ltd.	-	-	4,115	3,248
ACME Printing & Packaging PLC	-	-	6,849	-
J.F.Packaging Ltd.	-	-	3,559	3,310
Affiliates				
Colombo Fort Land & Building PLC	4,244	-	-	-
Colombo Fort Group Service (Pvt) Ltd.	2,419	-	-	-
E.B. Creasy Logistic (Pvt) Ltd.	5,470	-	-	-
	12,133	-	14,523	6,647

33.5 Amounts Due to Related Parties - Non Trade

As at	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Subsidiaries				
Sigiriya Village Hotels PLC	-	-	60,217	54,650
Colombo Fort Hotels Ltd.	-	-	591	-
Alliance Five (Pvt) Ltd.	-	-	50	-
JF Packaging Ltd.	-	-	52,796	53,161
C.W. Mackie PLC	-	-	127	127
Lankem Paints Ltd.	-	-	17,379	18,297
Lankem Minerals Ltd.	-	-	64,075	-
SunAgro LifeScience Ltd.	-	-	220,651	295,795
Affiliates				
York Hotel Management Services Ltd.	71,933	70,638	-	-
Darley Butler & Co Ltd.	2,625	-	767	-
Kotagala Plantations PLC	320	-	-	-
Agarapatana Plantation PLC	11,820	-	-	-
Lankem Tea & Rubber Plantations Ltd.	-	10	-	10
E.B. Creasy & Company PLC	148,960	58,203	86,402	54,727
Colonial Motors PLC	334	235	-	-
Laxapana Batteries PLC	-	6	-	6
The Colombo Fort Land & Building PLC	15,601	20,717	8,601	6,433
Waverly Power (Pvt) Ltd.	48,052	48,052	48,052	48,052
E.B. Creasy Logistic (Pvt) Ltd.	10,613	21,275	9,157	12,510
CM Holdings PLC	8,162	7,809	8,162	7,596
Colonial Motors (Ceylon) Ltd.	1,701	-	1,701	213
Colombo Fort Group Service (Pvt) Ltd.	22,450	8,401	9,608	1,677
Sunquick Lanka (Pvt) Ltd.	625,728	592,942	-	-
Sterling steel (Pvt) Ltd.	746	-	-	-
Total amounts Due to Related Parties	969,045	828,288	588,336	553,254

33.6 Transactions with Related Parties

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard 24 - Related Party Disclosure, the details of which are reported below:

For the Year Ended	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Associates				
(Receipt)/Payment of Outstanding Balances	(31)	-	(31)	-
Investment in shares	-	(271,322)	-	(271,322)
Interest (Expenses)/Income	-	31,038	-	31,038
Joint Venture				
(Receipt)/Payment of Outstanding Balances	2,764,138	2,439,867	-	-
Interest (Expenses)/Income	(10,254)	(12,652)	-	-
(Reimbursement)/ Charging of Expenses	150,701	66,505	-	-
Sale of Goods	132,244	243,188		
Purchases of Goods	(2,963,152)	(2,811,080)	-	-
Investment Related Fund Transfers	-	54,000	-	-
Service Rended	708	517	-	-
Share Issue	-	(294,000)	-	-
Affiliates				
(Purchases)/Sale of Goods	319,620	(230,099)	145,418	(34,044)
(Receipt)/Payment of Outstanding Balances	239,535	230,969	40,359	45,148
(Reimbursement)/ Charging of Expenses	(108,272)	(81,166)	34,962	(2,008)
Rent (Expenses)/Income	(13,951)	(9,558)	(13,951)	(13,178)
Management (Fees) /Income	(168,409)	(115,913)	15,000	45,000
Interest (Expenses)/Income	(1,485)	22,715	18,132	23,596
Advances Given	(6,000)	109,288	-	-
Loan (Obtained) /Granted	(380,732)	(57,583)	(98,732)	(45,000)
Subsidiaries				
(Purchases)/ Sale of Goods	-	-	(61,351)	69,285
(Reimbursement)/ Charging of Expenses	-	-	714,280	404,978
(Receipt) / Payment of Outstanding Balances	-	-	(368,068)	(365,820)
Interest (Expenses) / Income	-	-	(16,002)	(25,851)
Loan (Obtained) /Granted	-	-	169,000	74,274
Dividend Received	-	-	85,136	247,026
Investment in Shares	-	-	(700,000)	(125)

NOTES TO THE FINANCIAL STATEMENTS

33. RELATED PARTY TRANSACTIONS (CONTD.)

33.6 Transactions with Related Parties (Contd.)

Except for the following transactions, there were no non-recurrent related party transactions entered in to by the Company during the financial year, the value of which exceeded 10% of shareholders equity or 5% of the total assets of the group or recurrent related party transactions the value of which exceeded 10% of gross revenue of the group during the year ended 31st March 2024.

Name of the Related Party	Related Party Relationship	Value of the related party transactions Rs.	Value of the related party transactions as a % of Equity and as a % of Total Assets	Terms and Conditions	The rational for entering in to the transaction
SunAgro LifeScience Ltd.	Wholly Owned Subsidiary	300,000,000	11.84% of Equity and 1.03% of total assets	Obtaning a corporate guarantee subject to commission of 2% per annum.	As security for a permanent revolving import facility obtained by SALS
SunAgro LifeScience Ltd.	Wholly Owned Subsidiary	300,000,000	11.84% of Equity and 1.03% of total assets	Obtaning a corporate guarantee subject to commission of 2% per annum.	As security for a permanent revolving import facility obtained by SALS
Lankem Minerals Ltd.	Wholly Owned Subsidiary	1,800,000,000	71.06% of Equity and 6.21% of total assets	Obtaning a corporate guarantee subject to commission of 2% per annum.	As security for Banking facilities obtained by LML
Aggregate		2,400,000,000			
Lankem Minerals Ltd.	Wholly Owned Subsidiary	700,000,000	27.63% of Equity and 2.41% of total assets	Acceptance by Lankem Ceylon PLC (LCPLC) 70,000,000 ordinary shares in Lankem Minerals Ltd. (LML) issued at Rs.10/- per share by LML by way of a private placement in settlement of the amounts owned by LML to LCPLC to the extent of Rs. 700Mn. The said transaction has been approved by the shareholders of LML.	To facilitate the Lankem Group's strategic initiatives and to enable LML to secure project financing to commence commercial operations.

33.7 Terms and Conditions of Transactions with Related Parties

Transactions with related parties are carried out in the ordinary course of the business at commercial rates. Outstanding balances at the end of the year are unsecured. Interest on outstanding balances has been charged at the prevailing market rate (unless otherwise stated).

33.8 Transactions with Key Management Personnel

According to Sri Lanka Accounting Standard 24 - Related Party Disclosures, Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, Key Management Personnel include the members of the Board of Directors of Lankem Ceylon PLC and its subsidiary companies.

(a) Loans to Key Management Personnel

No loans have been given to Key Management Personnel during the year.

(b) Key Management Personnel Compensation

Details of compensation for Executive and Non-Executive Directors are disclosed below.

As at	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Short-term Employee Benefits	356,578	349,844	180,151	170,496
Total Compensation Paid to Key Management Personnel	356,578	349,844	180,151	170,496

33.9 The Directors of the Company are Also Directors of the Following Companies

Name of the Company	Relationship	Name of the Director					
		Mr.S.D.R.Arudpragrasam	Mr.Anushman Rajaratnam	Mr.A.Hettiarachchy	Mr.S.B.Perera	Mr.K.G.Punchihewa	Mr.P.S.Goonewardene
Lankem Ceylon PLC		✓	✓	✓	✓	✓	✓
The Colombo Fort Land & Building PLC	Parent	✓	✓		✓	✓	
Associated Farms (Pvt) Ltd.	Subsidiary	✓					✓
B.O.T. Hotel Services (Pvt) Ltd.	Subsidiary	✓					
Beruwala Resorts PLC	Subsidiary	✓	✓		✓		
C.W. Mackie PLC	Subsidiary	✓	✓		✓		
Ceylon Tapes (Pvt) Ltd.	Subsidiary	✓	✓	✓	✓	✓	✓
Colombo Fort Hotels Ltd.	Subsidiary	✓	✓				
Galle Fort Hotels (Pvt) Ltd.	Subsidiary	✓	✓				
JF Packaging Ltd.	Subsidiary	✓	✓	✓	✓	✓	✓
Lankem Chemicals Ltd.	Subsidiary	✓	✓				✓
Lankem Consumer Products Ltd.	Subsidiary	✓	✓				✓
Lankem Exports (Pvt) Ltd.	Subsidiary	✓					✓
Lankem Paints Ltd.	Subsidiary	✓	✓				✓
Lankem Research Ltd.	Subsidiary	✓	✓				✓
Lankem Technology Services Ltd.	Subsidiary	✓					✓
Marawila Resorts PLC	Subsidiary	✓	✓		✓		
Nature's Link Ltd.	Subsidiary	✓					✓
Sigiriya Village Hotels PLC.	Subsidiary	✓	✓		✓		
SunAgro Farms Ltd.	Subsidiary	✓	✓				✓
JF Ventures Ltd. (Formerly known as SunAgro Foods Ltd.)	Subsidiary	✓	✓	✓	✓	✓	✓
SunAgro LifeScience Ltd.	Subsidiary	✓	✓	✓			✓
Sherwood Holidays Ltd.	Subsidiary	✓					
ACME Printing & Packaging PLC	Subsidiary	✓	✓	✓		✓	✓
ACME Packaging Solution (Pvt) Ltd.	Subsidiary	✓	✓	✓			✓
Lankem Minerals Ltd.	Subsidiary	✓	✓	✓			✓
Kiffs (Pvt) Ltd.	Subsidiary	✓	✓	✓	✓	✓	✓
Alliance Five (Pvt) Ltd.	Subsidiary	✓	✓	✓	✓	✓	✓
Imperial Hotels Ltd.	Subsidiary	✓	✓				
Agarapatana Plantations PLC	Related Company	✓	✓		✓	✓	
C M Holdings PLC	Related Company	✓	✓				
Colombo Fort Investments PLC	Related Company	✓	✓				
Colonial Motors (Ceylon) Ltd.	Related Company	✓	✓				
Consolidated Rubber Plantations PTE Ltd.	Related Company		✓				
Candy Delights Ltd.	Related Company	✓					

NOTES TO THE FINANCIAL STATEMENTS

33. RELATED PARTY TRANSACTIONS (CONTD.)

33.9 The Directors of the Company are Also Directors of the Following Companies (Contd.)

Name of the Company	Relationship	Name of the Director					
		Mr.S.D.R.Arudpragrasam	Mr.Anushman Rajaratnam	Mr.A.Hettiarachchy	Mr.S.B.Perera	Mr.K.G.Punchihewa	Mr.P.S.Goonewardene
Darley Butler & Co. Ltd.	Related Company	✓					
E.B. Creasy & Company PLC.	Related Company	✓			✓	✓	
E.B. Creasy Logistics Ltd.	Related Company	✓					
Financial Trust Ltd.	Related Company		✓				
E.B. Creasy Ceylon (Pvt) Ltd.	Related Company	✓					
Kotagala Plantations PLC.	Related Company	✓	✓		✓	✓	
Lankem Development PLC.	Related Company	✓	✓		✓	✓	
Lankem Tea & Rubber Plantations (Pvt) Ltd.	Related Company	✓	✓				
Laxapana PLC (Formerly Laxapana Batteries PLC)	Related Company	✓			✓	✓	
Union Commodities (Pvt) Ltd.	Related Company	✓	✓				
York Arcade Holdings PLC	Related Company	✓	✓				
York Hotel Management Services Ltd.	Related Company	✓	✓				
Waverly Power (Pvt) Ltd.	Related Company	✓	✓				
Ceyflex Rubber Ltd.	Related Company	✓					
Lanka Special Steels Ltd.	Related Company	✓					
Colombo Fort Group Services (Pvt) Ltd.	Related Company	✓	✓				
Sterling Steel (Pvt) Ltd.	Related Company	✓					
Consolidated Tea Plantations Ltd.	Associate	✓	✓		✓	✓	

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

The Group has exposure to the following risks from its use of Financial instruments:

1. Credit Risk
2. Liquidity Risk
3. Market Risk (including currency risk and interest rate risk)

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

Risk Management Framework

The Company's Board of Directors has overall responsibility of the establishment and oversight of the Group's risk management Framework. They are responsible for the developing and monitoring the Group's risk management policies and reports regularly to the Board of Directors on its activities.

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

The Audit Committee of Lankem Ceylon PLC, oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

34.1 Credit Risk

Credit risk is the risk of financial loss to the Group, if a customer or counter-party to a Financial Instrument fails to meet its contractual obligation, and arises principally from the Group's receivables from customers, amounts due from related companies placements with banking instruments and in government securities.

Exposure to Credit Risk

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

As at	Note	Consolidated		Company	
		31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Trade Receivables	23	8,362,466	7,536,655	2,002,138	1,930,540
Other Receivables	23	804,168	455,630	246,748	142,910
Amounts due from Related Parties - Trade	33.1	67,182	38,646	27,057	25,942
Amounts due from Related Parties - Non - Trade	33.2	633,761	431,425	631,480	654,828
Loans due from Related Parties	33.3	369,465	247,197	309,840	298,572
Cash and Bank Balances	24	924,544	589,760	106,113	139,869
		11,161,586	9,299,313	3,323,376	3,192,661

34.2 Impairment Losses of Trade Receivables, Amount Due from and Loan Due from Related Parties

As at	Consolidated				Company			
	31.03.2025		31.03.2024		31.03.2025		31.03.2024	
	Gross Rs.'000	Impairment Rs.'000	Gross Rs.'000	Impairment Rs.'000	Gross Rs.'000	Impairment Rs.'000	Gross Rs.'000	Impairment Rs.'000
Past Due 0-365 Days	8,869,159	91,165	8,169,777	126,735	2,668,712	305,712	2,794,336	268,430
More Than One Year	563,715	563,715	539,776	539,776	301,803	301,803	258,456	258,456
	9,432,874	654,880	8,709,553	666,511	2,970,515	607,515	3,052,792	526,886

The movements in the allowance for impairment in respect of trade and other receivable, amount due to related parties and loan from related parties are disclosured in the respective notes of the Financial Statements.

Amounts due from related Companies

The amounts due from related parties mainly consist of receivables from associates and other related ventures and those are closely monitored by the group.

Balances with Bank

The Group held balance with Banks of Rs. 924.54 Mn as at 31st March 2025 (Rs. 589.76 Mn as at 31st March 2024) and the Company held balance with Banks of Rs. 106.11 Mn as at 31st March 2025 (Rs. 139.03 Mn as at 31st March 2024) which represent its maximum credit exposure on these assets.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (CONTD.)

34.2 Impairment Losses of Trade Receivables, Amount Due from and Loan Due from Related Parties (Contd.)

Credit ratings of the financial intuitions where the Group have invested cash are as follows:

Bank	Credit Rating
Commercial Bank of Ceylon	AA-(lka)
Hatton National Bank	AA-(lka)
Seylan Bank PLC	A+(lka)
Nations Trust Bank	A (lka)
National Development Bank	A (lka)
Sampath Bank	AA- (lka)
Pan Asia Bank	BBB (lka)
People's Bank	AA-(lka)
Bank of Ceylon	AA-(lka)
DFCC	A(lka)
Union Bank	BBB- (lka)
Cargils Bank	A (lka)
Amana Bank	BBB- (lka)

34.3 Liquidity Risk

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

The following are the contractual maturities of financial liabilities, including estimated interest payments.

	Consolidated				Company			
As at 31st March 2025	**Carrying Amount Rs.'000**	**Contractual Cash Flows Rs.'000**	**Less than One Year Rs.'000**	**More than One year Rs.'000**	**Carrying Amount Rs.'000**	**Contractual Cash Flows Rs.'000**	**Less than One Year Rs.'000**	**More than One year Rs.'000**
Non-Derivative Financial Liabilities								
Interest Bearing Borrowings	15,066,162	16,430,819	11,579,289	4,851,530	5,475,687	5,631,959	3,929,366	1,702,593
Loan Payable to Related Parties	416,254	504,763	478,173	26,590	280,911	347,140	175,786	171,354
Trade Payables	3,179,190	3,179,190	3,179,190	-	1,159,381	1,159,381	1,159,381	-
Amounts Due to Related Parties - Trade	12,133	12,133	12,133	-	14,523	14,523	14,523	-
Amounts Due to Related Parties - Non Trade	969,045	969,045	969,045	-	588,336	588,336	588,336	-
Lease Liabilities	314,701	542,293	104,734	437,559	17,824	55,718	12,343	43,375
Bank Overdraft	1,158,038	1,158,038	1,158,038	-	232,832	232,832	232,832	-
Other Payable	2,884,293	2,884,293	2,884,293	-	972,453	972,453	972,453	-
	23,999,816	25,680,574	20,364,895	5,315,679	8,741,947	9,002,342	7,085,020	1,917,322

	Consolidated				Company			
As at 31st March 2024	**Carrying Amount Rs.'000**	**Contractual Cash Flows Rs.'000**	**Less than One Year Rs.'000**	**More than One year Rs.'000**	**Carrying Amount Rs.'000**	**Contractual Cash Flows Rs.'000**	**Less than One Year Rs.'000**	**More than One year Rs.'000**
Non-Derivative Financial Liabilities								
Interest Bearing Borrowings	12,320,236	13,336,628	8,838,285	4,498,343	4,217,405	4,340,544	2,712,063	1,628,481
Loan Payable to Related Parties	220,009	233,561	206,971	26,590	298,479	413,450	155,219	258,231
Trade Payables	2,660,107	2,660,107	2,660,107	-	1,082,133	1,082,133	1,082,133	-
Amounts Due to Related Parties - Trade	-	-	-	-	6,647	6,647	6,647	-
Amounts Due to Related Parties - Non Trade	828,288	828,288	828,288	-	553,254	553,254	553,254	-
Lease Liabilities	279,245	381,818	115,834	265,984	27,821	75,011	18,461	56,550
Bank Overdraft	1,144,667	1,144,667	1,144,667	-	345,448	345,448	345,448	-
Other Payable	2,131,934	2,131,934	2,131,934	-	836,727	836,727	836,727	-
	19,584,486	20,717,003	15,926,086	4,790,917	7,367,914	7,653,213	5,709,952	1,943,262

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

34.4 Market Risk

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

34.4.1 Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has exposure to foreign currency risk where it has cash flows in overseas operations and foreign currency transactions which are affected by foreign exchange fluctuations.

Exposure to Currency Risk

The Group's exposure to foreign currency risk based on notional amounts was as follows:

Group	2025			2024	
As at 31st March	USD	EURO	AUD	USD	EURO
Trade and Other Payables	(1,300,682)	1,182	-	(709,810)	-
Trade and Other Receivables	2,172,535	70,313	7,120	1,535,508	61,354
Cash and Cash Equivalents	579,477	45,808	-	668,836	45,231
Interest Bearing Borrowing	(2,024,734)	-	-	(2,857,799)	-
Gross Statement of Financial Position Exposure	(573,404)	117,303	7,120	(1,363,265)	106,585

Company	2025		2024	
As at 31st March	USD	EURO	USD	EURO
Trade and Other Payables	(432,980)	-	(236,542)	-
Cash and Cash Equivalents	19,950	-	16,663	-
Gross Statement of Financial Position Exposure	(413,030)	-	(219,879)	-

The following significant exchange rates were applicable during the year:

As at 31st March	Average Rate		Reporting Date Spot Rate	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
USD	296.33	300.44	296.35	301.18
EURO	319.78	325.25	319.86	326.03
AUD	186.42	-	186.52	-

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (CONTD.)

34.4.1 Currency Risk (Contd.)

Sensitivity Analysis

The following table demonstrates the sensitivity to a reasonably possible change in the USD/EURO/AUD/LKR exchange rate, with all other variables held constant, of the Group's profit before tax due to changes in the fair value of the Group's forward exchange contracts. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period.

	Consolidated		Company	
	Strengthening Profit or Loss Rs.'000	Weakening Profit or Loss Rs.'000	Strengthening Profit or Loss Rs.'000	Weakening Profit or Loss Rs.'000
Group				
As at 31st March 2025				
USD (10% movement)	**16,993**	**(16,993)**	**12,240**	**(12,240)**
EURO (10% movement)	**(3,752)**	**3,752**	**-**	**-**
AUD (10% movement)	**(133)**	**133**	**-**	**-**
As at 31st March 2024				
USD (10% movement)	41,059	(41,059)	6,222	(6,222)
EURO (10% movement)	(3,475)	3,475	-	-

34.4.2 Interest Rate Risk

At the reporting date, the interest rate profit of the Company's interest bearing financial instruments was as follows;

As at	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Fixed Rate Instruments				
Financial Assets	**7,975**	7,149	**-**	-
	7,975	7,149	**-**	-
Variable Rate Instruments				
Financial Assets	**369,465**	241,939	**260,236**	266,993
Financial Liabilities	**(16,689,983)**	(13,684,912)	**(5,989,430)**	(4,861,332)
	(16,320,518)	(13,442,973)	**(5,729,194)**	(4,594,339)

Sensitivity Analysis

The following table demonstrate the sensitivity to a reasonably possible change in , with all other variables held constant, of the profit before tax. A reasonably possible of +/- 0.1% is used, consistent with current trends in interest rates.

	Strengthening/(Weakening) interest rates	Effect on Profit before Tax	
		Consolidated Rs.'000	Company Rs.'000
As at 31st March 2025	**+100**	**(163,285)**	**(57,292)**
	-100	**163,285**	**57,292**
As at 31st March 2024	+100	134,429	45,943
	-100	(134,429)	(45,943)

34.5 Fair Value Hierarchy

The table below analyses financial instruments carried at fair value by valuation method. Fair value disclosures are given below.

The different levels have been defined as follows;

Level 1 : Quoted market price (unadjusted) in active markets for an identical instrument.

Level 2 : Valuation techniques based on observable inputs either directly - i.e as prices or indirectly - i.e. Derived from prices. This category includes instruments valued using: quoted market prices active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or the valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3 : Valuation techniques using significant unobservable inputs either directly - i.e as prices or indirectly - i.e Derived from prices. This category includes all instruments where the valuation techniques includes inputs not based on observable date and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

	Consolidated			Company		
31st March 2025	**Level 1 Rs.'000**	**Level 2 Rs.'000**	**Level 3 Rs.'000**	**Level 1 Rs.'000**	**Level 2 Rs.'000**	**Level 3 Rs.'000**
Financial Assets Measured at Fair Value Through OCI	**75,592**	**-**	**6,098**	**66,966**	**-**	**6,073**
Financial Assets Measured at Fair Value Through Profit or Loss	**67,924**	**-**	**-**	**67,924**	**-**	**-**
	143,516	**-**	**6,098**	**134,890**	**-**	**6,073**

	Consolidated			Company		
31st March 2024	**Level 1 Rs.'000**	**Level 2 Rs.'000**	**Level 3 Rs.'000**	**Level 1 Rs.'000**	**Level 2 Rs.'000**	**Level 3 Rs.'000**
Financial Assets Measured at Fair Value Through OCI	61,355	-	5,164	54,949	-	5,139
Financial Assets Measured at Fair Value Through Profit or Loss	34,297	-	-	34,297	-	-
	95,652	-	5,164	89,246	-	5,139

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (CONTD.)

34.5 Fair Value Hierarchy (Contd.)

Unquoted investments have been valued based on the Net Asset values of the Company as follows.

As at	Net Assets Value per share	
	31.03.2025	31.03.2024
Lankem Tea & Rubber Plantations (Pvt) Ltd.	728.00	616.04
Ingrin Institue of Printing & Graphics (Pvt) Ltd.	25	25

Reconciliation of level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for level 3 fair values

As at	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Unquoted Investments				
Balance as at 1st April	5,164	17,508	5,139	17,483
Transfers out of Level 3	-	(13,695)	-	(13,695)
Gain Included in OCI	934	1,351	934	1,351
Balance as at 31st March	6,098	5,164	6,073	5,139

Transfers Out of Level 3

The Group holds investment in equity shares of Agarapatana Plantations Ltd. with a fair value of Rs. 13 Mn. The fair value of this investment was categorised as level 3 as at 31st March 2023 as the shares were not listed on an exchange. During the 2023/24 Agarapatana Plantations Ltd. listed its shares on Colombo Stock Exchange and they are currently actively traded in the market. Because the equity shares now have a published price quotation in an active market, the fair value measurement was transferred from level 3 to level 1 of the fair value hierarchy as at 31st March 2024.

34.6 Accounting Classifications and Fair Value

The value of financial assets and liabilities, together with carrying amounts shown in the financial statements of financial position as follows;

Company As at 31st March 2025	Financial Assets Measured at FVTPL Rs.'000	Financial Assets Measured at Amortised Cost Rs.'000	Financial Assets measured at FVOCI Rs.'000	Financial Liabilities Measured at Amortised Cost Rs.'000	Total Carrying Amount Rs.'000	Fair Value Rs.'000
Financial Assets						
Trade Receivables	-	1,700,335	-	-	1,700,335	1,700,335
Amounts Due from Related Parties - Trade	-	25,322	-	-	25,322	25,322
Amounts Due from Related Parties - Non-Trade	-	377,107	-		377,107	377,107
Loans Due from Related Parties	-	260,236	-	-	260,236	260,236
Financial Assets Measured at FVOCI	-	-	73,039	-	73,039	73,039
Financial Assets Measured at FVTPL	67,924	-	-	-	67,924	67,924
Bank & Cash Balances	-	107,137	-	-	107,137	107,137
	67,924	2,470,137	73,039	-	2,611,100	2,611,100

Company As at 31st March 2025	Financial Assets Measured at FVTPL Rs.'000	Financial Assets Measured at Amortised Cost Rs.'000	Financial Assets measured at FVOCI Rs.'000	Financial Liabilities Measured at Amortised Cost Rs.'000	Total Carrying Amount Rs.'000	Fair Value Rs.'000
Financial Liabilities						
Interest Bearing Borrowings	-	-	-	5,475,687	5,475,687	5,475,687
Lease Liabilities	-	-	-	17,824	17,824	17,824
Loans Payable to Related Parties	-	-	-	280,911	280,911	280,911
Trade Payables	-	-	-	1,159,381	1,159,381	1,159,381
Amounts Due to Related Parties - Trade	-	-	-	14,523	14,523	14,523
Amounts Due to Related Parties - Non-Trade	-	-	-	588,336	588,336	588,336
Bank Overdraft	-	-	-	232,832	232,832	232,832
Other Payables				972,453	972,453	972,453
	-	-	-	8,741,947	8,741,947	8,741,947

Company As at 31st March 2024	Financial Assets Measured at FVTPL Rs.'000	Financial Assets Measured at Amortised Cost Rs.'000	Financial Assets measured at FVOCI Rs.'000	Financial Liabilities Measured at Amortised Cost Rs.'000	Total Carrying Amount Rs.'000	Fair Value Rs.'000
Financial Assets						
Trade Receivables	-	1,672,084	-	-	1,672,084	1,672,084
Amounts Due from Related Parties - Trade	-	23,586	-	-	23,586	23,586
Amounts Due from Related Parties - Non-Trade	-	420,334	-		420,334	420,334
Loans Due from Related Parties	-	266,993	-	-	266,993	266,993
Financial Assets Measured at FVOCI	-	-	60,088	-	60,088	60,088
Financial Assets Measured at FVTPL	34,297	-	-	-	34,297	34,297
Bank & Cash Balances	-	139,869	-	-	139,869	139,869
	34,297	2,522,866	60,088	-	2,617,251	2,617,251
Financial Liabilities						
Interest Bearing Borrowings	-	-	-	4,217,405	4,217,405	4,217,405
Lease Liabilities	-	-	-	27,821	27,821	27,821
Loans Payable to Related Parties	-	-	-	298,479	298,479	298,479
Trade Payables	-	-	-	1,082,133	1,082,133	1,082,133
Amounts Due to Related Parties - Trade	-	-	-	6,647	6,647	6,647
Amounts Due to Related Parties - Non-Trade	-	-	-	553,254	553,254	553,254
Bank Overdraft	-	-	-	345,448	345,448	345,448
Other Payables				836,727	836,727	836,727
	-	-	-	7,367,914	7,367,914	7,367,914

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (CONTD.)

34.6 Accounting Classifications and Fair Value (Contd.)

Consolidated As at 31st March 2025	Financial Assets Measured at FVTPL Rs.'000	Financial Assets Measured at Amortised Cost Rs.'000	Financial Assets measured at FVOCI Rs.'000	Financial Liabilities Measured at Amortised Cost Rs.'000	Total Carrying Amount Rs.'000	Fair Value Rs.'000
Financial Assets						
Trade Receivables	-	7,798,751	-	-	7,798,751	7,798,751
Amounts Due from Related Parties - Trade	-	67,182	-	-	67,182	67,182
Amounts Due from Related Parties - Non-Trade		542,596	-	-	542,596	542,596
Loans Due from Related Parties	-	369,465	-	-	369,465	369,465
Financial Assets measured at FVOCI	-	-	81,690	-	81,690	81,690
Financial Assets measured at FVTPL	67,924	-	-	-	67,924	67,924
Bank & Cash Balances	-	987,230	-	-	987,230	987,230
	67,924	9,765,224	81,690	-	9,914,838	9,914,838
Financial Liabilities						
Interest Bearing Borrowings	-	-	-	15,066,162	15,066,162	15,066,162
Lease Liabilities	-	-	-	314,701	314,701	314,701
Trade Payables	-	-	-	3,179,190	3,179,190	3,179,190
Loans payable to related parties	-	-	-	416,254	416,254	416,254
Amounts Due to Related Parties - Trade	-	-	-	12,133	12,133	12,133
Amounts Due to Related Parties - Non-Trade	-	-	-	969,045	969,045	969,045
Bank Overdraft	-	-	-	1,158,038	1,158,038	1,158,038
Other Payable	-	-	-	2,884,293	2,884,293	2,884,293
	-	-	-	23,999,816	23,999,816	23,999,816

Consolidated As at 31st March 2024	Financial Assets Measured at FVTPL Rs.'000	Financial Assets Measured at Amortised Cost Rs.'000	Financial Assets measured at FVOCI Rs.'000	Financial Liabilities Measured at Amortised Cost Rs.'000	Total Carrying Amount Rs.'000	Fair Value Rs.'000
Financial Assets						
Trade Receivables	-	6,996,879	-	-	6,996,879	6,996,879
Amounts Due from Related Parties - Trade	-	38,646	-	-	38,646	38,646
Amounts Due from Related Parties - Non-Trade		344,204	-	-	344,204	344,204
Loans Due from Related Parties	-	241,939	-	-	241,939	241,939
Financial Assets Measured at FVTPL	34,297	-	-	-	34,297	34,297
Financial Assets Measured at FVOCI	-	-	66,519	-	66,519	66,519
Bank & Cash Balances	-	615,038	-	-	615,038	615,038
	34,297	8,236,706	66,519	-	8,337,522	8,337,522
Financial Liabilities						
Interest Bearing Borrowings	-	-	-	12,320,236	12,320,236	12,320,236
Lease Liabilities	-	-	-	279,245	279,245	279,245
Loans Payable to Related Parties	-	-	-	2,660,107	2,660,107	2,660,107
Trade Payables				220,009	220,009	220,009
Amounts Due to Related Parties - Non-Trade	-	-	-	828,288	828,288	828,288
Bank Overdraft	-	-	-	1,144,667	1,144,667	1,144,667
Other Payables	-	-	-	2,131,934	2,131,934	2,131,934
	-	-	-	19,584,486	19,584,486	19,584,486

35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong financial position and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and make adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may or may not make dividend payments to shareholders, return capital to shareholders or issue new shares or other instruments.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings by total equity. Total borrowings including non-current and current borrowings as shown in the statements of financial position. Total equity is calculated as Total equity in the statements of financial position.

The Company's Debt to Equity ratio at the end of the reporting periods is as follows:

As at	Consolidated		Company	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000 Restated	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Total Liabilities	27,030,305	21,920,906	9,015,009	7,580,946
Less: Cash and cash Equivalents	(987,230)	(615,038)	(107,137)	(139,869)
Net Debts	26,043,075	21,305,868	8,907,872	7,441,077
Total Equity	8,840,529	7,546,115	2,636,819	2,292,372
Debt to Equity Ratio (Gearing Ratio)	2.95	2.82	3.38	3.25

36. GOING CONCERN

The Group has incurred a net loss of Rs. 326 Mn for the year ended 31st March 2025 (2024: Loss of Rs. 862 Mn) and reported accumulated losses of Rs. 1,589 Mn as at 31st March 2025. Furthermore, the Group's current liabilities exceed its current assets by Rs. 1,104 Mn (2024: Rs. 462 Mn), while the Company's current liabilities exceed its current assets by Rs. 2,233 Mn (2024: Rs. 1,873 Mn) as at the reporting date.

In addition, the Group reported negative operating cash flows amounting to Rs. 1,240 Mn for the year ended 31st March 2025, compared to negative Rs. 40 Mn in the previous year.

Notwithstanding these adverse indicators, the financial statements of the Group and the Company have been prepared on a going concern basis. This assessment is supported by several new strategic initiatives planned for the ensuing year aimed at improving the Group's and the Company's financial performance, as explained in detail below.

Lankem Ceylon PLC- Company

1. Lankem Minerals Ltd., a fully owned subsidiary of the Company, has embarked on establishing a Fertilizer Plant. The phase 1 of this Project has been set up in Oyamaduwa in the Anuradhapura district. The primary objective of this operation is to cater to the agricultural requirement of the non-perennial crops. The sales and distribution of the fertilizer is to be carried out by Lankem Ceylon PLC and its fully owned subsidiary SunAgro LifeScience Ltd. through their existing distributor network. The Commercial operations are expected to commence by the second quarter of 2025/26. This is expected to improve the operational results of both Lankem Ceylon PLC and SunAgro LifeScience (Pvt) Ltd.
2. Lankem Ceylon PLC was a significant market player in the fertilizer business several years ago. The Company has re-commenced the fertilizer business during the financial year 2024/25 initially to cater to the Group's plantation companies and to be expanded later to external parties. Focusing on this business, the Company is currently in discussion to construct a new fertilizer blending plant to expand the operations. This is expected to improve the operating results of the Company.
3. The additional cash flows from the new businesses are planned to be utilized to settle part of the Company's non-operational term loans, which in return is expected to reduce the finance costs and improve profitability.
4. The Board of Directors of Lankem Ceylon PLC in accordance with a decision made on 18th June 2025, have resolved to issue Seventeen Million One Hundred and Fifty Six Thousand Nine Hundred and Nineteen (17,156,919) Ordinary Shares at a price of Rs.70/- per share by way of a Rights Issue in the proportion of One (01) new Ordinary Share for every Three (3) existing issued

NOTES TO THE FINANCIAL STATEMENTS

36. GOING CONCERN (CONTD.)

Ordinary Shares held, subject to the approval of the shareholders. The proceeds from the Rights Issue will be utilized for the purposes of settling a Related Party due and for part settlement of Bank Loans.

On the aforesaid date the Board also resolved that following the completion of the proposed Rights Issue and on the basis the Rights Issue being fully subscribed, which shall be then 68,627,676 ordinary shares, be subdivided (split) as expressly provided for in Article 12(1)(b) of the Articles of Association of the Company, on the basis of every One (1) Existing issued Ordinary Share being Subdivided into Two (2) issued Ordinary Shares, thereby increasing the number of shares of the Company to 137,255,352 shares. The subdivision shall not result in a change in the proposed Stated Capital of the Company (Post Rights Issue). The Company having made its application, is in the process of obtaining the approval of the Colombo Stock Exchange for the proposed Rights Issue and Subdivision of shares.

Based on these, the Management is confident that the Company can pay its debts as and when they fall due and payable for a period of at 12 months from the date of signing the financial statements and able to continue as going concern and accordingly, the Financial Statements have also been prepared on the basis of the Company being a going concern.

In addition, the Board of Directors of the Company confirms that they do not have any intention to liquidate the Company or cease the operations at least 12 months from the date of signing the financial statements.

ACME Printing and Packaging PLC Group

ACME Printing and Packaging PLC Group ("subgroup") includes the parent company, ACME Printing and Packaging PLC (ACME PLC) and its fully owned subsidiary ACME Packaging Solutions (Pvt) Ltd. (ACME PS).

ACME PLC Group has incurred a net loss of Rs. 406 Mn (2024: Rs. 611 Mn) during the year ended 31st March 2025 and as of that date current liabilities exceeded its current assets by Rs. 1,078 Mn (2024: Rs. 787 Mn) and total liabilities exceeded its total assets by Rs. 518 Mn (2024: Rs. 129 Mn) resulting a negative equity. ACME PLC Group has reported accumulated loss amounting to Rs. 2,010 Mn (2024: Rs. 1,596 Mn).

ACME PLC has incurred a net loss of Rs. 292 Mn (2024: Rs. 458 Mn) during the year ended 31st March 2025 and current liabilities exceeded its current assets by Rs. 496 Mn (2024: Rs. 223 Mn) and total liabilities exceeded its total assets by Rs. 36 Mn, resulting a negative equity. ACME PLC has reported accumulated loss amounting to Rs.1,392 Mn (2024: Rs. 1,093 Mn). As at 31st March 2025, the Company's net assets are less than the half of the stated capital and faces a serious loss of capital situation.

Therefore, these events or conditions indicate that a material uncertainty exists that may cast substantial doubts on ACME PLC's ability to continue as a going concern and therefore that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

Notwithstanding this, the financial statements have been prepared on a going concern basis by the Management, due to reliance on the business plan and after performing comprehensive review of the affairs including, but not limited to.

The Company Lankem Ceylon PLC through a Letter of Support has undertaken to provide financial support to the subgroup to ensure that it can pay its debts as and when they fall due and payable for a minimum of 12 months period from the date of approval of these financial statements by the Board of Directors.

In addition, the Management of the subgroup believes that the financial position and the performance of the subgroup will improve with the implementation of below strategies.

- ACME Group has identified a strategic priority in expanding its customer base within the agricultural industry, recognizing its potential to enhance profitability. In line with this objective, discussions are currently underway with the customers.
- The Management has initiated the production of biodegradable products and currently in the testing stage.
- The Management has initiated cost reduction strategies including reduction of ink consumption and overtime costs with production planning.

Further, the Management of the subgroup does not have any intention to liquidate ACME PLC and to cease the operations in the near future.

Thus, the Board of Directors are of the view that ACME PLC is able to continue as a going concern in the foreseeable future and accordingly, the consolidated financial statements have been prepared on a going concern basis.

37. COMMITMENTS

37.1 Company

The Company had no material capital or financial commitments as at the date of the Statement of Financial Position.

37.2 Consolidated

The Group had no significant capital or financial commitments as at the date of the Statement of Financial Position.

38. CONTINGENT LIABILITIES

There are no material contingent liabilities outstanding as at the date of the Statement of Financial Position other than those disclosed below;

38.1 Company

Lankem Ceylon PLC has issued Corporate Guarantees for borrowings obtained by the related companies and letters of comfort as indicated below as at 31st March 2025.

Name of the Company	Amount Rs.'000
SunAgro Lifescience Ltd.	1,564,642
JF Packaging Ltd.	207,564
Kotagala Plantations PLC	230,000
Lankem Minerals Ltd.	1,800,000
	3,802,206

Comfort letters are provided for ACME Printing & Packaging PLC, ACME Packaging Solutions (Pvt) Ltd, Lankem Paints Ltd. and Lankem Minerals Ltd. by Lankem Ceylon PLC.

38.2 Consolidated

(i) ACME Printing and Packaging PLC

D.C. Colombo Case No.DSP/0015/08

The Commercial and Industrial Worker's Union filed a case against ACME Printing and Packing PLC to make payment for all arrears in respect of Non-Recurring Cost of Living Gratuity (NRCOLG) allowances due to all members of Commercial and Industrial Worker's Union and thereafter continue to make such payments of the allowance in accordance to the formulas agreed upon in the collective agreement or as a part of the contract of employment.

ACME Printing and Packaging PLC has denied the Commercial and Industrial Worker's Union claim and pleaded inter alia that the said agreement was repudiated and as such, ACME Printing and Packaging PLC is not liable to pay the NRCOLG allowance. The matter is set for next hearing on 12th December 2025.

The Board of Directors of ACME PLC having consulted the legal council has determined that no provision is required for the below cases outstanding against the Group as at 31st March 2025.

(ii) Sigiriya Village Hotels PLC

With regard to the court case No B/453/2016 at Dambulla Magistrate Court the parties are negotiating to arrive at an amicable solution and the land to be regularized under the Sri Lanka Tourism Development Authority.

NOTES TO THE FINANCIAL STATEMENTS

38. CONTINGENT LIABILITIES (CONTD.)

38.2 Consolidated (Contd.)

(iii) C.W.Mackie PLC

The following contingent liabilities exist as at the reporting date on account of the letters of comfort and guarantees given by C.W.Mackie PLC:

Letters of comfort and guarantees provided on behalf of the subsidiaries are as follows.

Name of the Company	Amount Rs. Mn	
	31.03.2025 Rs.'000	31.03.2024 Rs.'000
Ceymac Rubber Company Ltd.	150	150
Ceytra (Pvt) Ltd.	8	8
Kelani Vellay Canneries Ltd.	90	115
	248	273
Short Term Loan Facilities		
Ceymac Rubber Company Ltd.	140	146
Ceytra (Pvt) Ltd.	8	-
Kelani Valley Canneries Ltd.	192	118
	340	264

These corporate guarantees have been provided for Hatton National Bank PLC and Commercial Bank of Ceylon PLC on behalf of the subsidiary companies Ceymac Rubber Company Ltd., Ceytra (Pvt) Ltd. and Kelani Valley Canneries Ltd. for short-term loan facilities, where repayment terms are less than 12 months.

39 . EVENTS OCCURRING AFTER THE REPORTING PERIOD

39.1 Company

Subsequent to the reporting period, no circumstances have arisen that would require adjustments to/or disclosure in the financial statements other than those disclosed below.

1. On 9th May 2025, Lankem Ceylon PLC acquired 30,025,332 shares of its subsidiary ACME Printing & Packaging PLC (ACME) representing 31.61% of the issued ordinary shares of ACME at a price of Rs. 4.50 per share amounting to a total consideration of Rs. 135,113,994/- and of the said shares 30,025,318 shares were acquired from its related company E.B. Creasy & Co. PLC. The transaction took place on the Trading Floor of the Colombo Stock Exchange and was carried out in line with the Company's strategic decision to maintain the packaging cluster within the Lankem Ceylon Group.

   Consequent to transactions that took place on 21st and 22nd May 2025 the Company disposed of 2,740,670 shares of ACME on the Trading Floor of the Colombo Stock Exchange.

   Subsequent to the above transactions, on 18th June 2025, the Colombo Stock Exchange (CSE) inquired from ACME Printing & Packaging PLC, if prior approval has been obtained for the above transactions from the SEC in accordance with CSE Listing Rule 7.5.d.(ii) (A) 9 of Section 7. By an oversight, prior approval had not been obtained from the SEC, though the relevant disclosures relating thereto were made on the Trading Floor; currently, ACME Printing & Packaging PLC is in the process of resolving this matter with the CSE.

2. The Board of Directors of Lankem Ceylon PLC in accordance with a decision made on 18th June 2025, have resolved to issue Seventeen Million One Hundred and Fifty Six Thousand Nine Hundred and Nineteen (17,156,919) Ordinary Shares at a price of Rs.70/- per share by way of a Rights Issue in the proportion of One (01) new Ordinary Share for every Three (3) existing issued Ordinary Shares held, subject to the approval of the shareholders. The proceeds from the Rights Issue will be utilized for the purposes of settling a Related Party due and for part settlement of Bank Loans.

On the aforesaid date the Board also resolved that following the completion of the proposed Rights Issue and on the basis the Rights Issue being fully subscribed, which shall be then 68,627,676 ordinary shares, be subdivided (split) as expressly provided for in Article 12(1)(b) of the Articles of Association of the Company, on the basis of every One (1) Existing issued Ordinary Share being Subdivided into Two (2) issued Ordinary Shares, thereby increasing the number of shares of the Company to 137,255,352 shares. The subdivision shall not result in a change in the proposed Stated Capital of the Company (Post Rights Issue). The Company having made its application, is in the process of obtaining the approval of the Colombo Stock Exchange for the proposed Rights Issue and Subdivision of shares.

40. SUBSIDIARY COMPANIES OF THE GROUP

Details of subsidiaries in which Lankem Ceylon PLC held an indirect interest are set out below:

Indirect Subsidiary	Effective Holding (%)
Imperial Hotels Ltd.	26.49
B.O.T Hotel Services (Pvt) Ltd.	40.83
Beruwala Resorts PLC	35.28
Ceymac Rubber Company Ltd.	53.56
Ceytra (Pvt) Ltd.	45.61
Kelani Velly Canneries Ltd.	50.37
SunQuick Lanka Properties (Pvt Ltd.	27.67
Galle Fort Hotel (Pvt) Ltd.	53.02
Sherwood Holidays Ltd.	53.02
Kiffs (Pvt) Ltd.	100.00
Alliance Five (Pvt) Ltd.	100.00
Ceylon Tapes (Pvt) Ltd.	100.00
Sigiriya Village Hotels PLC	27.04
JF Ventures Ltd.	100.00
ACME Packaging Solutions Ltd.	25.10

NOTES TO THE FINANCIAL STATEMENTS

41. NON-CONTROLLING INTERESTS IN SUBSIDIARIES

The following table summaries the information relating to each of the Group's subsidiaries that has a material NCI, before any intra-group eliminations:

	Marawila Resorts PLC		Colombo Fort Hotels Ltd.		C.W. Mackies PLC		ACME Printing & Packaging PLC		Other Individually Immaterial Subsidiaries	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Total assets	2,254,854	2,103,511	3,644,427	2,763,735	12,259,488	10,147,131	1,863,027	1,962,461	6,203,450	4,777,608
Total Liabilities	1,141,071	1,227,886	212,682	201,985	7,803,524	5,978,655	2,381,501	2,091,307	2,655,305	2,467,751
Net assets	1,113,783	875,625	3,431,745	2,561,750	4,455,964	4,168,476	(518,474)	(128,846)	3,548,145	2,309,857
Carrying amount of NCI	813,841	639,882	1,612,234	1,203,510	2,038,604	1,907,078	(388,337)	(96,506)	2,173,563	1,346,767
Revenue	960,194	761,947	-	-	24,282,171	19,387,992	1,196,433	1,105,785	1,834,717	1,357,768
Profit/(loss) after tax	152,662	70,154	869,068	(494)	490,313	419,037	(405,923)	(610,617)	179,254	214,170
Total Comprehensive Income	238,158	63,754	869,941	(2)	575,396	325,541	(389,629)	(516,293)	1,238,086	220,242
Profit/(loss) allocated to NCI	111,550	51,267	408,288	(232)	224,318	191,709	(304,036)	(457,352)	111,606	131,343
Cash flows from operating activities	227,078	(86,494)	481	183,030	(398,155)	(36,287)	(14,191)	(144,252)		
Cash flows from/(used in) investing activities	(82,291)	(82,505)	64,305	(183,027)	(287,928)	(379,541)	(77,169)	(55,851)		
Cash flows from financing activities	(147,385)	157,257	-	-	658,729	240,067	44,732	238,600		
Dividend paid to NCI	-	-	-	-	-	-	-	-		
NCI percentage (%)	73.07%	73.08%	46.98%	46.98%	45.75%	45.75%	74.90%	74.90%		
Principal place of business	Thalwilawella, Thoduwawa, Marawila.		8-5/2, Layden Bastian Road, York Arcade Building, Colombo 1		No. 36, D.R. Wijewardena Mawatha, Colombo 10		306, Minuwangoda Road, Kotugoda			

41.1. Following sales/purchase transactions of Non controlling interest during the year ended 31st March 2025 has resulted in an impact to the total equity of the Group.

Name of the Company	Consolidated 31.03.2025 Decrease of Non controlling Interest Rs.'000
Changes in percentage of Subsidiaries	
Disposal of 3.58% in Beruwala Resorts PLC	14,410
Dilution of ownership by 2.42% in B.O.T. Hotel Services (Pvt) Ltd. by the disposal of Beruwala Resorts PLC shares	13,353
	27,763

42. RESTATEMENT

Consolidated Tea Plantation Ltd. - Associate

Kotagala Plantations PLC, a subsidiary of Consolidated Tea Plantations Ltd., had erroneously accounted for a restructured bank loan in its financial statements for the year ended 31st March 2023. As per SLFRS 9 – Financial Instruments, this restructure should have been identified as a significant modification of financial liabilities, and modification gain of loan should have been recorded as at the restructure date of 31st October 2022.

As a result of correcting the above error, the following adjustments were made to the opening balances as at 1st April 2023 in the Financial Statements of Kotagala Plantations PLC.

A modification gain of Rs. 458 Mn, and an unrecorded interest balance of Rs. 40 Mn related to the restructured bank loan were both recognized directly in accumulated losses.

Additionally, a carried forward receivable balance of Rs. 111 Mn, previously recorded under other payables, was also charged to opening accumulated losses as at 1st April 2023 in the financial statement of Kotagala Plantation PLC.

As the unrecognized share of losses from prior years for the investment in the associate was offset against the share of profit for the year ended 31st March 2023, the net impact to profit or loss in 2023 was nil. Accordingly, the restatement has been presented in the financial year ended 31st March 2024.

As a result of these adjustments:
A profit of Rs. 70.9 Mn was appropriately recognized and added to the Lankem Group's share of profit from the associate for the year ended 31st March 2024.

An additional adjustment of Rs. 389 Mn was recognized in the Lankem Group's share of profit and Other Comprehensive Income from the associate in the year ended 31st March 2024, relating to the changes in equity reported in Consolidated Tea Plantations Ltd.'s consolidated financial statements.

In total, these adjustments resulted in an increase of Rs. 459 Mn in the Lankem Group's share of profit and Other Comprehensive Income from the associate.

These errors have now been corrected by restating each of the affected financial statement line items for the prior periods, in accordance with LKAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

NOTES TO THE FINANCIAL STATEMENTS

42. RESTATEMENT (CONTD.)

The tables below summarize the financial impacts on the Group's and the Company's financial statements:

As at	31.03.2024		
Statement of Financial Position (Extract)	**As Previously Reported Rs'000**	**Adjustments Rs'000**	**Restated Rs'000**
Property, Plant and Equipment	11,009,481	-	11,009,481
Intangible Assets	1,130,052	-	1,130,052
Investment in Associates	348,613	459,654	808,267
Inventory	5,502,332	-	5,502,332
Trade & Other Receivable	8,274,294	-	8,274,294
Other Total Assets	2,742,595	-	2,742,595
Deferred Tax Liabilities	1,449,106	-	1,449,106
Trade & Other Payables	4,927,757	-	4,927,757
Other Total Liabilities	15,544,043	-	15,544,043
Net Assets	7,086,461	459,654	7,546,115
Stated Capital	1,282,697	-	1,282,697
Other Capital Reserves	4,833	-	4,833
Revaluation Reserves	2,412,964	681,277	3,094,241
Fair Value through OCI Reserves	31,804	(22,986)	8,818
Retained Earnings/(Accumulated Losses)	(1,199,092)	(198,637)	(1,397,729)
Equity Attributable to Owners of the Company	2,533,206	459,654	2,992,860
Non - Controlling Interest	4,553,255	-	4,553,255
Total Equity	7,086,461	459,654	7,546,115

As at	31.03.2024		
Statement of Profit & Loss and Other Comprehensive Income	**As Previously Reported Rs'000**	**Adjustments Rs'000**	**Restated Rs'000**
Group			
Results from Operating Activities	2,047,123	(23,936)	2,023,187
Net Finance Cost	(1,885,039)	-	(1,885,039)
Share of Loss of Associate (Net of Tax)	(554,552)	(174,701)	(729,253)
Share of Profit of Joint Venture	1,002	-	1,002
Loss Before Tax	(391,466)	(198,637)	(590,103)
Tax Expenses	(271,952)	-	(271,952)
Loss for the Year	(663,418)	(198,637)	(862,055)
Other Comprehensive Income for the Year, Net of Tax	638,723	658,291	1,297,014
Total Comprehensive (Loss)/Income for the Year	(24,695)	459,654	434,959
(Loss)/Earnings Per Share	(12.42)	(3.49)	(16.28)

There is no impact to the statement of cash flow of the Group for the year ended 31.03.2024 as a result of prior year error correction.



SUPPLEMENTARY INFORMATION

TEN YEAR SUMMARY

Group	2024/25 Rs.'000	2023/24 Rs.'000	2022/23 Rs.'000	2021/22 Rs.'000
Statement of Profit or Loss				
Revenue	**40,334,070**	33,601,738	33,754,554	21,191,341
Share of (Loss)/Profit of Associate	**(281,626)**	(729,253)	(502)	3,814
Share of Profit / (Loss) of Joint Venture	**168,829**	1,002	(165,413)	(127,808)
Profit/(Loss) Before Income Tax	**257,778**	(590,103)	2,966,825	263,157
Income Tax (Expense) / Reversal	**(583,299)**	(271,952)	(631,381)	(266,706)
(Loss)/Profit for the Year	**(325,521)**	(862,055)	2,335,444	(3,549)
Profit/(Loss) Attributable to Non-Controlling Interests	**137,275**	(23,905)	129,352	(48,474)
(Loss)/Profit Attributable to Owners of the Company	**(462,796)**	(838,150)	2,206,092	44,925
Statement of Financial Position				
Equity				
Stated Capital	**1,282,697**	1,282,697	1,282,697	1,282,697
Other Capital Reserves	**4,833**	4,833	4,833	4,833
FVTOCI Reserves	**36,343**	8,818	46,443	(13,996)
(Accumulated Losses) / Retained Earnings	**(1,589,317)**	(1,397,729)	270,659	(1,711,409)
Revaluation Reserves	**3,909,580**	3,094,241	1,913,390	2,290,499
Non-Controlling Interests	**5,196,393**	4,553,255	3,791,681	3,268,392
Total Equity	**8,840,529**	7,546,115	7,309,703	5,121,016
Assets				
Non-Current Assets	**17,210,978**	14,381,951	12,138,029	12,514,992
Current Assets	**18,659,856**	15,085,070	13,940,660	10,073,282
Total Assets	**35,870,834**	29,467,021	26,078,689	22,588,274
Liabilities				
Non-Current Liabilities	**7,266,312**	6,373,446	6,234,071	4,719,337
Current Liabilities	**19,763,993**	15,547,460	12,534,915	12,747,921
Total Liabilities	**27,030,305**	21,920,906	18,768,986	17,467,258
Cash Flow Statement				
Net Cash Flow (Used in) /Generated from Operating Activities	**(1,239,775)**	(40,274)	(705,594)	(228,416)
Net Cash Flow (Used in) /Generated from Investing Activities	**(951,686)**	(986,148)	23,363	17,968
Net Cash Flow Generated from/ (Used in) Financing Activities	**2,550,282**	1,045,150	372,154	386,171
Net Increase/(Decrease) in Cash and Cash Equivalents	**358,821**	18,728	(310,077)	175,723
Key Indicators				
Earnings Per Share (Rs.)	**(8.99)**	(16.28)	42.86	0.94
Net Assets Per Share (Rs.)	**70.80**	58.15	68.35	35.99
Market Capitalisation (Rs. Mn)	**4,221**	3,500	3,896	1,390
Current Ratio (No.of Times)	**0.94**	0.97	1.11	0.79
Interest Cover (No.of times)	**1.22**	1.07	2.27	1.42
Price Earnings Ratio (No. of Times)	**(9.12)**	(4.18)	1.77	29.03
Return on Equity (%)	**(0.04)**	(0.11)	0.32	-
Gearing (%)	**80.95**	80.73	75.63	73.12

	2020/21 Rs.'000	2019/20 Rs.'000	2018/19 Rs.'000	2017/18 Rs.'000	2016/17 Rs.'000	2015/16 Rs.'000
	17,468,490	15,423,082	17,659,156	18,479,195	17,261,207	17,073,999
	(537)	(7,926)	(334,521)	(97,602)	(75,280)	(217,950)
	(50,516)	7,963	46,659	(20,697)	-	-
	(779,441)	(1,182,563)	(1,049,956)	(349,155)	(613,132)	(140,306)
	(266,679)	157,040	165,676	(127,949)	(118,332)	(114,274)
	(1,046,120)	(1,025,523)	(884,280)	(477,104)	(731,464)	(254,580)
	(180,727)	(138,263)	98,284	106,253	58,272	179,232
	(865,393)	(887,260)	(982,564)	(583,357)	(789,736)	(433,812)
	930,346	930,346	930,346	930,346	536,218	536,218
	4,833	4,833	4,833	4,833	4,833	3,409
	(18,584)	(19,182)	(4,706)	12,734	1,750	3,713
	(2,254,731)	(1,280,004)	(380,822)	608,907	1,340,938	2,118,926
	2,341,192	1,700,657	1,679,064	-	-	-
	2,898,540	2,597,099	2,793,360	2,129,658	2,237,370	2,609,592
	3,901,596	3,933,749	5,022,075	3,686,478	4,121,109	5,271,858
	11,161,531	10,893,861	10,808,244	8,308,176	8,198,896	8,391,539
	9,007,059	7,462,630	7,765,060	8,254,873	8,149,165	7,541,213
	20,168,590	18,356,491	18,573,304	16,563,049	16,348,061	15,932,752
	5,023,159	4,523,769	4,814,961	3,084,613	2,820,406	1,687,142
	11,243,835	9,898,973	8,736,268	9,791,958	9,406,546	8,973,752
	16,266,994	14,422,742	13,551,229	12,876,571	12,226,952	10,660,894
	60,688	(766,962)	(183,813)	(151,346)	256,358	(559,568)
	(26,816)	(132,244)	(112,936)	(75,404)	(831,756)	(340,790)
	229,141	717,735	(7,388)	715,965	1,160,724	142,233
	263,013	(181,471)	(304,137)	489,215	585,326	(758,125)
	(23.81)	(26.21)	(29.02)	(25.45)	(32.91)	(17.96)
	29.63	39.48	65.84	45.99	78.49	110.93
	917	579	745	1,263	1,056	1,920
	0.80	0.79	0.89	0.84	0.87	0.84
	0.28	0.02	0.22	0.71	0.36	0.77
	(1.06)	(0.65)	(0.76)	(1.49)	(1.34)	(4.45)
	(0.27)	(0.26)	(0.47)	(0.22)	(0.33)	(0.05)
	78.25	71.92	65.84	72.55	68.24	60.35

SHARE INFORMATION

TWENTY MAJOR SHAREHOLDERS

Name of the Shareholder	31.03.2025		31.03.2024	
	No. of Shares	%	No. of Shares	%
1. The Colombo Fort Land and Building PLC	28,423,233	55.22	28,423,233	55.22
2. Amana Bank PLC/E.B. Creasy & Company PLC	9,011,079	17.51	9,011,079	17.51
3. CM Holdings PLC	2,716,767	5.28	2,716,767	5.28
4. Associated Electrical Corporation Ltd	1,442,772	2.8	1,414,476	2.75
5. Colombo Fort Investments PLC	1,290,673	2.51	1,290,673	2.51
6. Sampath Bank PLC / Senthiverl Holdings (Pvt) Ltd	1,185,239	2.3	-	0.00
7. Darley Butler & Company Ltd	547,296	1.06	536,614	1.04
8. Colombo Investment Trust	495,000	0.96	495,000	0.08
9. Guardian Asset Management Ltd	400,300	0.78	400,300	0.78
10. Mr. Subramaniam Vasudevan	389,000	0.76	389,000	0.76
11. E.B. Creasy & Company PLC	388,567	0.75	388,567	0.75
12. Sri Lanka Insurance Corporation Ltd-General Fund	306,169	0.59	306,169	0.59
13. Capital Investments Ltd	274,000	0.53	274,000	0.53
14. Hatton National Bank PLC/Sri Dhaman Rajendram Arudpragasam	250,000	0.49	250,000	0.49
15. Union Investments (Private) Ltd	222,800	0.43	222,800	0.43
16. Mr. Rasiah Ranjith Leon	187,750	0.36	18,800	0.04
17. Assetline Finance Limited / H. Shanmuga Sharma	166,642	0.32	82,000	0.16
18. People's Leasing & Finance PLC / Hi Line Trading (Pvt) Ltd	161,767	0.31	151,767	0.29
19. A E C Properties (Pvt) Ltd	150,000	0.29	150,000	0.29
20. Amana Bank PLC/ Hi Line Trading Pvt Ltd	139,327	0.27	139,327	0.27
Total	48,148,381	93.52	46,660,572	90.65

DISTRIBUTION OF SHARES

No. of Shares Held	As At 31st March 2025			As At 31st March 2024		
	No. of Shareholders	Total Holding	Holding %	No. of Shareholders	Total Holding	Holding %
1 - 1,000	1,685	369,451	0.72	1,822	427,040	0.83
1,001 - 10,000	355	1,098,419	2.14	433	1,381,771	2.69
10,001 - 100,000	68	1,736,212	3.37	90	2,547,795	4.95
100,001 - 1,000,000	15	4,196,912	8.15	16	4,257,923	8.27
1,000,000	6	44,069,763	85.62	5	42,856,228	83.26
	2,129	51,470,757	100.00	2,366	51,470,757	100.00

ANALYSIS OF ORDINARY SHAREHOLDERS

	As At 31st March 2025			As At 31st March 2024		
	No. of Shareholders	Total Holdings	%	No. of Shareholders	Total Holdings	%
Individuals	1,980	2,862,888	5.56	2,202	3,563,812	6.92
Institutions	149	48,607,869	94.44	164	47,906,945	93.08
	2,129	51,470,757	100.00	2,366	51,470,757	100.00

The Market Value of the Company's ordinary shares was

Market Value	31.03.2025	31.03.2024
Highest	95.50	98.00
Lowest	64.00	50.00
Market Value as at the Year End	86.90	68.00

PUBLIC HOLDING

The percentage of shares held by the public as at 31st March 2025 was 14.15% (31st March 2024 - 13.98%)

The applicable option under Colombo Stock Exchange Rule 7.13.1 (i)(b) on Minimum Public Holding is Option 2 and the Float Adjusted Market Capitalization as at 31.03.2025 was Rs. 632,902,442.84 (31.03.2024 - Rs. 489,301,604.34).

PUBLIC SHAREHOLDERS

The number of Public Shareholders as at 31st March 2025 was 2,106 (31st March 2024 - 2,343)

STATED CAPITAL

The Stated Capital of the Company is Rs. 1,282,697,140/- represented by 51,470,757 Ordinary Shares.
(31.03.2024 - Stated Capital Rs.1,282,697,140/- represented by 51,470,757 Ordinary Shares.)

NOTICE OF MEETING

Notice is hereby given that the Sixtieth Annual General Meeting of Lankem Ceylon PLC will be held on 11th September 2025 at 10.00 a.m. and conducted as a Virtual Meeting from 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1, for the following purposes, namely:

1. To receive and consider the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March, 2025 with the Report of the Auditors thereon.
2. To re-elect as a Director, Mr. K. G. Punchihewa who retires in accordance with Article 91 of the Articles of Association.
3. To re-elect as a Director, Mr. S.B. Perera who retires in accordance with Article 91 of the Articles of Association.
4. To reappoint Mr. A. Hettiarachchy who is over seventy years of age as a Director. Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment (see Note No.5).
5. To reappoint Mr. S.D.R. Arudpragasam who is over seventy years of age as a Director. Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment (see Note No.6).
6. To authorize the Directors to determine contributions to charities.
7. To reappoint as Auditors, Messrs. KPMG Chartered Accountants and to authorize the Directors to determine their remuneration.
8. Special Business : To consider and if thought fit to pass the following Special Resolution to amend the Articles of Association of the Company in relation to the minimum number of Independent Directors in compliance with the Listing Rules of the Colombo Stock Exchange:

Special Resolution

Resolved-

That the existing Article 74(2) be deleted and the following be substituted therefor:

74(2) Notwithstanding anything to the contrary, so long as the shares of the Company are listed on the Colombo Stock Exchange, the Company shall in compliance with the Listing Rules of such Exchange ensure that, of the total number of Directors on the Board of Directors of the Company at any given time one third or two (whichever is greater) shall be Independent Directors in accordance with and subject to the criteria therefore in the Listing Rules of the Colombo Stock Exchange.

Any change occurring to this ratio shall be rectified within ninety (90) days from the date of change.

For the purpose of this Article, the term 'Independent Director' shall be as defined and set out in the Listing Rules of the Colombo Stock Exchange above referred to."

By Order of the Board,



Corporate Managers & Secretaries (Private) Limited
Secretaries

Colombo
14th August 2025

Notes:

1. Any member of the Company who is entitled to attend and vote at this meeting may appoint a proxy to attend and vote instead of him or her. A proxy need not be a member of the Company.
2. A Form of Proxy is enclosed in this Report. The instrument appointing a proxy must reach the Registered Office of the Company's Secretaries, Corporate Managers & Secretaries (Private) Limited, No. 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01, not less than forty eight (48) hours before the time appointed for the holding of the meeting.
3. Members are encouraged to vote by Proxy through the appointment of a member of the Board of Directors to represent them and vote on their behalf. Members are advised to complete the Form of Proxy and their voting preferences on the specified resolutions to be taken up at the meeting and submit the same to the Company in accordance with the instructions given on the reverse of the Form of Proxy.
4. Please refer the CSE website and the "Circular to Shareholders" dated 14th August 2025 for further instructions relating to the Annual General Meeting and for joining the Meeting virtually.
5. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

Resolved –

"That Mr. A. Hettiarachchy who is seventy six years of age be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director, Mr. A. Hettiarachchy".

6. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

Resolved –

" That Mr. S.D.R. Arudpragasam who as at the date of the Annual General Meeting would have reached the age of seventy four years be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director, Mr. S.D.R. Arudpragasam".

NOTES

NOTES

FORM OF PROXY

I/We ..... of

.....

being a member/members of Lankem Ceylon PLC hereby appoint .....

of ..... whom failing

1. Sri Dhaman Rajendram Arudpragasam of Colombo or failing him
2. Ariyawansa Hettiarachchy of Colombo or failing him
3. Peter Suren Goonewardene of Colombo or failing him
4. Anushman Rajaratnam of Colombo or failing him
5. Shrihan Blaise Perera of Colombo or failing him
6. Kamal Gardiye Punchihewa of Colombo

as my/our proxy to represent me/us and to speak and vote on my/our behalf at the Annual General Meeting of the Company to be held on 11th September 2025 at 10.00 a.m. and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid meeting.

	For	Against
1. To receive and consider the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March 2025 with the Report of the Auditors thereon.		
2. To re-elect as a Director, Mr. K. G. Punchihewa .		
3. To re-elect as a Director, Mr. S.B. Perera.		
4. To reappoint Mr. A. Hettiarachchy as a Director		
5. To reappoint Mr. S.D.R. Arudpragasam as a Director		
6. To authorize the Directors to determine contributions to charities.		
7. To reappoint as Auditors, Messrs KPMG, Chartered Accountants, and to authorize the Directors to determine their remuneration.		
8. Special Business- To amend the Articles of Association as set out in the Notice of the Meeting.		

The proxy may vote as he/she thinks fit on any resolution brought before the meeting.
As witness my hand/our hands this ..... day of .....Two Thousand and Twenty Five.

.....
Signature

Note:
A proxy need not be a member of the Company. If no words are deleted or there is in the view of the proxy doubt (by reasons of the manner in which the instructions contained in the Form of Proxy have been completed) as to the way in which the proxy should vote, the proxy may vote as he/she thinks fit.

Instructions as to completion are noted on the reverse hereof.

INSTRUCTIONS AS TO COMPLETION

1. Perfect the Form of Proxy, after filling in legibly your full name and address by signing in the space provided and filling in the date of signature
2. In the case of Corporate Members the Form of Proxy must be under the Common Seal of the Company or under the hand of an Authorized Officer or Attorney.
3. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company's Secretaries, the original POA together with a photocopy of the same, or a copy certified by a Notary Public must be lodged with the Company's Secretaries, along with the Form of Proxy.
4. The Completed Form of Proxy should be deposited at the Registered Office of the Company's Secretaries, Corporate Managers & Secretaries (Private) Limited, 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01. Not less than forty-eight (48) hours before the time appointed for the meeting.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman
Mr. S.D.R. Arudpragasam
FCMA (UK)

Deputy Chairman
Mr. A. Hettiarachchy
C. Eng, MIEE, MIProdE, MIChemE

Managing Director
Mr. P.S. Goonewardene
BBA (Aus.) CPA (Aus.), FCMA (SL), FCIM (UK)

Directors
Mr. Anushman Rajaratnam
B.Sc. (Hons.) CPA, MBA

Mr. K.G.Punchihewa
FCA, CPA (Aus.)
(Appointed with effect from 31.12.2024)

Mr. S.B. Perera
FCMA/CGMA(UK), B.Sc. Mech.Eng. (Hons.)
(Appointed with effect from 31.12.2024)

SECRETARIES

Corporate Managers & Secretaries (Private) Limited

BANKERS

Commercial Bank of Ceylon PLC
Bank of Ceylon
Sampath Bank PLC
People's Bank
National Development Bank PLC
Hatton National Bank PLC
PABC Bank PLC
Seylan Bank PLC
Nations Trust Bank PLC
Union Bank of Colombo PLC

LAWYERS

Messrs Julius & Creasy, Attorneys-at-Law

AUDITORS

Messrs KPMG, Chartered Accountants

NAME OF THE COMPANY

Lankem Ceylon PLC

LEGAL FORM

A limited liability company incorporated and domiciled in Sri Lanka

DATE OF INCORPORATION

15th September 1964

COMPANY NUMBER

PQ128

STOCK EXCHANGE LISTING

The ordinary shares of the Company are listed with the Colombo Stock Exchange of Sri Lanka

REGISTERED OFFICE

No. 98, Sri Sangaraja Mawatha, Colombo 10.

PRINCIPAL ACTIVITIES OF THE COMPANY

Manufacturing and Distribution of Chemicals, Paints and Consumer Products

SUBSIDIARY COMPANIES AND THEIR PRINCIPAL ACTIVITIES

Lankem Paints Ltd.
Distribution of Paints

Lankem Consumer Products Ltd.
Distribution of Consumer Products

Lankem Chemical Ltd.
Distribution of Industrial Chemicals

Lankem Agrochemicals Ltd.
Distribution of Agrochemicals

SunAgro Lifescience Ltd.
Import, Marketing and Distribution of Agrochemicals

Lankem Research Ltd.
Research and Development

C.W. Mackie PLC
Manufacturer, Exporter, Importer and Distributor of Consumer, Hardware and Rubber Products.

Lankem Plantations Services Ltd.
Non-Operational

Sigiriya Village Hotels PLC
Owning and Operation of Resort Hotel.

Marawila Resorts PLC
Owning and Operation of Resort Hotel

Colombo Fort Hotels Ltd.
Investment in Hotel Companies

Sherwood Holidays Ltd.
Managing of Bungalows

Beruwala Resorts PLC
Owning and Operation of Resort Hotel

Imperial Hotels Ltd.
(Formerly known as York Hotels (Kandy) Ltd.) Investment in properties

B.O.T. Hotel Services (Pvt) Ltd.
Non Operational

Galle Fort Hotel (Pvt) Ltd.
Owning and Operation of a Boutique Hotel

SunAgro Farms Ltd.
Non Operational

Associated Farms (Pvt) Ltd.
Non Operational

Lankem Technology Services Ltd.
Non Operational

Nature's Link Ltd.
Non Operational

Lankem Exports (Pvt) Ltd.
Non Operational

Ceylon Tapes (Pvt) Ltd.
Manufacturing and Trading of Packing Tape

J.F. Packaging Ltd.
Manufacturing of Polymer Packing

Kiffs (Pvt) Ltd.
Manufacturing and Distribution of PET Bottles

Alliance Five (Pvt) Ltd.
Business of Injection Moulding

J.F. Ventures Ltd.
Investment Holding

Acme Printing and Packaging PLC
Packaging

Lankem Minerals Ltd.
Manufacturing of Fertilizer

ASSOCIATES

Consolidated Tea Plantations Ltd. (formerly known as Lankem Plantation Holdings Ltd.)"

optima Designing Your Year!
Designed & Produced by Optima Designs (Pvt) Ltd.
A full service design and print company. www.optimadesigns.lk

LANKEM CEYLON PLC