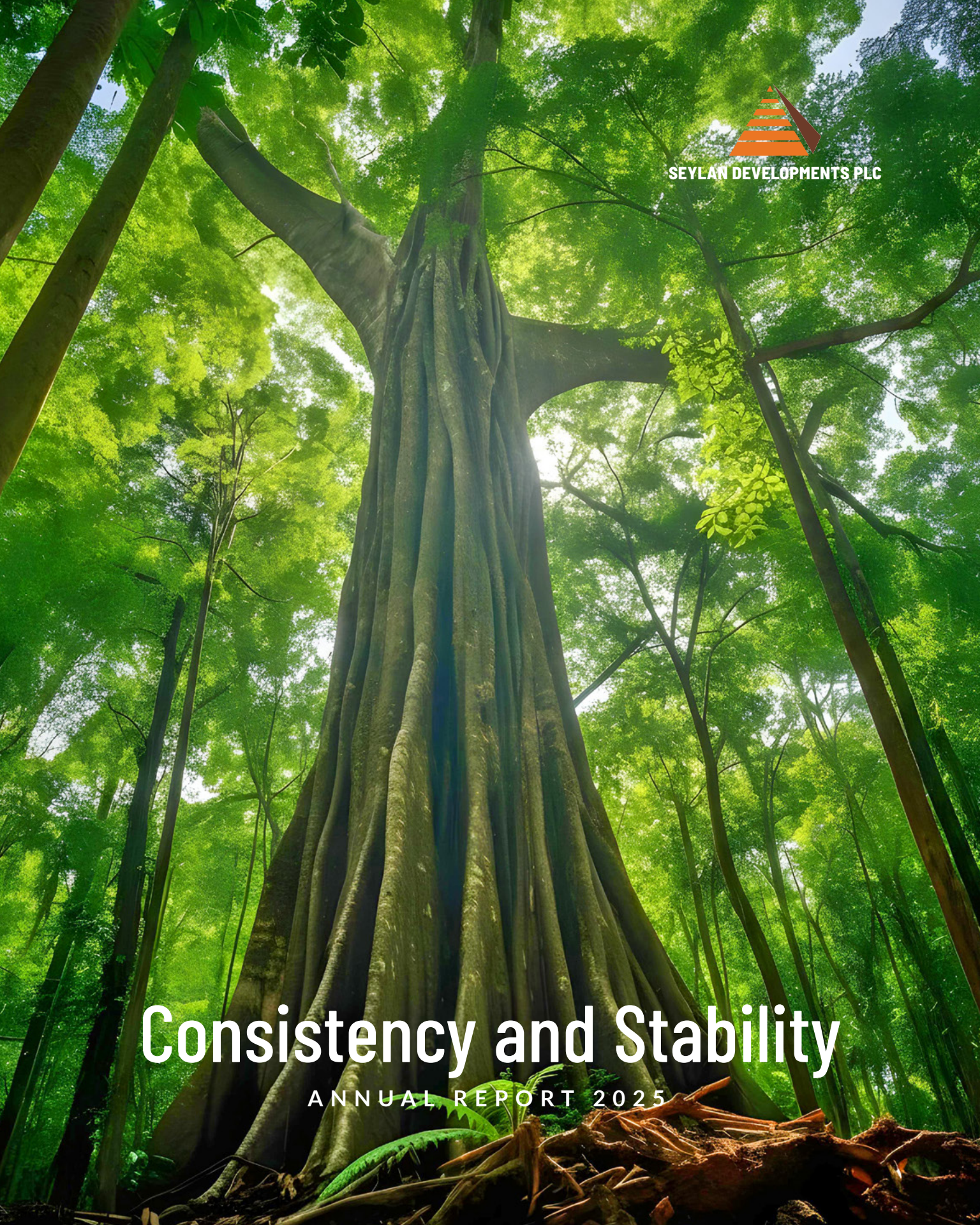

SEYLAN DEVELOPMENTS PLC

Consistency and Stability

ANNUAL REPORT 2025

Consistency and Stability

Seylan Development PLC has stood the test of time and strife, standing robust and reliable for more than 30 years, driving the growth of Sri Lanka's commercial enterprises and spaces. Amidst a dynamic socio-economic environment, the Company has remained resilient and strong.

This year's Seylan Development PLC Annual Report is themed 'Consistency and Stability' focusing on our enduring principles that have held us steady, strong, dependable and forward-thinking in a dynamic business environment where market and external fluctuations evolve.

This year our cover story highlights how our stability is not merely a passage of time, but the result of deliberate strategy and disciplined execution. Through the introduction of automated and digital processes, we have enhanced operational efficiency, improved accuracy, and strengthened data integrity, enabling real-time decision-making, and fortifying service delivery across our portfolio.

Central to our consistent performance is a comprehensive internal control environment designed to safeguard assets, ensure regulatory compliance, and promote transparency across all levels of the organisation. Consistency remains at the heart of our operations, from proactive tenant engagement and sustained occupancy management, to meticulous oversight of commercial assets. By maintaining high occupancy levels and delivering structured, professional property management services, we continue to create secure, value-driven environments for property owners and tenants alike, whilst contributing to broader economic activity.

Our commitment to sustainability and consistency is not only entwined in our performance and operational efficacy but also in our dedication to create value for our people and planet. Our efforts to ensure comfortable and reliable property services combined with environmentally friendly operations and spaces have been our delivery promise each year to our valued stakeholders.

As we reflect on our journey, our commitment to innovation, governance, and operational excellence has reinforced the stability that defines our brand and positioned us confidently for the future.

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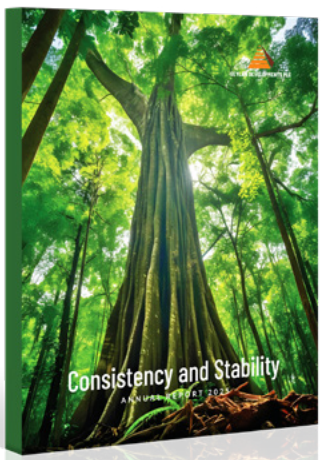
ABOUT THIS REPORT

We are pleased to present the 8th Integrated Annual Report of Seylan Developments PLC for the financial year 2025. This Report serves as the Company's primary communication to shareholders and stakeholders, providing a balanced, transparent, and comprehensive account of our performance and our steadfast commitment to delivering consistent results and maintaining operational stability.



The year under review reflects our disciplined approach to strategy execution, prudent financial management, and structured governance practices — all of which reinforce the foundations of sustainable and predictable value creation.

Basis of Preparation

This Integrated Annual Report provides a comprehensive overview of the Company's performance for the financial year ended 31 December 2025. It outlines the strategic initiatives undertaken to realise the Company's long-term vision, while maintaining stability in operations and consistency in decision-making.

The Report has been prepared with due consideration to continuity, comparability, and transparency, enabling stakeholders to assess performance trends and long-term resilience.

Previous Integrated Reports, including the 2024 Report, are available for viewing and download on the Company's corporate website: https://www.seylandevelopments.com

Reporting Period & Boundary

The Annual Report 2025 covers the twelve-month period from 1 January to 31 December 2025. Material events occurring after the reporting period up to the date of Board approval, 23 February 2026, have been considered and disclosed where relevant.

There have been no significant changes from previous reporting periods in respect of the scope or reporting boundaries, thereby ensuring continuity and comparability in reporting. Comparative financial information, where reclassified or restated, has been clearly disclosed and explained in the relevant sections.

This Report presents material information relating to the economic, social, and environmental performance of the Company during the year under review, demonstrating our commitment to steady and responsible growth.

Value Creation

The success of Seylan Developments PLC is underpinned by its ability to consistently generate sustainable value while safeguarding operational and financial stability.

Our value creation process reflects a disciplined and structured approach to capital allocation, risk management, and stakeholder engagement. The value created is reflected in the enhanced availability, affordability, and quality of capital necessary to support steady future growth.

This approach is further elaborated in the Company's Value Creation Model (pages 22 to 23) and the Capitals Report (pages 31 to 52), which together demonstrate how the Company transforms resources into resilient, long-term value for shareholders and society.

Materiality

We report on all material aspects that influence our ability to create long-term value. Material issues are identified through continuous stakeholder engagement (pages 24 to 27), discussions at Board and Committee meetings, and the Company's risk management processes (pages 117 to 119). These insights form the foundation of our materiality analysis and guide the content of this Report, ensuring that we focus consistently on what matters most to our stakeholders.

Enhanced Transparency and Accountability

The Integrated Annual Report provides a comprehensive view of the Company's performance, fostering trust and enabling stakeholders to make informed decisions. We disclose all material matters discussed during Management Committee sessions, identified through stakeholder engagement, and assessed through our risk management processes. This consistent approach reflects our commitment to stability in governance and operations.

Independent Assurance

Our financial statements have been independently assured in accordance with Sri Lanka Auditing Standards, reinforcing the reliability and credibility of our reporting.

Credibility

Our reporting consistently adheres to applicable laws, regulatory frameworks, standards, guidelines, and protocols. This disciplined approach ensures that our communications are credible, transparent, and aligned with our overarching theme of consistency and stability.

Financial Reporting (Regulatory Compliance)

We adhere strictly to the following frameworks and regulations:

- Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka
- Companies Act No. 07 of 2007 and its amendments
- Listing Rules of the Colombo Stock Exchange (CSE)
- Securities Exchange Commission (SEC) Regulations
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995

Corporate Governance, Compliance, and Risk Reporting (Regulatory Compliance)

Our governance and risk reporting comply with:

- Listing Rule No. 9 of the Colombo Stock Exchange
- Code of Best Practice on Corporate Governance (CA Sri Lanka, 2023)
- Companies Act No. 07 of 2007 and its amendments
- Securities Exchange Commission (SEC) Regulations

Sustainability Reporting (Voluntary)

We embrace international best practices in sustainability reporting, including:

- GRI Standards (2021) of the Global Reporting Initiative
- Guidelines on Environmental, Social, and Governance (ESG) Reporting issued by the CSE
- Gender Parity Reporting Framework issued by CA Sri Lanka

Integrated Reporting (Voluntary)

Our reporting also follows integrated reporting principles:

- Guidelines for the presentation of Annual Reports issued by CA Sri Lanka
- Integrated Reporting Framework

Connectivity & Digital Innovation

Capital Type	Key Stakeholders	Focus Areas
Financial Capital	Investors	Business Growth and Sustainability
Manufactured Capital	Suppliers / Customers	Technology Enhancement and service quality
Human Capital	Employees	Human Development
Social & Relationship Capital	Communities	Improve Customer and Supplier Relationships
Intellectual Capital	Investors	Innovation and Knowledge
Natural Capital	Business Partners	Sustainable Practices
Digital Capital	All Stakeholders	Business Process Automation, Technology Enhancement

To enhance stakeholder engagement, we have introduced a digital animated flipbook, providing an interactive and user-friendly way to explore key information from the Annual Report. This digital experience allows stakeholders to access vital information in a more engaging, transparent, and convenient manner, reinforcing our commitment to consistent and reliable communication.

Feedback

We are committed to continuously improving the quality, clarity, and readability of our Annual Report. We welcome your feedback, suggestions, and comments. Please direct your input to:

Ms. Nirmala Arangalage – Head of Finance
Seylan Developments PLC
Tel: 011-2456596
Email: nirmala@seylandevelopments.com

Web Disclosures

This Integrated Annual Report can also be accessed via the Company's website: www.seylandevelopments.com

Download the PDF Version/ View Digital animated Flipbook of this Annual Report Online

ABOUT US

OUR VISION

"To be recognized as the premier property management Company in Sri Lanka which provides an excellent service to its tenants".

OUR MISSION

"We are dedicated to controlling costs while maintaining the highest levels of satisfaction and comfort to our tenants by responding to their unique requirements and special requests. We listen to them and then develop a plan and structure that fits their goals, budgets and needs. We immaculately upkeep our properties to the highest quality standards by deploying our team of highly trained professionals".

Seylan Developments PLC is a Public Limited Liability Company incorporated in Sri Lanka on 3 September 1992 and listed on the Colombo Stock Exchange. The Company is a subsidiary of Seylan Bank PLC.

We specialize in property development, administration, and maintenance, offering a range of services including the rental of commercial spaces and residential apartments. Our property at No. 90, Galle Road, Colombo 03, comprises two towers:

- East Tower – a multi-storey prime office complex, housing the Head Office of Seylan Bank PLC.
- West Tower – consisting of 16 fully furnished apartments providing high-quality accommodation for tenants.

Seylan Developments PLC is committed to creating long-term value for all stakeholders through responsible management, operational efficiency, and service excellence.



Enhancing Transparency

Transparency is a cornerstone of our operations. By fostering openness and accountability, we strengthen stakeholder trust, support informed decision-making, and ensure effective risk management. Our commitment to transparency also reinforces regulatory compliance and enhances the Company's reputation in the market.

Our approach emphasizes transparency and stakeholder trust:

- Providing ready access to financial and operational information with openness, honesty, and accuracy.
- Ensuring transparency in recruitment and selection processes.
- Complying with reporting standards while maintaining stringent internal benchmarks.
- Encouraging employee engagement with management at all levels.

Through these efforts, we create a transparent and trustworthy environment where stakeholders are confident in the Company's governance and performance.

Enhancing Accountability

At Seylan Developments PLC, we maintain high standards of ethical conduct and accountability across all levels. This reinforces stakeholder trust, mitigates risks, and supports long-term sustainability. Key measures include:

- Oversight of related-party transactions through the Related Party Transactions Review Committee.
- Adoption of robust policies covering business conduct and ethics, risk management, internal controls, whistleblowing, and anti-bribery and corruption.
- Commitment to transparent, comprehensive disclosure through integrated reporting aligned with regulatory requirements.

Enhancing Governance

Strong governance underpins effective risk management, regulatory compliance, stakeholder confidence, ethical conduct, and operational resilience. Seylan Developments PLC continues to strengthen governance practices that promote consistency, accountability, and stability across all operations.

- Implementation of a formal risk management framework to foster accountability and risk awareness.
- Annual self-assessment by Directors to evaluate individual effectiveness, committee performance, and overall Board effectiveness.
- Adherence to all applicable laws and regulations.
- Structured and transparent processes for Director nomination and appointment.

Enhancing Sustainability

We are committed to responsible and sustainable operations through initiatives that embed environmental stewardship in our culture:

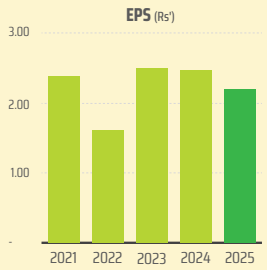
- Promoting a culture of environmental responsibility.
- Adopting resource-efficient practices focused on reduce, reuse, recycle, and recover.
- Implementing energy-efficient initiatives throughout our operations.

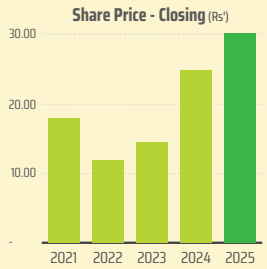
FINANCIAL HIGHLIGHTS

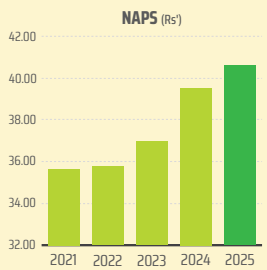
		2025	2024	Variance
Financial Capital				
Financial Performance - Highlights and Ratios				
Revenue	Rs' mn	380.28	397.13	-4.24%
Results from operating activities	Rs' mn	336.86	383.62	-12.19%
Net change in fair value of investment properties	Rs' mn	67.46	112.68	-40.13%
Net Finance Income	Rs' mn	66.67	59.26	12.50%
Profit before tax	Rs' mn	403.53	442.88	-8.89%
Profit after tax	Rs' mn	307.17	350.81	-12.44%
Dividends	Rs' mn	167.63	153.66	9.09%
Earnings per share (basic)	Rs:	2.20	2.48	-11.29%
Returns on Assets (ROA)	%	4.52%	5.30%	-14.72%
Returns on Capital Employed (ROCE)	%	5.42%	6.35%	-14.65%
Financial position - Highlights and Ratios				
Total Assets	Rs' mn	6,799.83	6,619.09	2.73%
Equity	Rs' mn	5,671.38	5,520.76	2.73%
Stated Capital	Rs' mn	1,644.39	1,644.39	0.00%
Net Assets per share	Rs:	40.60	39.52	2.73%
Current ratio	No. of times	1.65	1.05	57.14%
No of shares in issue	Number'mn	139.69	139.69	0.00%
Debt / Equity ratio	%	19.90%	19.89%	0.05%
Market/ Shareholder Information				
Dividend per share (Proposed)	Rs:	1.20	1.10	9.09%
Market Capitalization	Rs' bn	4.20	3.49	20.34%
Price Earning ratio	No. of times	13.69	10.09	35.68%
Dividend yield ratio	%	3.99%	4.40%	-9.32%
Dividend payout ratio	%	54.57%	43.80%	24.59%
Net Assets per share	Rs:	40.60	39.52	2.73%
Share Prices				
Highest during the year	Rs:	35.20	27.50	28.00%
Lowest during the year	Rs:	20.00	13.90	43.88%
Last Traded price	Rs:	30.10	25.00	20.40%
Last Traded date		31.12.2025	31.12.2024	
Others				
Economic Value Generated	Rs' mn	467.37	505.05	-7.46%
Economic Value Distributed				
Government	Rs' mn	105.86	101.45	4.35%
Employees	Rs' mn	53.00	50.99	3.94%
Borrowers	Rs' mn	0.08	0.58	-86.21%
Expansion and growth	Rs' mn	308.43	352.03	-12.39%
Number of Employees	Number	18	17	5.88%
Average revenue per employee	Rs' mn	21.13	23.36	-9.55%
Manufactured Capital				
Investment property	Rs' mn	6,040.28	5,997.83	0.71%
Property, plant and equipment	Rs' mn	9.00	2.42	271.90%
Capital Expenditure	Rs' mn	18.29	20.09	-8.96%

OPERATIONAL HIGHLIGHTS

FINANCIAL CAPITAL







DIGITAL CAPITAL

Server Upgrades

- Accounting
- HR System
- Building Management System

Business process automation

- Integrating Generator system
- Integrating Pump system
- Implementing notification system for Building Management system.

INTELLECTUAL CAPITAL

Group Linkaga **"Seylan"**

Awards and Recognitions

- Certificates of Compliance under "Land & Property" category at the Annual Report Awards Ceremony organized by CA Sri Lanka
- Certificate of Recognition - Corporate Governance disclosure in Non-Financial Sector by the CA Sri Lanka.

SOCIAL AND RELATIONSHIP CAPITAL

Occupancy at the end of the year

EAST TOWER	WEST TOWER
100%	94%

Contribution to CSR

Rs: 2.11 Mn









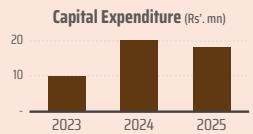
MANUFACTURED CAPITAL

East Tower

Head office Building of Seylan Bank

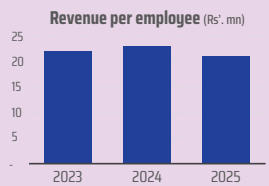
West Tower

16 Apartments



HUMAN CAPITAL

Average Length of Service of an employee	Over 15 years of service
19 Years	67%



NATURAL CAPITAL

Energy Consumption

2,855,509 kwh

Water Consumption

39,251 m3

CHAIRMAN'S REVIEW



Dear Valued Shareholders,

Against a backdrop of evolving economic and market conditions, Seylan Developments PLC remained focused on safeguarding stability, while strengthening the foundations for long-term value creation. During the year under review, the Company continued to demonstrate resilience, operational discipline, and a clear commitment to meeting the expectations of its stakeholders.

Throughout the financial year, we maintained continuity in service delivery, while responding prudently to changes in the operating environment. Our approach was guided by sound governance, careful cost management, and a measured adoption of process improvements, including selective automation initiatives aimed at enhancing efficiency and reliability across key operational areas.

Financial Performance

I am pleased to report that Seylan Developments PLC recorded a Profit After Tax of Rs. 307.17 Mn for the year and the Company's Total Assets were reported at Rs: 6.8 Bn as at 31st December 2025.

The Company's financial performance reflects the underlying strength of its asset base, stable rental income streams, and disciplined expense management. The results for the year were supported by largely stable occupancy levels with a gradual improvement over the year, prudent liquidity management, and continued focus on optimizing operational workflows.

Where appropriate, the Company also leveraged automation-driven process enhancements to improve accuracy, timeliness, and internal controls, particularly in reporting, facilities management coordination, and routine administrative functions. These initiatives were implemented with a focus on reliability and cost efficiency.

Capital Management and Shareholder Value

During the year, the Board continued to monitor capital allocation and shareholder value creation closely. The Board has recommended a dividend of Rs. 1.20 per share for the financial year 2025 for approval of the shareholders at the Annual General Meeting. This dividend is 9% increase over 2024.

The Company remains committed to ensuring that capital management decisions are aligned with long-term sustainability, liquidity requirements, and the protection of shareholder interests.

Operational Continuity and Asset Performance

Seylan Developments PLC continued to operate without disruptions during the year. Both the East Tower and West Tower assets remained central to the Company's performance, supported by ongoing maintenance, selective refurbishment initiatives, and a continued emphasis on tenant satisfaction.

Occupancy levels remained strong, with the East Tower recording an occupancy rate of 100%, while the West Tower achieved 94% occupancy at year end. Continuous monitoring of building systems, coupled with incremental automation of maintenance tracking and service request workflows, contributed to improved response times and operational visibility.

Capacity Enhancement and Resilience

The Company's total assets increased from Rs. 6.62 Bn to Rs. 6.80 Bn during the year, reflecting disciplined Asset management and sustained asset value. Investments made during the period were primarily directed toward asset upkeep, system improvements, and measures designed to support operational resilience.

Enhancements introduced during the year were guided by a long-term perspective, with particular attention given to improving efficiency, reducing manual dependency, and strengthening data-driven decision-making.

Board Composition and Governance

During the year under review, the Board continued to function with a strong emphasis on oversight, accountability, and strategic guidance. Our Board of Directors experienced changes during the year. Mr. Piyal Hennayake, Independent Non-Executive Director resigned from the Board on 10th January 2025 and Ms. Champika Dodanwela, a Non-Executive Director, resigned from Seylan Developments PLC on 09th December 2025. I thank them for their valuable contribution to the Board. Mr. Ranil Dissanayake, was appointed to the Board as a Non-Executive Director effective from 26th November 2025.

The Board remains committed to maintaining a balanced mix of skills, experience, and independence, ensuring that governance practices remain aligned with regulatory expectations and best practices. Regular evaluations of Board and Committee effectiveness continued during the year.

Outlook

Looking ahead, Seylan Developments PLC remains optimistic. While external uncertainties persist, the Company is well positioned to maintain stability, protect asset value, and pursue incremental improvements in efficiency and service quality.

Our focus for the coming year will remain on operational excellence, disciplined governance, and the selective use of automation and technology to support accuracy, transparency, and consistency. These efforts will be undertaken without compromising the personalized service standards expected by our customers and stakeholders.

On behalf of the Board of Directors, I extend my sincere appreciation to our shareholders for their continued trust, and to our employees for their dedication and professionalism throughout the year.



Ramesh Jayasekara
Chairman
Seylan Developments PLC
23rd February 2026

CHIEF EXECUTIVE OFFICER'S REVIEW



Dear Valued Shareholders,

The year under review was guided by a focus on operational stability, disciplined execution, and continuous improvement across Seylan Developments PLC's property management and support functions. In a challenging and evolving environment, the Company remained committed to maintaining service continuity, safeguarding asset quality, and enhancing operational efficiency.

Operational priorities were shaped by a practical and measured approach, balancing consistency with selective process enhancements. These efforts were supported by improved coordination across teams, streamlined workflows, and the phased adoption of automation in engineering and operational systems.

Operational Performance

The Company continued to manage its core assets with emphasis on reliability, safety, and tenant satisfaction. Operations at both the East Tower and West Tower remained stable, supported by structured preventive maintenance programmes, responsive service delivery, and continuous system monitoring.

The year 2025 highlighted the steady performance and reliability that define our business. Despite a slower start in the West Tower, we successfully raised occupancy to 94% by year-end, while the East Tower maintained full occupancy throughout the year. This sustained performance reflects the enduring demand for our well-maintained residential units and our disciplined operational approach. By delivering consistent and reliable results, we continue to create sustainable value for our shareholders and remain confident in our ability to drive long-term growth.

Process Efficiency and Automation

A key focus has been the progressive automation of critical engineering functions, including electrical systems, generators, plumbing, and air-conditioning operations. These systems are being integrated with real-time monitoring tools that notify responsible officers of any abnormalities, ensuring prompt action.

The automation programme is expected to be substantially completed by the end of 2026, marking a significant milestone in systems integration and operational resilience.

Asset Maintenance and Capital Initiatives

Capital investments were primarily directed toward asset upkeep, system enhancements, and refurbishment initiatives aimed at preserving long-term asset value. Preventive maintenance remained central to minimising disruptions and extending the life of critical infrastructure, executed with careful planning and coordination.

Human Capital and Capability

Our operational performance is underpinned by a dedicated and experienced team. Training initiatives focused on safety, compliance, operational best practices, and effective use of new systems, ensuring employees are equipped to adapt to evolving workflows while maintaining service excellence.

Sustainability and Resource Management

Operations were conducted with strong consideration for environmental stewardship and resource efficiency. Energy and water usage were continuously monitored, with insights driving optimisation and waste reduction in line with our sustainability objectives.

Corporate Social Responsibility

During the year, Seylan Developments PLC undertook a community water purification initiative at MU/ Ethawetunuwawa Vidyalaya in Welioya, Mullaitivu District, an area identified as high-risk for chronic kidney disease. The project delivers purified drinking water to students, teachers, and the surrounding community, reflecting the Company's commitment to responsible corporate citizenship and sustainable social impact.

I sincerely appreciate our shareholders for authorising the Board to undertake meaningful CSR initiatives. Your continued support enables the Company to contribute responsibly to communities in need, while upholding the values of stability, stewardship, and long-term sustainability that define Seylan Developments PLC.

Future Outlook

Looking ahead, Seylan Developments PLC will continue to prioritise operational stability, efficiency enhancement, and asset performance preservation. Through strengthened systems, refined processes, and continued investment in our people, the Company is well-positioned to sustain operational excellence and create long-term value for all stakeholders.

I extend my sincere appreciation to our employees for their dedication and professionalism, and to our tenants and stakeholders for their continued trust and cooperation.



Anuja Ratnaayake
Chief Executive Officer
23rd February 2026

BOARD OF DIRECTORS





1. MR. RAMESH JAYASEKARA
2. MRS. GILLIAN EDWARDS
3. MR. TILAN WIJEYESEKERA
4. MR. NAJILL FAROUK
5. MR. RANIL DISSANAYAKE

DIRECTORS' PROFILE



MR. RAMESH JAYASEKARA

Chairman - Non-Executive Director

Qualifications:

- Associate Member of Institute of Chartered Accountants of Sri Lanka
- Bachelor of Commerce Degree (First Class) – University of Colombo
- Associate Member of Institute of Certified Management Accountants
- Associate Member of Association of Chartered Certified Accountants - UK
- Post Graduate Diploma in Marketing from CIM - UK

Appointment to the Board :

30th November 2012 as a Director

01st May 2023 as Chairman

Skills and Experience:

Mr Ramesh Jayasekara was appointed as the Director / Chief Executive Officer of Seylan Bank PLC on 01st May 2023. He was the Deputy Chief Executive Officer of the Bank prior to his appointment as the Director / Chief Executive Officer.

Mr Jayasekara joined Seylan Bank in 2011 as the Chief Financial Officer and was appointed as the Chief Risk Officer in 2016. He was the Deputy General Manager – Corporate Banking of the Bank from 2018 to 2019. In January 2020, he was promoted to the grade of Senior Deputy General Manager, and in January 2021, he was made the Chief Operating Officer of the Bank. Subsequently, in terms of succession, he was appointed the Deputy Chief Executive Officer in September 2022.

Mr Jayasekara is also the Chairman of Lanka Financial Services Bureau Ltd and serves on the Boards of National Credit Guarantee Institution Limited and Sri Lanka Banks' Association.

Prior to joining Seylan Bank PLC, he was the Deputy Regional Financial Controller of the French Banking giant BNP Paribas, Middle East Region – (Bahrain, Saudi Arabia, Kuwait, Qatar, Dubai, Abu Dhabi & Cyprus) based in Bahrain. He also held senior roles at HSBC Sri Lanka as Resident Manager – Finance & Planning and at KPMG Sri Lanka as an Audit Manager.

He has over 25 years of experience in Banking, Strategic Planning, Financial Management, Risk and Audit both locally and internationally.



MRS. GILLIAN EDWARDS

Independent Non-Executive Director

Qualifications:

- Masters in Business Administration from University of Southern Queensland, Australia.
- Post Graduate Executive Diploma in Bank Management from the Institute of Bankers of Sri Lanka.
- Associate Member of the Certified Management Accountants, Australia.

Appointed:

18th October 2024

Membership in Board Sub Committees

Board Audit Committee (Chairperson), Board Remuneration Committee (Chairperson), Board Related Party Transactions Review Committee.

Skills and Experience:

Ms. Gillian Edwards is a career banker with over 36 years of experience in the Sri Lankan Banking Sector. Rendering her services to DFCC Bank PLC and Seylan Bank PLC, she counts for over a decade at Senior Corporate Management level. Her work experience spans the transformative years in Retail Banking.

Having joined Seylan Bank PLC in 1988, she was a pioneer member and had the privilege to been part of the team that set up this Bank. She counts for many years of extensive experience in all areas of Retail Banking, Small and Medium Enterprise (SME) and Micro Small and Medium Enterprises (MSME). During her tenure at Seylan Bank PLC, she also severed in the positions of Branch Manager, Area Manager and Regional Head. On her promotion to Assistant General Manager, she was appointed Head of Personal Banking, responsible for driving and growing the personal banking business.

In August 2011 she joined DFCC Vardhana Bank PLC as the Head of the Personal Financial Services. She was responsible for setting up the Personal Financial Services/Retail Banking at DFCC Vardhana Bank PLC. With the merger of DFCC Bank and DFCC Vardhana Bank PLC, she was appointed Senior Vice President Consumer Banking a position she held until in March 2021.

She was honored for her achievements in the Banking Sector at the “Top 50 Professional and Career Women Awards Sri Lanka and Maldives, 2020”.

She currently serves as an Independent Non-Executive Director of Commercial Credit and Finance PLC, Mahaweli Coconut Plantations PLC and the Peoples Bank. She is also is a Trustee/Treasurer of The Federation of Environmental Organizations a non-profit environmental organization that works collaboratively towards conserving Sri Lanka’s environment.



MR. TILAN WIJEYESEKERA

Independent Non-Executive Director

Qualifications:

- Post Graduate Diploma in Management from the University of Wales - UK.
- Post Graduate Diploma in Marketing in Chartered Institute of Marketing – UK
- Fellow member of Sri Lanka Institute of Marketing

Appointed:

29th November 2024

Membership in Board Sub Committees

Board Related Party Transactions Review Committee (Chairman), Board Audit Committee, Board Nominations and Governance Committee

Skills and Experience:

Tilan Wijeyesekera is a distinguished business leader with over 28 years of experience across FMCG, manufacturing, conglomerates, banking, exports, and insurance. He has held senior leadership and management roles in renowned multinational and local bluechip organisations such as Seylan Bank, John Keells Holdings, Lion Breweries, Janashakthi, Reckitt Benckiser, and Lanka Milk Foods. His career began in finance as a management/ audit trainee at Ernst & Young, where he developed a strong foundation in finance before transitioning into marketing, strategic planning, and general management. His immediate past corporate position was at Seylan Bank as DGM Retail Banking, leading over 9 SBUs and Departments, delivering exceptional results from 2011 to 2020.

Tilan has earned recognition as a trailblazer in marketing and leadership, having served as the youngest Honorary President of the Sri Lanka Institute of Marketing (SLIM) during 2012/13. He has also contributed to the fraternity as the Head of Judging Panel of SLIM Brand Excellence Awards 2019, and served as a judge at many other awards including Effie Awards, Marketing Roks, Young Lions, and Annual Report Awards by the Chartered Institute of Accountants etc.. He was also the Chairman of Effie Awards Sri Lanka and helped formulate national initiatives like the SLIM Digis—Sri Lanka's first national digital marketing awards as the blueprint architect. Recognised nationally and internationally, he has led his teams to win over 50 prestigious business and marketing awards, demonstrating his ability to foster innovation and excellence.

He also currently serves on the boards of disruptive future-oriented businesses such as Thyaga, Hype Media, and Conexus Solutions.

His extensive knowledge, combined with a passion for nurturing talent and transforming organizations, makes him a sought-after thought leader, consultant and trainer in strategic planning, growth hacking, innovation, and people building through transformative life changing programs amongst many local organizations.



MR. NAJILL FAROUK

Independent Non-Executive Director

Qualifications:

- Master of Business Studies from University of Colombo.
- Associate member of Institute of Bankers Sri Lanka

Appointed:

29th November 2024

Membership in Board Sub Committees

Board Nominations and Governance Committee (Chairman), Board Related Party Transactions Review Committee, Board Remuneration Committee.

Skills and Experience:

Mr. Najill Farouk was the former Deputy General Manager – Corporate Banking at Seylan Bank PLC. He is a senior banker having a distinguished career spanning over 37+ years in the local and International Banking industry. He worked for 3 large local banks namely Commercial Bank PLC, Sampath Bank PLC, Seylan Bank PLC and an international bank; Saudi British Bank (HSBC Group), where he served for 15+ years and at the time of returning to Sri Lanka he held the position of Regional Head of Credit.

Mr. Farouk's experience of 37+ years includes 16+ years in Senior/Corporate Management positions, having exposure to the full spectrum of banking, covering Corporate Credit, Trade Finance, Branch Banking and Corporate Banking. He is having extensive training in areas of leadership, management and banking both locally and overseas.



MR. RANIL DISSANAYAKE

Non-Executive Director

Qualifications:

- Associate Member of the Institute of Bankers of Sri Lanka – 1995
- Certificate Course in Project Finance – Institute of Bankers of Sri Lanka – 2000

Appointed:

26th November 2025

Skills and Experience

Mr. Ranil Dissanayake was appointed as Chief Operating Officer of Seylan Bank PLC on 01st October 2025. He brings over 36 years of banking experience across Branch Banking, Corporate Banking, and SME Finance.

He has held progressive leadership roles including Branch Manager of three major metropolitan branches, Regional Manager for suburban and metropolitan regions, and Zonal Head overseeing a large branch network. These roles enabled him to drive growth, enhance operational efficiency, and strengthen customer service delivery.

Mr. Dissanayake has extensive expertise in SME banking. As Assistant General Manager – SME, he collaborated with the Boston Consulting Group to implement structural reforms that enhanced SME lending and improved credit review processes. Later, as Deputy General Manager – Branch Credit, he directed SME lending strategy while also overseeing key business units such as Islamic Banking, Credit Monitoring, Margin Trading and Factoring, Centralized Credit Units, Regional Credit Hubs, and the SME Business Development Unit.

In his current role as Chief Operating Officer, he is responsible for the strategic and operational management of Branches, Operations, Branch Credit, Corporate Credit Branches, Legal, and Islamic Banking functions, reporting directly to the Director/ Chief Executive Officer. His career reflects a strong commitment.

PERFORMANCE AND VALUE CREATION



CREATING VALUE

This section provides an overview of Seylan Developments PLC's approach to value creation and the strategies adopted to manage its business in a manner that supports sustainable growth. It explains how the Company deploys its resources and capabilities to navigate prevailing economic and operating conditions while delivering long-term value to stakeholders.

The value creation process illustrates how the Company generates value for the organization, its stakeholders, and the wider community through its core business activities. These outcomes are achieved by leveraging key strengths, operational expertise, and disciplined resource allocation.

The value creation model demonstrates the relationship between the various forms of capital employed by the Company and the value created for stakeholders, including shareholders, tenants, employees, business partners, regulators, and the communities in which the Company operates. This approach is underpinned by strong corporate governance, effective risk management practices, and a continued commitment to responsible and sustainable operations.

A detailed analysis of how capital inputs are utilized to deliver sustainable growth is presented in the Capital Management Review section on pages 31 to 52.

CAPITAL INPUTS



Financial Capital

The pool of funds supporting operations and growth aspirations (Page 32 to 36)

Equity - Rs: 5.67 Bn

Total Assets – Rs: 6.80 Bn

Net Asset per share – Rs: 40.60

Market Capitalization - Rs: 4.20 Bn



Manufactured Capital

Facilities and general infrastructure, which enables the delivery of our service (Page 37 to 38)

Investment Property

- Commercial spaces and 16 furnished luxury Apartments Located in a prime commercial area with sea view

Property, Plant & Equipment



Digital Capital

State-of-the-art digital infrastructure that enables the Company to serve customers and fuel business growth (Page 39 to 41)

Dynamic digital online and mobile platforms

Robust and scalable IT systems to facilitate day-to-day operations in line with strategic ambitions



Intellectual Capital

Organisational knowledge-based intangibles which facilitate efficient operations and effective performance (Page 42 to 43)



Human Capital

The competencies, experience, diversity and the level of engagement of our employees are our human capital (Page 44 to 47)



Social & Relationship Capital

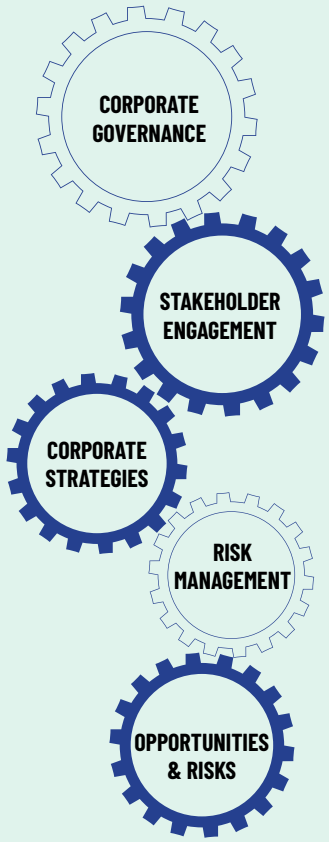
The strength and quality of relationships with stakeholders provide us key capitals for the value creation process (page 48 to 50)



Natural Capital

Environmental considerations embedded through green building practices and energy efficiency initiatives (page 51 to 52)

VALUE CREATION PROCESS





OUTPUT FOR CAPITALS

Financial Capital

- PAT – Rs: 307.17 Mn
- Total Equity - Rs: 5.67 Bn
- ROA – 4.52%
- ROCE – 5.42%
- EPS – Rs: 2.20

Manufactured Capital

- Investment Property – Rs: 6.04 Bn
- Rental Income – Rs: 380.28 Mn

Digital Capital

- Server Upgraded
- Business Process Automated

Intellectual Capital

- CA Sri Lanka – Certificate of Compliance Annual Report 2024
- CA Sri Lanka – Certificate of recognition Corporate Governance disclosure – Non Financial Sector

Human Capital

- Revenue per employee – Rs: 21.13 Mn
- Employee retention ratio – 82%

Social & Relationship Capital

- Customer complaints resolution – 100%
- Strong reliable supplier network

Natural Capital

- Electricity savings: 1,584,375 kWh
- CO^2 emission reduction: 643,573.12 kg (Base year 2014 /2015)

VALUE DELIVERED TO

Shareholders

We remain focused on delivering stable and sustainable long-term value to our investors. This is achieved by maintaining a strong balance sheet, exercising disciplined financial management, and generating consistent financial returns through prudent use of capital.

Employees

Employees are provided with competitive remuneration and benefits. We also invest in training and professional development opportunities, while fostering a supportive, inclusive, and motivating working environment.

Tenants

We offer our tenants a secure and comfortable environment that promotes peace of mind. Service delivery is supported through responsive customer care, 24-hour assistance, and reliable security arrangements.

Suppliers

We cultivate strong and dependable relationships with suppliers to ensure continuity of supply and the timely availability of materials and services.

Community

We engage with and support surrounding communities through purposeful and impactful corporate social responsibility initiatives. These efforts are directed toward addressing identified social priorities and contributing to sustainable development.

Environment

A long-term and responsible approach is adopted toward environmental stewardship, with emphasis on minimizing environmental impact through efficient resource utilization, waste management, and environmental protection measures.

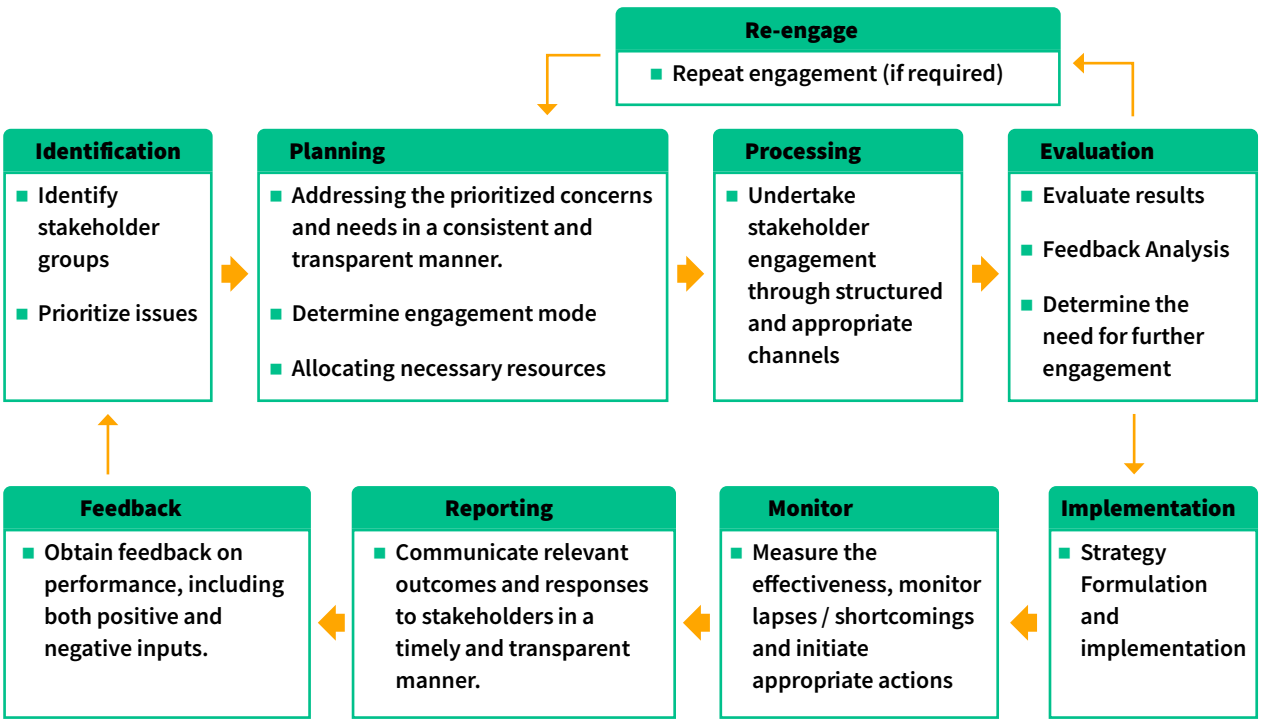
STAKEHOLDER ENGAGEMENT

Understanding the pulse of our stakeholders is a critical aspect of strategy development. Seylan Developments PLC (SDP) uses stakeholder engagement as a strategic tool to gain insights into stakeholder expectations, interests, and preferences that may influence the Company's future direction.

During the year under review, operating conditions required closer and more consistent engagement with our stakeholder groups to identify emerging concerns in a period of uncertainty. In identifying and prioritizing stakeholders, we focus on parties who have the most significant influence on our value creation process, as well as those most directly affected by our activities. The stakeholder engagement framework below outlines our approach and the key outcomes of these interactions.

Our Approach

Stakeholder engagement remains central to aligning our business practices with long-term sustainability objectives. We place strong emphasis on maintaining consistent and meaningful engagement with stakeholders who influence our business and are impacted by our operations. Through structured communication channels, we listen to stakeholder feedback and incorporate their insights to ensure that our business model continues to deliver sustainable value.



Our Stakeholders & their Expectations:

We engage with a diverse group of stakeholders, including investors, customers, employees, suppliers, communities, and business partners. Each stakeholder group has distinct expectations, and we maintain regular, transparent, and constructive dialogue to address their concerns and align our actions with their priorities.

Materiality Assessment:

The objective of this report is to address matters that are material to our stakeholders. Our disclosures are intended to provide a clear, comprehensive, and accessible view of our performance and progress as a responsible corporate entity.

Material issues are those that have a direct or indirect impact on stakeholder decision-making and on the Company's operations. These include significant economic, environmental, and social matters that may influence both our performance and the decisions of our stakeholders.

Stakeholder Categorization and Engagement

In practice, stakeholder engagement is carried out through a range of methods, with the approach and frequency determined by the nature of the relationship with each stakeholder group. The table that follows summarizes the key stakeholder categories, engagement mechanisms, and the principal concerns identified through these interactions.







Stakeholder	Investors / Shareholders	Customers (Tenants - Individual/Corporate)	Suppliers
	Long-term shareholder/investor value creation, safeguarding shareholder/ investor assets and wealth maximisation.	**Delivering superior customer service through an environment that prioritises convenience and customers' evolving needs.**	**Ensuring Cost effectiveness while promoting ethical and transparent sourcing practices.**
Key concerns raised	■ Risk management ■ Financial stability and performance ■ Sound corporate governance ■ Regulatory compliance ■ Transparency ■ Shareholder confidence. ■ Timely engagement	■ Service quality and standards ■ Affordability and pricing ■ Facilities and amenities ■ Health and safety protocols in place	■ Price volatility ■ Delivery timeliness ■ Quality of goods and services
How we responded to such topics and concerns	■ Ongoing monitoring of operating conditions and adapting strategy accordingly ■ Prudent lending and emphasis on preserving portfolio quality ■ Proactive risk management ■ Alignment with the latest developments in corporate governance landscape ■ Full compliance with all regulatory requirements	■ Provisioning of modern and comfortable accommodation with highest standards at competitive prices. ■ Continuous maintenance and support services ■ Implementation of health and safety protocols	■ Adoption of structured procurement policies ■ Improved negotiation practices ■ Proper inventory management systems ■ Formal contracts and service agreements
Why they are our key stakeholders and the importance of engaging with them	■ Providers of financial capital and owners of the Company ■ Increasing Shareholder wealth	■ Primary source of operating income ■ Key contributors to long-term business continuity	■ Integral part of the supply chain ■ Support uninterrupted service delivery ■ Enable timely and quality service provision
Current level of engagement	■ Annual General Meeting. ■ Annual Reports ■ Interim Financial Statements ■ Face to face discussions ■ Web updating/CSE announcements	■ One to one meetings ■ Discussion forums ■ Customer feedbacks ■ Corporate website	■ Supplier registration process ■ Fair and transparent tender processes ■ Visits and meetings







Employees	Government, Legal & Regulatory Bodies	Communities
Fostering an environment to encourage career development of the team	**Ensure compliance with all legal and regulatory requirements**	**Collaborating with energy efficient initiatives to preserve the environment and sustainable development.**
■ Competitive remuneration ■ Employee Development ■ Health & Safety requirement. ■ Organizational ethics ■ Workforce diversity ■ Job security	■ Compliance ■ Reputational risk ■ Implementation of safety procedures	■ Waste management practices ■ Energy efficiency. ■ Environmental protection ■ CSR initiatives
■ Addressing employment and financial security concerns ■ Employee Welfare, Insurance, Staff Loans. ■ Performance-based rewards ■ Training and development	■ Implementation of regulatory monitoring mechanisms ■ Periodic compliance reviews ■ Adherence to ethical standards ■ Engagement of external professional advisors	■ Reducing environmental impacts ■ Sustainability-focused initiatives including paper recycling and energy-efficient lighting ■ Effective maintenance of utilities such as air conditioning, generators, and water systems
■ Core drivers of operational performance ■ Custodians of organizational culture ■ Essential to service excellence and continuity	■ Compliance with laws and regulations ■ Protection of public interest ■ Avoidance of penalties and sanctions	■ Contribution to sustainable development ■ Strengthening community relationships ■ Support for long-term social well-being
■ Direct reporting ■ Open door policy. ■ Staff meetings ■ Email / notices	■ Representation through associations ■ Acts, regulations, and official circulars	■ CSR programs ■ Correspondence and Discussions ■ Media engagement ■ Web updates on relevant policies

OUR OPERATING ENVIRONMENT

As we enter the 2025 financial year, Seylan Developments PLC (SDP) operates within a dynamic macroeconomic and industry landscape. Sri Lanka's gradual economic stabilization, together with fiscal reforms and financial sector adjustments, presents both opportunities and challenges for the urban real estate sector.

In this environment, SDP continues to focus on disciplined risk management, operational efficiency, and strategic agility. By proactively monitoring external developments and strengthening internal systems, the Company is well-positioned to sustain value creation, enhance operational resilience, and achieve long-term strategic objectives.

Key Focus Areas

1. Economic and Political Stability

SDP works closely with regulators, financial institutions, and industry partners to stay compliant and keep operations running. Fiscal reforms, tax policies, and interest rate movements are closely monitored to optimize operating costs and investment decisions.

2. Technological Advancements

The Company continues to invest in automation, digital property management systems, and smart building technologies across its developments. These initiatives improve operational efficiency, enhance tenant experience, and strengthen cybersecurity safeguards.

3. Sustainability and Environmental Responsibility

SDP integrates renewable energy solutions, efficient water management systems, and resource optimization practices into its developments. Regular environmental assessments help address climate-related risks while ensuring compliance with sustainability standards.

4. Market Competition

Strong brand positioning is supported through superior service delivery, reliable infrastructure, and sustainable development practices. Continuous monitoring of competitor activity and tenant expectations enables SDP to identify new opportunities.

5. Operational Resilience

Robust internal controls, risk management systems, and process optimization support business continuity. Employee training and capability development further strengthen service quality and operational performance.







Macro and Micro Context

Sri Lanka's real estate and property management sector is closely influenced by broader economic recovery, fiscal reforms, and urban development trends. Gradual GDP stabilization, improved inflation control, and moderated interest rates have strengthened business confidence and eased financing pressures. These factors have supported renewed investor interest in urban real estate, particularly in Colombo.

Demand for premium residential and mixed-use developments remains resilient, with tenants increasingly prioritizing sustainability, security, and modern amenities. Leasing activity reflects a clear preference for professionally managed properties offering reliability, energy efficiency, and long-term value.

Within this environment, SDP's micro-level strategy focuses on:

- Maintaining high occupancy through active marketing and superior service delivery.
- Enhancing operational efficiency through automation of electrical, mechanical, plumbing, and building management systems.
- Strengthening internal controls and governance standards.
- Delivering secure, reliable, and high-quality living and working environments.

These initiatives enable SDP to convert macroeconomic improvements into operational advantages, supporting revenue stability and long-term growth.

PESTEL Analysis

Political Factors

Ongoing fiscal and structural reforms influence taxation, compliance requirements, and project approvals. Improved governance stability supports investor confidence, while infrastructure development creates opportunities for the real estate sector.

Economic Factors

Gradual GDP recovery strengthens demand for residential and commercial accommodation. Moderating interest rates reduce borrowing costs, while exchange rate volatility affects imported materials and maintenance expenses. Increased foreign investment interest supports Colombo's real estate market.

Social Factors

Urbanization continues to drive demand for secure, high-rise residential and commercial spaces. Rising middle-income groups and increased sustainability awareness influence tenant preferences toward modern, environmentally responsible developments.

Technological Factors

Automation and smart building systems enhance operational efficiency and tenant satisfaction. Digital property management platforms improve service responsiveness, while cybersecurity measures protect sensitive tenant and financial data.

Environmental Factors

Climate-related risks require resilient infrastructure and preparedness measures. Sustainability regulations encourage green building practices, while efficient energy and water management reduce both environmental impact and operating costs.

Legal Factors

Compliance with building codes, environmental regulations, tenant protection laws, and corporate governance standards remains essential. Changes in taxation policies and regulatory frameworks influence profitability and investment planning.

Sustainability and Strategic Positioning

SDP integrates environmental stewardship, social responsibility, and economic resilience into its operations.

Key Sustainability Initiatives

1. Water Purification Systems

Community water purification projects strengthen SDP's social impact and commitment to community well-being.

2. Automation and Efficiency Improvements

Process automation enhances cost efficiency, reduces waste, and strengthens operational resilience across building systems.

Strategic Positioning

SDP capitalizes on the growing demand for secure, modern, and sustainable urban living. The Company differentiates itself through:

- Governance excellence and strong internal controls.
- Sustainability integration across developments.
- Superior service quality and reliable infrastructure.
- Active marketing and tenant engagement strategies.

CSR initiatives and responsible procurement practices further enhance stakeholder trust, brand credibility, and long-term partnerships.

Way Forward

SDP will continue to:

- Differentiate through innovation, service excellence, and sustainability integration.
- Navigate economic and regulatory changes through disciplined risk management and strategic agility.
- Drive efficiency and cost optimization through automation across building systems.
- Strengthen brand visibility and stakeholder engagement to sustain high occupancy levels.
- Deliver secure, sustainable, and high-quality living and working environments, ensuring stable revenue growth and long-term value creation.



Effective utilization of the Company's capital is key for achieving its objectives and plays a vital role in ensuring sustainable returns to stakeholders..

CAPITAL MANAGEMENT REVIEW

Creating value for all stakeholders remains central to our operations. Capitals represent the foundations of value creation, and their quality, availability, and cost directly influence our capacity to generate sustainable outcomes. Careful and effective capital management is therefore essential to the Company's long-term performance and continuity.

To support sustained growth and to deliver high-quality buildings and services within a competitive market environment, the Company continues to prioritize effective asset maintenance and the enhancement of service standards for its tenants. The East Tower accommodates the Head Office of Seylan Bank PLC, and the Company continues its long-standing lease arrangement with the Bank. The West Tower comprises residential apartments leased to tenants, contributing to stable rental income streams.

Despite ongoing industry challenges, including increased competition from new commercial and residential developments in the surrounding areas, the Company remained focused on disciplined capital management. This approach enabled the Company to maintain operational stability and continue delivering value to stakeholders during the year under review.

This section outlines how the Company manages its capitals, categorized into seven key areas: financial, manufactured, digital, human, social and relationship, intellectual, and natural capital. It also explains the strategic priorities and management approach adopted in relation to each category.

The information presented below highlights the key actions and initiatives undertaken during the year that contributed to value creation, including effective capital allocation, prudent cost management, and the optimization of income-generating assets.

FINANCIAL CAPITAL

The year under review was marked by continued strong financial performance for the Company. The results achieved reflect disciplined financial management, strategic decision-making, and a sustained focus on delivering value to our stakeholders.



PROFITABILITY	STABILITY	VALUE CREATION
Revenue Rs 380.28 Mn ***4.24%*** ↓	**Total Assets** Rs 6.8 Bn ***2.73%*** ↑	**EPS** Rs 2.20 ***11.29%*** ↓
PAT (Incl. FV Gain) Rs 307.17 Mn ***12.44%*** ↓	**Shareholders' Funds** Rs 5.7 Bn ***2.73%*** ↑	**DPS** Rs 1.20 ***9.09%*** ↑
PAT (Excl. FV Gain) Rs 243.13 Mn ***1.29%*** ↑	**NAPS** Rs 40.60 ***2.73%*** ↑	**Market Capitalization** Rs 4.2 Bn ***20.34%*** ↑

Contribution to Value Creation

Financial Discipline

During the year under review, the Company continued to create value for its stakeholders through disciplined financial management and strategic allocation of funds, ensuring stable operations and providing tenants with a secure and comfortable environment supported by continuous services and 24-hour security.

Operational Efficiency

Investments in process and system improvements enhanced operational efficiency, improved reliability, and reduced operating costs. Energy efficiency initiatives, including the installation of energy-efficient systems, further contributed to cost management and the reduction of environmental impact.

Sustainability and Community Engagement

The Company allocated resources to community engagement programs addressing the needs of selected beneficiary groups, reflecting its commitment to social responsibility and positive stakeholder impact.

Human Capital

To attract and retain skilled employees, competitive remuneration structures and benefits were maintained, supporting the development of a motivated and high-performing workforce.

Delivering Shareholder Value

In meeting shareholder expectations, the Company focused on effective management of funds to deliver sustainable financial returns and maintain confidence. These initiatives were implemented despite challenges such as macroeconomic and political conditions, inflationary pressures, interest rate volatility, changes in taxation, and increased maintenance, refurbishment, and capital replacement costs.

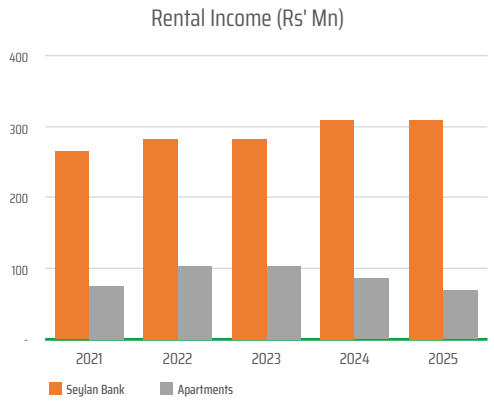
Way Forward

The Company's approach moving forward includes continued emphasis on prudent cost management, process improvements, selective automation initiatives, and engagement of professional advisors to ensure regulatory compliance, thereby sustaining long-term value creation for all stakeholders.

Revenue and other income

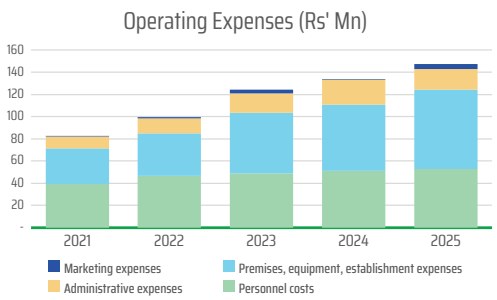
The Company's primary source of revenue is derived from leasing space at Seylan Towers. Rental income for the year amounted to Rs. 380.28 Mn, reflecting a 4.2% decrease compared to the previous year. This decline was primarily due to lower occupancy in residential apartments at the beginning of the year. Through continuous management efforts, the Company successfully attracted new tenants, achieving an end-of-year occupancy rate of 94% (2024 – 50%). The East Tower, fully occupied by Seylan Bank PLC, maintained 100% occupancy rate throughout the year.

Other income showed a significant increase, driven by the disposal gain from two land plots in Moratuwa and reversals of certain provisions, following legal confirmation that certain claims were no longer enforceable.



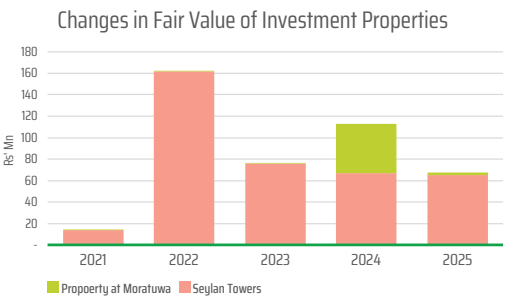
Cost Management

Operating expenses increased by 10% year-on-year, largely due to higher premises, equipment, establishment, and sales-related expenses. The rise in premises and maintenance costs was primarily associated with the painting of the exterior walls and external fire staircase of Seylan Towers. The Company continues to implement measures to control administrative and maintenance costs, enhancing overall cost efficiency.



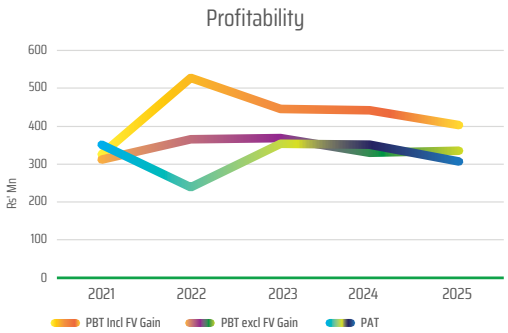
Changes in Fair Value of Investment Properties

In 2025, the Company recorded a gain of Rs. 67.46 Mn from the valuation of investment properties, compared to Rs. 112.68 Mn in the previous year. The lower gain was mainly due to higher value appreciation on the Moratuwa property in 2024 of Rs. 45.8 Mn. Two of the three land plots at Moratuwa were disposed of during the year, while the remaining plot recorded a valuation gain of Rs. 2.25 Mn.



Profitability

Profit after tax declined by 12.4% compared to the previous year, largely due to the high capital appreciation in investment properties recorded in 2024. However, profit after tax, excluding changes in the fair value of investment properties, showed a marginal increase of 1.3%. The positive impact of the Moratuwa disposal gain and provision reversals was offset by higher premises and maintenance expenses, lower rental income, and reduced fair value gains.



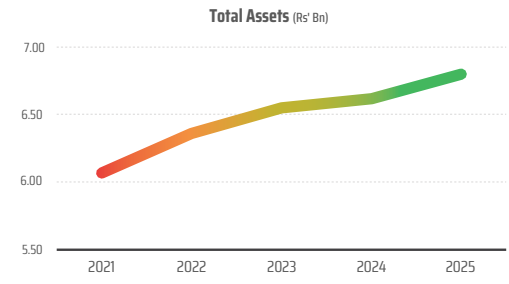
Financial Strength

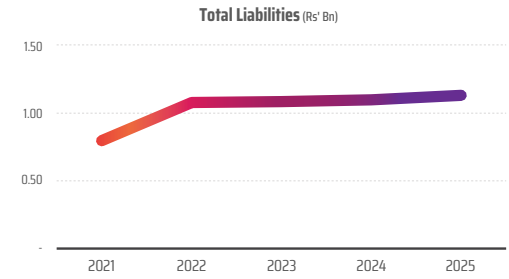
The Company maintained a strong financial position, with total assets increasing by 2.7% to Rs. 6.80 Bn and total liabilities rising by 2.7% to Rs. 1.13 Bn.

The growth in assets was mainly driven by investments and investment properties. The Board and management closely monitor cash and cash equivalents to ensure adequate liquidity for operations and investments.

Net cash inflow from operating activities increased to Rs. 190.99 Mn (2024 – Rs. 164.68 Mn). Net cash outflows from investing and financing activities amounted to Rs. 30.97 Mn and Rs. 153.66 Mn, respectively, the latter primarily due to dividend payments.

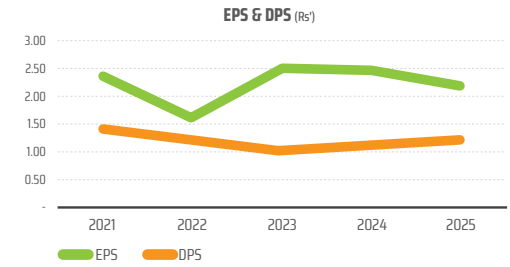
Cash and cash equivalents at year-end stood at Rs. 20.59 Mn (2024 – Rs. 14.22 Mn), comprising cash, bank balances, and short-term investments with maturities of three months or less, net of bank overdrafts.





Shareholder Returns

Earnings per share (EPS) for the year was Rs. 2.20, representing an 11.3% decrease compared to 2024. Net Asset Value (NAV) per share increased to Rs. 40.60 from Rs. 39.52, reflecting growing shareholder value. Despite moderation in profitability, the Company proposed a dividend of Rs. 1.20 per share, continuing its commitment to shareholder value creation.



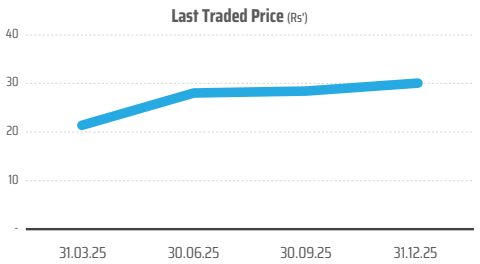
Shareholders' Funds

The Company focuses on creating long-term value for shareholders by delivering quality services to enhance revenue and wealth. Net asset value per share improved to Rs. 40.60, marking a 2.7% increase over the previous year.

		2025	2024	Variance
Earnings per share	Rs.	2.20	2.48	-11.29%
Net assets per share	Rs.	40.60	39.52	2.73%
Share price (Closing)	Rs.	30.10	25.00	20.40%
Market Capitalization	Rs. 'Bn	4.20	3.49	20.34%
P/E Ratio	Times	13.69	10.09	35.68%

Performance of Seylan Developments Share

The Seylan Developments share experienced active trading in 2025, with prices fluctuating between Rs. 21.00 and Rs. 35.20. Total volume traded amounted to 56,946,942 shares, with a daily average turnover of Rs. 6.98 Mn.





MANUFACTURED CAPITAL

Our commitment to maintaining state-of-the-art facilities, robust infrastructure, and advanced technology underscores our dedication to delivering exceptional value to tenants and sustaining a competitive advantage in the market…

"Seylan Towers", located in a prime commercial area in the heart of Colombo, comprises two distinct towers. The East Tower houses the Head Office of Seylan Bank PLC, while the West Tower consists of residential apartments leased to tenants. Together, these assets form a core component of the Company's value creation framework.

Manufactured Capital represents the physical infrastructure that facilitates our value creation. Rapid technological advances have enabled cutting-edge procedures, improved risk management, and enhanced tenant experience. Seylan Developments strategically invests in advanced equipment and technology to retain a competitive position in the market.

Resources	How We Create Value	Challenges	Way Forward
Rs. 6.04 Bn – approximately 89% of total asset base (value of Seylan Towers)	■ **Technology and process enhancements:** Investments in facilities, systems, and process improvements to meet evolving service requirements, enhance operational efficiency, and manage costs.	■ Risk of technological obsolescence	■ Continued investment in process improvements and selective automation initiatives
	■ **Sustainability-driven operations:** Integration of sustainable practices across operational processes to reduce environmental impact and support long-term resource efficiency.	■ Elevated costs associated with refurbishments and component replacements	■ Prioritization of capital requirements based on risk assessments and strategic importance
	■ **Lean and efficient processes:** Adoption of lean management practices to optimize resource utilization and minimize waste.	■ Supply chain disruptions affecting timely execution of upgrades	■ Detailed technical evaluations and engagement of external specialists to support informed investment decisions

Strategic Priorities

The Company has prioritized strengthening services offered to tenants by channeling resources to enhance manufactured capital. Emphasis is placed on creating a technologically advanced environment through business process automation and process improvements.

Key initiatives during the year, in line with the approved CAPEX plan, included:

- Replacement of high-tension panels to ensure uninterrupted power supply.
- Server upgrades for Accounting, HR, and Building Management software systems.
- Business process automation, including generator and plumbing system management.
- Implementation of a notification system to ensure timely responses to maintenance matters.

Maintenance and Upkeep

All physical infrastructure undergoes regular maintenance and inspections to ensure optimal functionality and extend asset lifespan. During the year under review, Rs. 44.58 Mn was spent on maintenance and upkeep. Major works included painting the external walls and the external fire stair case of Seylan Towers.



DIGITAL CAPITAL

Seylan Developments PLC recognizes Digital Capital as a strategic enabler of long-term value creation. Digital systems, infrastructure, automation capabilities, and cybersecurity resilience collectively enhance operational efficiency, strengthen risk management, improve tenant engagement, and support sustainable growth.

As the industry transitions from reactive, manual operations to data-driven, intelligent systems, digital capital plays a critical role in optimizing asset performance, improving service reliability, and maintaining a competitive advantage.

Digital Capital at Seylan Developments encompasses IT and building management systems infrastructure, automation and backend process digitization, data governance and cybersecurity frameworks, workforce digital competencies, and integrated system platforms that support operational excellence.

Resources	How We Create Value	Challenges	Way Forward:
■ Technical skills and training ■ Digital infrastructure ■ Collaborative digital platforms	**Operational Value** ■ Reduction of manual errors through automation ■ Faster transaction and response times ■ Improved system uptime and reliability ■ Real-time monitoring of assets and facilities **Financial Value** ■ Optimized resource utilization ■ Reduced operational and maintenance costs ■ Improved lifecycle management of assets ■ Lower risk exposure from system failures **Customer & Stakeholder Value** ■ Enhanced tenant experience through structured service tracking ■ Improved transparency and accountability ■ Faster resolution of service requests ■ Secure and compliant data management **Organizational Value** ■ Strengthened governance oversight ■ Improved cross-functional collaboration ■ Enhanced agility to adapt to technological change	■ Rapid technological change and risk of obsolescence ■ Cybersecurity threats ■ Skill gaps in digital capabilities ■ System integration complexity	■ Continued investment in selective automation initiatives ■ Expansion of analytics-driven monitoring and reporting ■ Enhanced tracking platforms for tenant services ■ Strengthening of server infrastructure and secure communication protocols ■ Further integration of building systems to support intelligent facility management ■ Ongoing technical training and workforce upskilling

Strategic Priorities

Digitization and Process Automation

The Company's digitization strategy is based on the principle that automation enhances productivity, reduces manual intervention, and enables real-time decision-making.

Key initiatives include backend system automation to minimize administrative workload, digital tracking mechanisms for customer requests and complaints, customizable alarm management with severity-based prioritization, and automated reporting and performance dashboards.

These initiatives enhance operational effectiveness and enable employees to focus on higher-value activities.

System Infrastructure Enhancement

To support growing operational demands, the Company has established a comprehensive infrastructure roadmap focused on secure IP-based architecture, scalable system design, minimal downtime of critical systems, and integration readiness with enterprise IT ecosystems.

The Board places significant emphasis on ensuring that both hardware and software infrastructure remain robust, future-ready, and aligned with planned developments.

Cybersecurity and Compliance

With increasing digital integration comes heightened exposure to cyber threats. Seylan Developments PLC prioritizes digital resilience through secure user management (SAML 2.0 SSO integration), secure BACnet data transmission via BACnet Secure Connect, Secure Transport (EST) certificate enrollment for all EcoStruxure Building Operation (EBO) servers, IPv6-enabled server communication, strengthened encryption protocols, and controlled access frameworks.

Data protection and cybersecurity are regularly reviewed at Audit Committee meetings and periodically discussed at Board level, ensuring structured governance oversight.

Outlook

Seylan Developments PLC remains committed to accelerating digital transformation by adopting intelligent automation tools and advanced analytics to enhance customer service, reduce operational costs, and improve process agility.

Digital Capital will continue to serve as a foundational pillar in strengthening resilience, improving performance, and sustaining long-term stakeholder value through structured governance, strategic investment, and continuous capability development.

INTELLECTUAL CAPITAL



At Seylan Developments PLC, we recognize intellectual capital as a key driver of sustainable growth, competitive advantage, and long-term stakeholder confidence. In the real estate sector, organizational expertise and tacit knowledge are strategic assets that enable efficient and effective operations…

Resources	Value Creation	Challenges	Way Forward:
■ Organizational Tacit Knowledge ○ 67% of permanent staff have over 15 years of industry experience ○ 47% of staff have been with the Company since inception ■ Technology-Enabled Operations ■ Sustainable Innovation Practices	■ Leveraging institutional expertise and employee experience to identify growth opportunities and support prudent decision-making. ■ Deployment of systems and digital tools to strengthen operations, internal controls, and risk mitigation ■ Adoption of innovations for environmental responsibility and workplace safety	■ Maximizing the use of organizational knowledge ■ Reducing dependence on key individuals ■ Rapid technological change ■ Data protection and information management ■ Managing delegation costs and capability building	■ Leverage employee expertise to identify growth opportunities and support prudent decision-making ■ Invest in training and professional development ■ Implement structured reward and recognition programs ■ Upgrade IT systems and infrastructure regularly ■ Automate manual processes for improved efficiency and integration ■ Foster a culture of innovation and interdisciplinary collaboration ■ Align innovation with operational efficiency and sustainability goals

Fostering Innovation & Collaboration

We nurture a culture where employees are empowered to share ideas and collaborate across functions. This encourages continuous improvement, strengthens teamwork, and drives operational excellence.

Awards & Recognition

Our commitment to excellence has been recognized by professional institutions, enhancing our brand value:

- Certificates of Compliance – Land & Property category, Annual Report Awards, the Institute of Chartered Accountants of Sri Lanka
- Certificate of Recognition – Corporate Governance disclosure, Non-Financial Sector, the Institute of Chartered Accountants of Sri Lanka





Strategic Priorities

The Company continues its digital transformation journey, leveraging disruptive technologies to strengthen competitiveness. This multi-faceted transformation includes infrastructure upgrades, talent development, and cultivating a culture of agility and innovation.

Key focus areas:

- Infrastructure – Upgrading systems to enable efficient, technology-driven operations
- Talent – Developing employee capabilities to embrace digital tools and processes
- Innovation Culture – Encouraging agility, creativity, and interdisciplinary teamwork

Through these initiatives, innovation and technology act as catalysts for growth, redefining our competitive edge while ensuring data protection, information management, and technology adoption remain central priorities.

HUMAN CAPITAL



Within our industry, Seylan Developments PLC recognizes the indispensable role of human capital in shaping the customer experience. Our employees are central to creating an environment where tenants feel valued and supported, fostering comfort, trust, and long-term relationships.

In a highly competitive sector, our workforce represents a key source of competitive advantage. We are committed to offering a distinctive value proposition designed to attract, inspire, and retain talented individuals who contribute to our continued success.

Key Resources & Value Creation

Resources	How We Create Value	Challenges	Way Forward:
■ Experienced Workforce o Average length of service: 19 years o 67% of staff with over 15 years of service	■ Enhancing customer experience through well-trained and engaged employees ■ Leveraging institutional knowledge to drive innovation and process improvements ■ Talent attraction and retention initiatives ■ Ensuring occupational health and safety ■ Promoting gender parity and inclusive workplace practices ■ Investing in training and development ■ Encouraging open communication and engagement	■ Managing costs associated with delegation of responsibilities ■ Increasing competition for skilled talent ■ Reducing reliance on long-serving employees while building an agile workforce	■ Continued investment in structured training and development programs ■ Sustained focus on reward and recognition initiatives ■ Targeted productivity improvement across operations ■ Ongoing emphasis on employee well-being and welfare ■ Leadership development programs to build future leaders

2025 Strategic Priorities

HR Governance

Establish a comprehensive HR framework covering policies, procedures, ethical standards, and best practices to meet stakeholder expectations

Learning and Development

Foster a progressive learning culture that equips employees at all levels with the skills required to meet evolving stakeholder needs.

Productivity

Implement transparent performance criteria, recognize achievements, and promote open communication.

Employee Engagement

Introduce initiatives to keep employees motivated, engaged, and aligned with organizational goals.

Health and Wellbeing

Promote a balanced work–life environment that enables employees to thrive personally and professionally.

Employee Retention rate

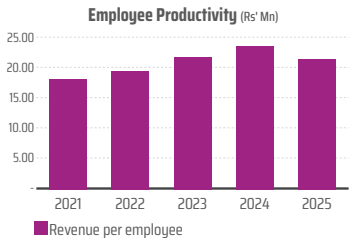
82%

Revenue per employee

Rs: 21.13 Mn

Employee Productivity

Employee productivity remains an important indicator of workforce effectiveness. During the year, revenue per employee was maintained at an acceptable level, reflecting the resilience of our workforce amid prevailing operational and market conditions. The Company continues to focus on targeted initiatives to enhance efficiency and support sustainable performance.



Profit per employee

Rs: 17.06 Mn

Average tenure:

19 years

67% of employees:

15 years of Services

HR Policy Framework

The Company's HR policy framework is periodically reviewed to reflect evolving organizational needs, ensuring compliance with legal requirements and adherence to best practices.

Key policies include:

- Policy on Remuneration
- Code of Business Conduct and Ethics for Directors and Employees and policies on trading in the entity's Listed Securities
- Whistleblowing Policy
- Anti-Bribery and Corruption Policy

Learning and Development

We focus on cultivating a progressive learning culture that nurtures high-performing, value-driven employees across all levels.

- Equal access to job-specific training and capacity-building programs
- Development initiatives aligned with individual career goals
- Continuous learning to meet current and future stakeholder expectations

Safeguarding Employees

We are committed to maintaining a safe and healthy working environment for employees, contractors, and customers.

- Comprehensive health and safety training for all employees
- Fire safety and emergency evacuation drills conducted
- Ongoing safety awareness programs

There were no work-related injuries or work-related illnesses reported during the year.

Employee Benefits

Contributory Benefit Plan

Employees are eligible for EPF and ETF contributions in line with statutory requirements. The Company contributes the applicable percentages of eligible earnings to these funds.

Retirement Gratuity Plan

Employees benefit from a gratuity plan in accordance with the Gratuity Act. Regular actuarial valuations are conducted using the projected unit credit method, in compliance with Sri Lanka Accounting Standards.

Human Rights and Ethical Practices

Seylan Developments PLC is committed to upholding human rights principles and fundamental rights at work.

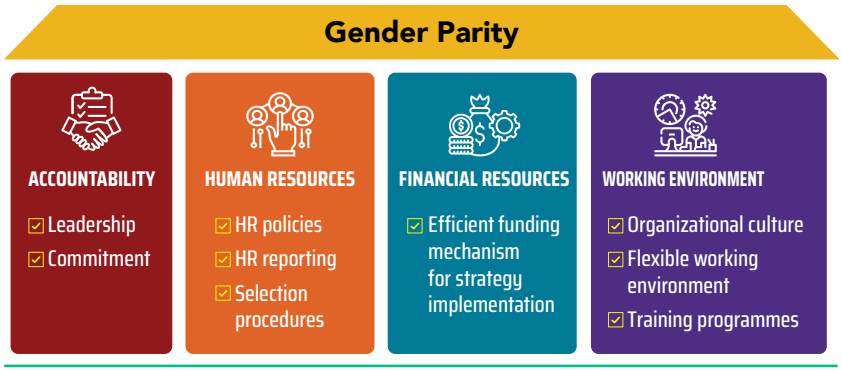
Key commitments:

- Respectful workplace free from harassment
- Whistleblowing and open-door policies
- Compliance with labour laws on wages, working hours, and overtime
- Strict prohibition of child labour
- Mechanisms to address workplace concerns

Gender Parity at Seylan Developments

Goal:

"To achieve gender equality and empower all women in the workplace."



Implementation Plan and Strategic Actions

Diversity and inclusion are integral to our organizational culture. We aim to create an environment where employees from diverse backgrounds feel valued, respected, and motivated.

Core focus areas:

HR Management

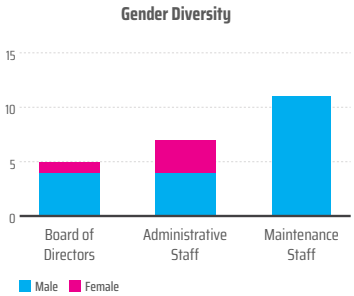
- Training to eliminate unconscious bias in recruitment and job design
- Measures to address employee retention
- Statutory maternity benefits for employees

Financial Collaboration

- Allocation of funding to support diversity and development initiatives

Creating an Enabling Environment

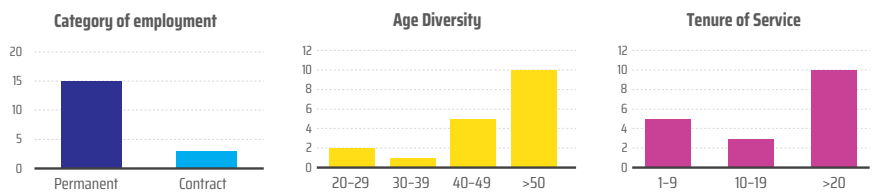
- Equal employment opportunities irrespective of gender or ethnicity
- Workplace culture free from discrimination



Systems and Processes for Gender Parity

1. Elimination of violence and harassment – zero-tolerance approach
2. Empowerment – support women in decision-making roles
3. Equal pay – fair and transparent remuneration practices
4. Strong legal framework – strict compliance with harassment laws

Total workforce by employment type, age and tenure of service





SOCIAL AND RELATIONSHIP CAPITAL

Seylan Developments PLC is committed to nurturing strong relationships with all stakeholders, including customers, suppliers, investors, and the wider community. Actively engaging with them helps retain trust and confidence, particularly during volatile periods. Mutually beneficial relationships foster the exchange of information and enhance individual and collective wellbeing....

Key Resources & Value Creation

Resource	How We Create Value	Challenges	Way Forward
■ Long-standing supplier relationships ■ Loyal customer base ■ Investor relations and engagement ■ Ongoing skill development initiatives	■ Delivering consistently high service standards to support tenant satisfaction and retention ■ Ensuring dependable service delivery through structured processes ■ Maintaining transparency and responsible service practices ■ Continuously refining processes to improve efficiency ■ Maintaining high service quality and tenant engagement ■ Regular communication and transparency to build confidence ■ Enhancing employee capabilities to deliver superior service	■ Increasing competition in the property sector ■ Rising operational costs affecting affordability for tenants ■ Meeting evolving tenant expectations ■ Market volatility and economic uncertainty ■ Adapting to changing skill requirements	■ Ongoing enhancements to building infrastructure ■ Process improvements and selective automation ■ Strengthening maintenance agreements with reliable suppliers ■ Sustained focus on community engagement and CSR initiatives ■ Continuous monitoring and feedback mechanisms to improve satisfaction ■ Structured engagement programs and timely reporting ■ Targeted training programs aligned with service excellence

Occupancy at the end of the year; ■ East Tower – 100% ■ West Tower – 94%	Suppliers' relations - Repair and maintenance expenses ■ Rs: 44.58 Mn	Contribution to CSR ■ Rs: 2.11 Mn	Dividend proposed ■ Rs: 1.20 per share

Strategic Direction:

How Social & Relationship Capital Creates Value

The development of strong social and relationship capital is central to Seylan Developments PLC's long-term value creation strategy. Building trust, fostering collaboration, and maintaining transparent engagement with stakeholders enhances business resilience and aligns strategic priorities with stakeholder expectations.

Strategic Priorities

Increase Customer Convenience:

Streamlined processes and user-friendly solutions.

Strengthen Customer Engagement:

Proactive service, clear communication channels, and responsiveness to needs and concerns.

Reliable Supplier Relationship

Balance quality and cost in procurement; maintain comprehensive maintenance agreements.

Community Support

Invest in initiatives that foster local development, including capacity building, education, and engagement programs.

Enhancing Customer Experience

Tenant satisfaction remains central to our operations. A consistent focus on service quality and engagement has supported a loyal tenant base. Key initiatives include:

Service Quality	Regular tenant visits provide feedback to tailor solutions to their needs.
Reliability	Dependable supply chain ensuring flexibility, speed, and timely delivery.
Transparency & Compliance	Full compliance with relevant regulations; no incidents of non-compliance with health, safety, or customer-related standards during the year

These practices contribute to cost efficiencies, improved responsiveness, and deeper tenant relationships.

Supplier Relationships

Seylan Developments procures goods and services ranging from minor maintenance materials to major equipment from a diverse supplier base.

Quality	Balance between cost and quality; comprehensive maintenance agreements in place.
Reliability	Prompt corrective actions and dependable supply chain..
Transparency	Procurement activities adhere strictly to Board-approved policies.

Despite any challenges, our supplier relationships have ensured uninterrupted operations and timely maintenance.

Community Relations (CSR Initiatives)

With the approval and continued encouragement of our valued shareholders, Seylan Developments PLC proudly implemented its 2025 Corporate Social Responsibility (CSR) initiative on World Children's Day by establishing a safe drinking water project at Mu/Ethawetunuwawa Vidyalaya, Welioya, Mullaitivu District.

Located in a region identified as high-risk for Chronic Kidney Disease (CKDu), the school and its surrounding community face significant challenges in accessing safe drinking water. The school serves 358 students and 20 teachers, while nearly 450 families in the vicinity also benefit from the facility. Prior to this intervention, there was no purified water source available to the school community, compelling students to bring water from home, often under difficult circumstances.

Responding to a formal request from the school authorities and recognising the long-term health implications faced by children in the area, the Company funded and facilitated the installation of a fully integrated Reverse Osmosis (RO) water purification system with a capacity of 5,000 litres per day. The project included drilling of a tube well, installation of pumping and storage facilities, plant room improvements, and the complete commissioning of the purification system to ensure safe and sustainable access to clean drinking water.

In addition, to mark World Children's Day, the Company distributed essential school gift packs to all students of the school, supporting children from financially challenged families with basic educational necessities and reinforcing our commitment to promoting education and child welfare.

This initiative builds upon the success of the Company's previous CSR water projects at Mahasen Primary School and Mu/Ehatugaswewa Vidyalaya, which continue to operate effectively and serve their respective communities.

The Board of Directors wishes to place on record its appreciation to the shareholders of Seylan Developments PLC for their continued support in enabling the Company to undertake meaningful and sustainable CSR initiatives. Through such collective commitment, the Company not only strengthens community well-being but also upholds its broader responsibility as a responsible corporate citizen, creating lasting social value beyond its core business operations.















NATURAL CAPITAL

Seylan Developments PLC adopts a strategic approach for minimizing environmental impacts while contributing positively to the ecosystem. Effective management of natural capital is crucial for sustainable value creation.

Key Resources & Value Creation

Resource	How We Create Value	Challenges	Way Forward
■ Energy – 2,855,509 kwh ■ Water – 39,251 m^3 ■ Biodiversity ■ Waste Management ■ Noise Management	■ Implement energy management initiatives ■ Focus on energy and water conservation ■ Maintain service quality ■ Monitor and manage water usage to promote conservation ■ Support environmentally responsible practices ■ Proper segregation, disposal, and treatment of waste ■ Minimize operational noise impact	■ Improving energy efficiency ■ Operational cost management ■ Reducing consumption without impacting service ■ Minimizing impact on ecosystems ■ Adhering to regulations	■ Continued investment in renewable energy ■ Automation to optimize energy usage ■ Employee awareness programs

Core focus areas

Energy:

- LED lighting across all floors
- Employee awareness programs for energy conservation
- New cooling tower and high-efficiency air-handling systems
- Magnetic bearing chillers with variable frequency drive backup
- Upgraded apartment appliances to improve efficiency

Water:

- Employee awareness programs on water conservation
- Replacement of GI pipelines with PPR system for safety and reliability

Biodiversity:

- Roof garden on Level 2
- Maintenance of plants in lift lobbies
- Pond development at main entrance

Waste Management:

- Structured segregation with color-coded bins
- Repurposing food waste through third-party providers

Noise Management:

- Soundproofing for air-handling units to minimize noise impact

OUR COMMITMENT TO THE SUSTAINABLE DEVELOPMENT GOALS

Our commitment to sustainability is deeply rooted in our business ethos, aimed at delivering enduring value to shareholders and wider stakeholders while preserving resources for future generations.



Sustainability Overview

This report presents the Company's performance within the broader context of sustainability, offering insights into our contribution toward the economic, environmental, and social conditions in which we operate. It reflects our commitment to responsible growth while maintaining high standards of governance, transparency, and stakeholder engagement.

The Parameters of our report

Aligned with the Global Reporting Initiative (GRI) guidelines, this report presents key indicators defining the scope and quality of our sustainability reporting. It covers the period from 1 January 2025 to 31 December 2025, following the previous sustainability report for the financial year 2024.

Sustainability Principles at Seylan Developments

As a subsidiary of a leading financial institution, Seylan Developments operates with a strong commitment to transparency, accountability, and full compliance with all applicable financial regulations. Sustainability is embedded within our business model, with a focus on maximising long-term shareholder value while ensuring responsible and ethical business practices.

Our core objective is to provide excellent services to our tenants and stakeholders while maintaining high operational standards across all our business activities. While residential accommodation forms a part of our portfolio, our broader focus is on managing and supporting sustainable built environments that integrate social and environmental considerations. Through prudent management, responsible resource use, and continuous improvement of our operational practices, we aim to contribute positively to the communities and institutions we serve while maintaining the trust placed in us as a subsidiary of a leading financial institution.

Scale of Operations

As at 31 December 2025, the Company reported total assets of Rs. 6.80 Bn and total equity of Rs. 5.67 Bn. During the year under review, we recorded a post-tax profit of Rs. 307.17 Mn, reflecting the Company's financial stability and steady growth.

Report Quality Standards

This report provides a balanced assessment of performance across economic, environmental, and social dimensions, addressing both positive achievements and areas for improvement. We remain committed to transparent reporting, ensuring accessibility, accuracy, and clarity for all stakeholders.

The Company also continues to publish its Annual Report and quarterly financial statements in a timely manner, in compliance with the listing requirements of the Colombo Stock Exchange.

Management Approach to Sustainability

Our sustainability policy is centered on enhancing living standards while safeguarding the environment and conserving resources. This approach is embedded at all strategic levels and cascaded throughout the organization, guiding decisions, investments, and operational practices.

Investments in Sustainability

During 2025, the Company invested Rs. 18.29 Mn in sustainable renovations and Rs. 44.58 Mn in routine maintenance. These investments reflect our continued focus on asset enhancement, operational efficiency, and long-term sustainability.

Compliance and Governance

We adhere to all applicable laws, regulations, and corporate governance best practices. Our workforce, equipped with technical and entrepreneurial skills, remains a key driver of our success. We promote a culture of continuous learning and innovation, ensuring employees remain aligned with emerging technologies and industry standards.

Moving Forward

The Company has taken meaningful steps toward green energy initiatives and is progressing with automation across key building systems to enhance operational efficiency and sustainability. As market dynamics evolve, we remain steadfast in our commitment to responsible growth, resource conservation, and value creation for all stakeholders.

With a strategic approach to sustainability across the organization, the Company ensures holistic consideration of economic, social and environmental factors, fostering the best interests of all stakeholders at all times.

Economic Sustainability

Challenges
- Market Competition.
- Exchange rate volatility.
- Increase of revenue and collection of debts with the unfavourable economic condition.
- Global economic decisions on foreign funding projects.

Opportunities
- Investment Opportunities.
- Brand name as the subsidiary of Seylan Bank PLC.

Risks
- Loss of key customers.
- Undesirable Capital expenditure.

Our Strategies
- Constant Improvements on Services.
- Technical evaluations and consultations from experts.
- Strong customer relationship.
- Process automation.
- Good governance.

Social Sustainability

Challenges
- Aging work population.
- Lack of skilled Blue colour workers in the market.
- Providing 24 hour service complying with health and safety guidelines.

Opportunities
- Developing Multi skills of workers.
- Structured Training Programs.
- Participating in community development programs.
- Encourage for remote working and use of high technology to connect people remotely.

Risks
- Possibilities for higher employee retention within a competitive labor market.
- Cost reduction and strained employee relationships.

Our Strategies
- Equal employment opportunities
- Industry based training.
- Active CSR participation.
- Process automation.

Environmental Sustainability

Challenges
- Emerging high-rise developments.
- Out dated systems and procedures.

Opportunities
- Pro-active measures take on system improvements.
- Enhanced Energy & Waste management.

Risks
- Threats of environmental pollution due to waste emissions.
- Increase in the carbon footprint.

Our Strategies
- Effective Building Management Systems (BMS).
- Improve employee awareness.
- Paperless operations.

A detail discussion on these 3 pillars of sustainability will be given in Capital Management Review on pages 31 to 52 of this Annual Report.

ENTERPRISE GOVERNANCE AND RISK MANAGEMENT



CORPORATE GOVERNANCE

Corporate governance is fundamental to fostering trust, transparency, and accountability, and to ensuring the long-term sustainability of the Company while maximising stakeholder value.

Seylan Developments PLC recognises that sound corporate governance is a key driver of long-term success, competitiveness, growth, and sustainability. The Board sets an appropriate tone at the top, reinforcing corporate values and ethical standards across the organisation. This structured governance approach supports effective decision-making, promotes stakeholder confidence, and enhances long-term business sustainability.

The Company's governance framework has been designed to comply with the requirements of the Colombo Stock Exchange Listing Rules, the Companies Act No. 07 of 2007, and the Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka. These frameworks collectively support the Company's approach to governance, ensuring accountability, transparency, and ethical conduct in all operations. The Board also ensures that the Company's strategy is aligned with stakeholder expectations and that the interests of all stakeholders are appropriately safeguarded.

The Company's governance mechanisms are designed to achieve the following objectives:

- Facilitate informed decision-making aligned with the Company's strategic objectives and stakeholder expectations.
- Safeguard assets and ensure the efficient allocation of resources.
- Identify, assess, and mitigate risks that may affect the Company's financial performance and reputation.
- Promote ethical conduct and uphold high standards of integrity across all levels of the organization.
- Ensure compliance with applicable laws, regulations, and industry standards.
- Promote timely and transparent disclosure of financial and non-financial information.
- Align the remuneration framework with the long-term interests of the Company.

By adhering to these objectives, the Company ensures that decisions are made with due consideration for stakeholder interests, thereby supporting sustainable value creation.

Corporate Governance Framework

The Company's corporate governance framework provides a structured approach that supports effective decision-making and enables the Board of Directors to fulfil its fiduciary responsibilities.

The framework governs the application of policies and standards and ensures compliance with legal and regulatory requirements in areas such as financial management, internal controls, disclosure practices, risk management, internal audit, human resource management, information management, stakeholder relations, ethics, voluntary codes, and sustainability. It also defines the roles and responsibilities at each level of authority within the Company.

The Board is responsible for ensuring that management maintains an effective system of internal controls that provides reasonable assurance over operational efficiency and compliance with applicable laws and regulations. The effectiveness of these controls is evaluated with due consideration to risk ,materiality, reputational impact, and cost-effectiveness.

Key Elements of the Governance Framework

The Company's governance framework combines internal policies with external regulatory and voluntary best-practice requirements, reinforcing the principles of transparency, accountability, and sustainability.

Internal Governance Structure

Aligned with the principles of sound governance and the sustainability of the Company's business model, the internal governance structure comprises various units, systems, and processes that facilitate effective monitoring and execution of governance-related initiatives.

External Governance Structure

The Company is subject to applicable laws, regulations, policies, and recognised best practices, which collectively form the external governance structure.

Assurance

Assurance is embedded within the governance structure and serves a supervisory role in maintaining the integrity, reliability, and transparency of the Company's operations.

External Benchmarks			Internal Benchmarks		
	Level	Status of Compliance		Level	Status of Compliance
Companies Act No 07 of 2007	Mandatory	Fully	Articles of Associations	Mandatory	Fully
Sri Lanka Accounting & Auditing Standards Act No 15 of 1995	Mandatory	Fully	Code of Ethics	Voluntary	Fully
Listing Rules of Colombo Stock Exchange	Mandatory	Fully	Internal Control System	Voluntary	Fully
Securities and Exchange Commission's Act No 36 of 1987	Mandatory	Fully	Integrated Risk Management Framework	Voluntary	Fully
Foreign Exchange Act No 12 of 2017	Mandatory	Fully	Terms of References of Board sub-committees	Voluntary	Fully
Inland Revenue Act No 24 of 2017 and subsequent amendments thereon	Mandatory	Fully	Policies and procedures	Voluntary	Fully
Code of Best Practice on Corporate Governance issued by CA Sri Lanka	Voluntary	Fully	Internal Audit - Review of systems, controls, processes and operations	Voluntary	Fully

External Benchmarks			Internal Benchmarks		
	Level	Status of Compliance		Level	Status of Compliance
Shop and Office Act, EPF & ETF Act, Gratuity Act, Maternity Benefits Ordinance, etc,.	Mandatory	Fully			
Assurance of the Financial Statements - Independent Audit	Mandatory	Fully			

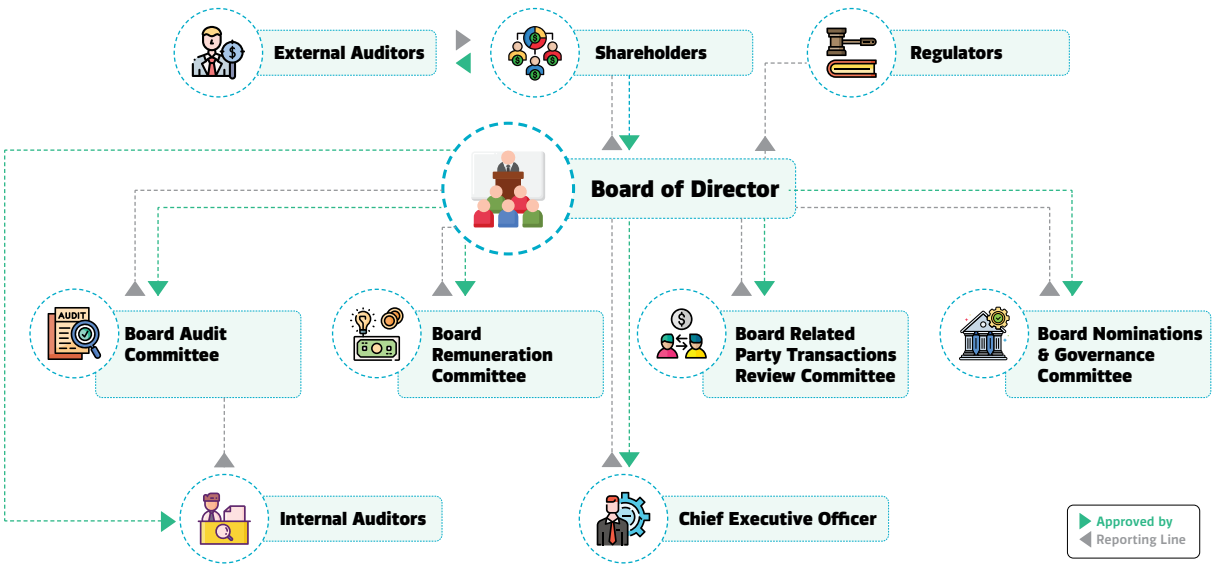
Governance Mechanism					
Effective Leadership	**Stakeholder Engagement**	**Certifications and Accreditation**	**Human Resource Management**	**IT Governance**	**Risk Management**
The Board regularly monitors the Company's performance and compliance. Responsibilities have been delegated to Board sub-committees with terms of reference approved by the Board.	Communication channels are in place to facilitate effective stakeholder engagement..	Policy manuals have been established, and internal auditors review the effectiveness of compliance.	Policies are in place in key areas to standardise procedures and ensure consistency.	The Audit Committee oversees IT strategy and compliance matters.	The Audit Committee oversees risk management and ensures appropriate mitigation measures are implemented.

* The summary of compliance with the Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka and Section 9 of the CSE Listing Rules is provided in Appendices 1 and 2 of this report on page 72 to 87. Disclosures in terms of Section 168 of the Companies Act No. 07 of 2007 are included in the Annual Report of the Board of Directors on the state of affairs of the Company on pages 104 to 113.

OUR CORPORATE GOVERNANCE STRUCTURE

This refers to the organizational framework and the positions responsible for overseeing and guiding Corporate Governance practices within the company.

At the core of this governance structure is a well-defined communication channel between the Board of Directors and the Management, fostering a culture of integrity and strategic alignment. By establishing a strong pace at the top, Seylan Developments reinforces corporate values and ethical standards, thereby mitigating the associated risks. This structured approach enables effective decision-making, promotes stakeholder confidence, and ensures long-term business sustainability.



A. Directors

A 1. The Board

The Board of Directors is responsible for implementing, monitoring, and reviewing the Corporate Governance framework throughout the Company. As at 31 December 2025, the Board comprised five (5) Non-Executive Directors, three (3) of whom were independent. Two Non-Independent Directors represented the parent company. Board members possess expertise across finance, banking, strategic management, marketing, and project finance.

The Board

Name	Executive / Non-Executive	Independent / Non-Independent	Skills and Expertise	Represent
Mr. Ramesh Jayasekara (Chairman)	Non-Executive	Non-Independent	Banking, Strategic Planning, Financial Management, Audit and Risk Management locally and internationally	Parent Company
Ms. Gillian Edwards	Non-Executive	Independent	Banking, Accounting & Finance	-
Mr. Najill Farouk	Non-Executive	Independent	Banking & Investment	-
Mr. Tilan Wijeyesekera	Non-Executive	Independent	Marketing and Strategic Management	-
Mr. Ranil Dissanayake (Appointed on 26/11/2025)	Non-Executive	Non-Independent	Banking and Project Finance	Parent Company
Mr. Piyal Hennayake (Resigned on 10/01/2025)	Non-Executive	Independent	Engineering	-
Ms. Champika Dodanwela Resigned on 09/12/2025)	Non-Executive	Non-Independent	Accounting, Finance, Strategic Planning, Sustainability	Parent Company

Board Attendance (2025)

Director	Board Meeting	Audit Committee	Remuneration Committee	Related Party Transactions Review Committee	Nominations & Governance Committee
Mr. Ramesh Jayasekara (Chairman)	14/14	-	-	-	-
Ms. Gillian Edwards	14/14	4/4	7/7	5/5	
Mr. Najill Farouk	14/14	-	7/7	5/5	3/3
Mr. Tilan Wijeyesekera	12/14	4/4	-	5/5	3/3
Mr. Ranil Dissanayake (Appointed on 26/11/2025)	1/1	0/0	1/1	-	0/0
Mr. Piyal Hennayake (Resigned on 10/01/2025)	0/0	-	-	-	-
Ms. Champika Dodanwela (Resigned on 09/12/2025)	13/13	4/4	6/6	-	3/3

Role of Board of Directors –

The Board members hold the fiduciary duty of safeguarding shareholders' wealth and fostering value creation through effective management of business operations. With ultimate decision-making authority, the Board directs the operational management team to uphold the highest standards of integrity and compliance with applicable regulations while delegating necessary authority for job fulfillment. Each Director enjoys unrestricted access to information and services from Senior Management and the Company Secretary. Meetings are pre-announced, and board papers are circulated in advance, fostering active engagement and contribution from all directors during board proceedings.

Elected by shareholders, Board members oversee the management of Seylan Developments PLC's business and affairs, with a primary goal of ensuring the company's sustainability and advancing the interests of stakeholders. Leveraging their expertise, knowledge, and skills, Directors contribute to the realization of company objectives, optimizing resource utilization. Detailed profiles of Board members can be found on pages 16 to 20.

The Board of Directors' key Responsibilities –

The Board holds fiduciary responsibility to protect shareholders' wealth and ensure sustainable value creation.

Key responsibilities include:

- Formulation and implementation of a robust business strategy
- Appointment of Chairman and Senior Independent Director (if relevant)
- Ensuring Key Management Personnel have the required skills and experience
- Succession planning for senior management
- Approval of budgets and major capital expenditures
- Determining matters reserved for the Board versus management
- Ensuring integrity of information, internal controls, risk management, and business continuity
- Compliance with laws, regulations, and ethical requirements
- Considering stakeholder interests in corporate decisions
- Oversight of sustainable business practices and integrated reporting
- Adoption of appropriate accounting policies and financial compliance
- Monitoring progress on strategy, budgets, plans, and risks
- Establishing processes for corporate reporting

The Board delegates certain responsibilities to sub-committees while retaining ultimate oversight.

A 2 - Chairman and CEO

The roles of Chairman and CEO are distinct:

- Chairman: Provides leadership to the Board, ensures effective functioning of the Board and its Committees, promotes ethical standards, and facilitates strategic deliberations.
- CEO: Manages day-to-day operations, implements Board-approved strategies and policies.

In 2025, the company was led by Mr. Ramesh Jayasekara as Chairman. Mr. Navindra Amadoru served as Chief Operating Officer (COO) until his resignation, after which Mr. Anuja Ratnaayake assumed the role of Chief Executive Officer (CEO) in May 2025, ushering in a new chapter in the company's leadership.

A 3 - Chairman's Role

The Chairman is responsible for leading the Board and ensuring the Board and Board Committees function effectively and efficiently. By providing leadership to the Board, the Chairman promotes good corporate governance and high standards of integrity and probity throughout the Company. He ensures that the Board receives all information necessary for making informed decisions in discharging its responsibilities. The Chairman also ensures the effective participation of all Directors in Board deliberations and maintains an open line of communication with members of the Corporate Management providing an effective platform for deliberating strategic and operational matters.

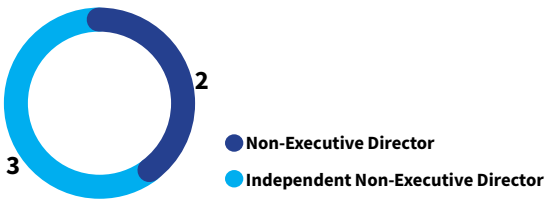
A 4 - Financial Acumen

The Board recognizes financial acumen as a core competency essential for effective governance and decision making. To ensure strong financial oversight, the Board is composed of directors with sufficient financial knowledge, to offer valuable guidance on financial matters. The profile of the Directors as set out on pages 16 to 20.

A 5 - Board Balance

The Board maintains balance with five Non-Executive Directors, three of whom are independent. Independent Directors are free of relationships or interests that could affect their judgment. Annual declarations of independence and non-independence are obtained in line with Schedule C of the Code of Best Practice on Corporate Governance by CA Sri Lanka.

Board Composition



A 6 - Supply of Relevant Information

Directors have unrestricted access to both financial and non-financial information, including:

- Reports from management, internal and external auditors
- Expert opinions and professional reports
- Performance dashboards and analysis
- Updates on regulations and best practices

Directors may seek independent professional advice at the Company's expense, with findings shared with other Board members on request.

A7 - Appointment to the Board: Nomination Committee

Appointments are conducted through a formal and transparent process by the Nominations & Governance Committee, assessing strategic needs, diversity, skills, and experience.

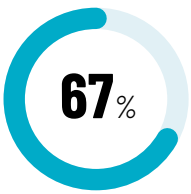
The composition of the Board Nominations and Governance Committee at the end of the year is as follows:

Mr. Najill Farouk -
Independent Non-Executive Director (Chairman)

Mr. Tilan Wijeyesekera -
Independent Non-Executive Director

Mr. Ranil Dissanayake -
Non-Executive Director

% of Independent Members



(Report of the Committee is given on pages 101 to 103)

Board Changes – 2025

Appointments

- Mr. Ranil Dissanayake – 26th November 2025

Resignations

- Mr. Piyal Hennayake – 10th January 2025
- Ms. Champika Dodanwela – 9th December 2025

All Board appointments are based on the capacity of the individual concerning qualification and experience and value that can be added by the individual to the Board as well as the company. Evaluation and recommendations done by the Nominations and Governance Committee to the Board on all new Board appointments. Details of new Directors are disclosed/published to stakeholders at the time of their appointment through a public announcement made at the CSE.

Following details of new Directors are disclosed on their appointment to the Colombo Stock Exchange and Annual Report;

- A brief resume of the Director
- The nature of his expertise in relevant functional areas
- The names of companies in which the Director holds directorships
- Memberships in Board Committees; and
- Whether such Director can be considered as 'Independent'.

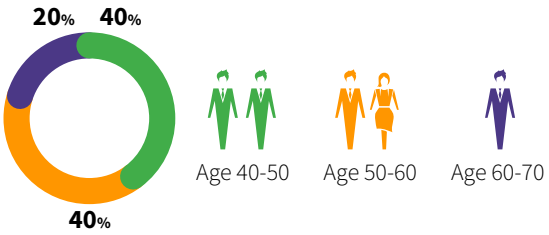
Fit & Proper Assessment:

The Company's fit and proper assessment for Directors and CEO is in line with the guidelines set out in the Listing Rules and includes criteria on honesty, integrity and reputation, competence and capability and financial soundness. The Chairman, Directors and CEO satisfied the fit and proper assessment criteria stipulated in the Listing Rules of the CSE.

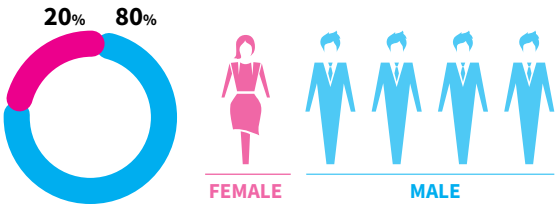
Succession Planning

The Board and Nominations & Governance Committee review succession planning efforts at the Board level of Key Management Personnel to ensure the continuous ability of the Company to operate without any disruption.

Age Diversity



Gender Diversity



A8 - Re - Election

- One-third of Board members, excluding the Chairman, retire by rotation and may seek re-election. The Board considers the recommendations of the Nominations and Governance Committee and recommends suitable candidates for appointment or re-election by the shareholders at the Annual General Meeting. The retirement of each Director is determined according to those who have served the longest period of time in office, since their appointment or reappointment, as the case may be.

- In accordance with the Company's Articles of Association, the Board is empowered to fill casual vacancies that may arise during the year and such directors can hold office until the next AGM and seek election by the Shareholders.



Board Nominees for re-election at 34th AGM

- Mr. Ranil Dissanayake, in terms of Article 26(2) of the AOA.
- Ms. Gillian Edwards, who retires by rotation under Article 26(6) of the AOA.
- Mr. Najill Farouk, who retires by rotation under Article 26(6) of the AOA.

A9 - Appraisal of Board Performance

Board performance is evaluated at least annually, including self-appraisal of the Board, Committees, Chairman, and Non-Executive Directors. Appraisals of Board members' performance is usually coordinated by the Company Secretary.

A10 - Disclosure of Information in respect of Directors

The Company ensures timely communication with shareholders regarding all Board changes. Interest in the shares of the company, required regulatory disclosures, and financial results are promptly released to the Colombo Stock Exchange (CSE) for public record. Additionally, specific disclosures required by the Code of Best Practice on Corporate Governance regarding Directors are detailed within this Annual Report as follows:

- Name, Professional qualifications, experience, skills, material business interests and brief profile on pages 16 to 20.
- Memberships of sub-committees and attendance of Board Meetings and sub-committee meetings on page 61.
- Remuneration paid to Directors on page 149 (Note 09).
- Related party transactions and other business interests on pages 168 to 171 (Note 26).
- Names of listed / unlisted companies in Sri Lanka in which the Directors serve as Directors / KMPs on page 113.
- Names of Board sub-committees in which the Director serves as chairman or a member are given in the Directors profile on pages 16 to 20.

A11 - Appraisal of Chief Executive Officer

- CEO's performance is assessed monthly against pre-set targets aligned to company objectives.
- A monthly performance evaluation is carried out at which actual performance is compared to the budget. Any adverse variations are discussed at the Board meetings together with actions to be taken.

B - DIRECTORS' REMUNERATION

B1 - Remuneration Procedure

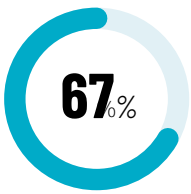
All Directors of the Company, being Non-Executive Directors, receive fees for attending Board Meetings and Sub-Committee meetings. They do not receive performance-linked incentives. The remuneration committee recommends guidelines for the remuneration of Directors within the company.

B2 - Remuneration Committee

The remuneration of Non-Executive Directors is determined with due consideration to their time commitment, roles, and responsibilities, as well as prevailing industry practices. Non-Executive Directors do not receive performance-related incentives; their remuneration consists exclusively of fees for attendance at Board and Sub-committee meetings, as determined by the Board as a whole.

(Report of the Remuneration Committee is given on pages 97 to 98)

% of Independent Members



B3 - Disclosure of Remuneration

The remuneration paid to Directors is disclosed in Note 09 to the Financial Statements. Further details, including the names of Directors serving on Committees, the scope and number of meetings held, the remuneration policy, and the functions of the Committees, are set out in the Report on the Board Remuneration Policy on pages 97 to 98.

C - RELATIONS WITH SHAREHOLDERS

C 1. - Constructive use of the AGM and conduct of General Meetings

The Company regards the Annual General Meeting (AGM) as the principal forum for communication and engagement with its shareholders. Notice of the meeting is circulated to all shareholders by post, through the CSE, and via the Company's website. Shareholders are afforded the opportunity to raise queries and express their views at the AGM in relation to the Company's affairs, performance, and other relevant matters to the Board of Directors.

Financial and non-financial information is circulated to shareholders prior to the AGM, providing adequate time and opportunity to review the material and seek clarification on matters relating to the Company's business and operations. The Annual Report is made available in electronic form via QR Code. Shareholders may request a printed copy of the Annual Report from the Company, which will be provided free of charge.

The Notice of the AGM and all relevant documents are dispatched to shareholders at least 15 working days prior to the meeting, in compliance with the rules stipulated by the Colombo Stock Exchange and the Companies Act No. 07 of 2007.

Members of the Board of Directors, including the Chairpersons of the Audit, Remuneration, Nominations & Governance, and Related Party Transactions Review Committees, are present at the AGM to respond to queries raised by shareholders.

In accordance with the Companies Act No. 7 of 2007, the AGM is required to be held within six months from the end of the financial year. However, Seylan Developments PLC endeavours to convene the AGM within three months from the financial year-end.

C.2 - Communication with Shareholders

- The Annual General Meeting (AGM), Extraordinary General Meetings (EGM), and the Annual Report serve as the Company's primary channels for shareholder communication.
- Furthermore, the Company ensures the timely disclosure of all material and price-sensitive information to the Colombo Stock Exchange (CSE) for immediate dissemination to the investing public.
- For comprehensive details regarding our communication policy and methodology, please refer to the 'Stakeholder Engagement' section on pages 24 to 27.
- Contact information for inquiries related to this Annual Report is provided on the inner back cover for the convenience of our shareholders.

C3. - Major and Material Transactions

In compliance with the Companies Act, the regulations of the Securities and Exchange Commission (SEC), and the Listing Rules of the Colombo Stock Exchange (CSE), the Directors are committed to disclosing all material transactions to shareholders. There were no major transactions that would materially affect the company's performance or assets nor any major related party transactions that occurred during the year under review.

D. - ACCOUNTABILITY AND AUDIT

D 1 - The Annual Report

The Board is committed to presenting a balanced and understandable assessment of the Company's financial position and performance. This includes providing clear insights into the business model, governance framework, risk management strategies, and internal control systems, while highlighting both future opportunities and potential challenges.

The Board of Directors maintains ultimate accountability to all stakeholders for the Company's transactions and strategic activities. In accordance with the requirements of the Companies Act No. 07 of 2007, the Directors prioritize the comprehensive and transparent disclosure of both financial and non-financial information to ensure informed decision-making by our stakeholders.

CSE listing rules and other regulatory requirements

The Financial Statements included in this Annual Report are prepared and presented in accordance with Sri Lanka Accounting Standards. In addition, the following specific information requirements are available in this Annual Report:

- The Operating Environment and future perspectives (Refer Pages 28 to 30)
- The Capital Management Review (Refer Pages 31 to 52)
- Risk Management Report (Refer Pages 117 to 119)
- The Annual Report of the Board of Directors on the State of Affairs of the Company. (Refer Pages 104 to 113)
- The statement of Directors' responsibility for financial reporting (Refer Pages 114 to 115)
- Chief Executive Officer's and Head of Finance's responsibility statement (Refer Page 116)
- Directors' statement of Internal Controls (Refer Pages 88 to 92)
- The Independent Auditors' Report (Refer Pages 122 to 125)
- The Financial Statements (Refer Pages 126 to 181)
- Stakeholder Engagement (Refer Pages 24 to 27)

There has been no serious loss of capital to convene an EGM in terms of the Companies Act.

As per Section 7.5 of the CSE Listing Rules, the Annual Report must be circulated to all shareholders and submitted to the CSE within a period not exceeding five (05) months from the close of the financial year of the Listed Entity. However, Seylan Developments PLC endeavors to circulate the Annual Report within three (03) months from the end of the financial year.

D2. - Risk Management and Internal Control

The Company operates a sound and robust system of internal controls and an integrated risk management framework, which are formulated, implemented, and periodically reviewed by the Board of Directors. These systems are designed to safeguard the interests of shareholders and stakeholders, as well as to protect the Company's assets.

The internal control framework encompasses financial, operational, compliance, and risk management policies and systems. The Board of Directors, supported by the Board Audit Committee, oversees the Company's system of internal controls and reviews it regularly to ensure its continued relevance and effectiveness. The internal control system is designed to mitigate and minimize risks faced by the Company and to provide reasonable assurance against material misstatements, errors, omissions, fraud, and losses.

The Company has engaged the services of an independent professional audit firm, M/s. Ponnamperuma & Company, to carry out its internal audit functions. The Internal Auditors report on the adequacy, effectiveness, and any weaknesses of the internal control system to the Audit Committee on a quarterly basis. The Audit Committee reviews and discusses these quarterly reports and ensures that appropriate actions are taken to implement the recommendations of the Internal Auditors.

In addition, the Audit Committee reviews the Quarterly Risk Review Report submitted by the Risk Officer and initiates necessary measures to address any identified gaps or shortcomings. The minutes of the Audit Committee meetings, together with key recommendations, are presented to the Board of Directors for consideration. Details of significant risk-related matters and the actions taken to mitigate such risks are also forwarded to the Risk Officer of the Parent Company for review and feedback.

A statement from Internal Auditors is given in page 92 of the Annual Report.

D3. - Audit Committee

The accounting policies and financial reporting principles of the Company are formulated to ensure full compliance with all applicable laws, regulations, and accounting standards in force.

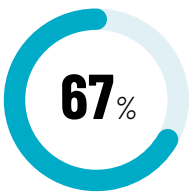
The Board Audit Committee comprises three (03) Non-Executive Directors, of whom two (02) are Independent Non-Executive Directors. The composition of the Audit Committee as at the end of the financial year is as follows:

Ms. Gillian Edwards
Independent Non-Executive Director (Chairperson)

Mr. Tilan Wijeyesekera
Independent Non-Executive Director

Mr. Ranil Dissanayake
Non-Executive Director

% of Independent Members



The Chairman of the Audit Committee is a member of a professional accounting body. SSP Corporate Services (Pvt) Ltd serves as the Secretary to the Audit Committee. Representatives of the External Auditors, the Partner of the Internal Auditors, the Chief Executive Officer, and the Head of Finance attend Audit Committee meetings by invitation.

The Audit Committee reviews the scope, effectiveness, and results of both the internal and external audits and assesses the independence and objectivity of the auditors.

The Terms of Reference of the Audit Committee have been approved by the Board of Directors. These Terms of Reference define the purpose, authority, duties, and responsibilities of the Committee, including its scope and functions, which are summarized in the Audit Committee Report on pages 93 to 96 of this Annual Report.

D4. - Risk Committee

The risk function is overseen by the Board Audit Committee. An Integrated Risk Management Framework contains the process adopted by the Company towards risk identification, evaluation, control and monitoring in a comprehensive manner. The Audit Committee reviews and evaluates the adequacy and effectiveness of the Company's risk management and internal control systems at its quarterly meetings and reports to the Audit Committee of Seylan Bank PLC, through the Chief Risk Officer, on actions taken in relation to risk control matters.

Further details of the Company's risk management activities are set out in the Risk Management Report on pages 117 to 119 of this Annual Report.

D5. - Related Party Transactions Review Committee

The Board of Directors has appointed a Board Committee to review and oversee Related Party Transactions (RPTs). The Committee has established policies and procedures to identify, monitor, and review related party transactions within the Company's business processes.

The Committee meets on a quarterly basis to review and monitor all related party transactions. It comprises three (03) Independent Non-Executive Directors and certifies that all related party transactions are carried out in compliance with the Listing Rules of the Colombo Stock Exchange (CSE).

The Composition of Related Party Transactions Review Committee as at the end of the year is as follows;

Mr. Tilan Wijeyesekera - Independent Non-Executive Director (Chairman)

Ms. Gillian Edwards - Independent Non-Executive Director

Mr. Najill Farouk - Independent Non-Executive Director

(Report of the Committee is given on pages 99 to 100)

% of Independent Members



D6. - Code of Business Conduct and Ethics

As per the revised CSE Listing rules, Seylan Developments Plc has an established policy for Internal code of business conduct and ethics for all Directors and Employees, including trading in the entity's listed securities. This Code is available on the website of Seylan Developments PLC. The Code of Business Conduct and Ethics is shaped by this policy which articulated the standards of conduct expected of all Directors and employees. It enshrines principles of honesty, integrity, equality and humanity by creating a responsible workplace.

Equality, and humanity, and seeks to promote a responsible, ethical, and inclusive workplace culture.

The key principles embodied in the policy are to:

- Codify a uniform standard of conduct that all Directors and employees are required to adhere to;
- Protect the business interests of the Company;
- Safeguard and enhance the reputation of the Company; and
- Ensure compliance with all applicable legal and regulatory requirements.

Directors and employees shall avoid or report any conflict of interest which may place personal priorities above the priorities of the Company and shall behave honestly. Under no circumstances may they seek their own benefit or that of third parties through the misuse of their position or contacts at the Company.

Code of conducts is based on the followings,

1. **General Conducts**
   - i. Respect for the Law
   - ii. Honesty and integrity
   - iii. Impartiality
   - iv. Discretion
   - v. Full and fair disclosure
2. **Conflicts of Interest**
   - i. Conflict of interest and Loyalty to the Company
   - ii. Financial Interests in other businesses
   - iii. Corporate Opportunities
3. **Ethical Business Practice**
   - i. Bribery, Corruption, illegal Commissions
   - ii. Gifts and Hospitality
   - iii. Disclosure of financial interests
   - iv. Business activities outside the Company
   - v. Purchasing and selling assets and services
4. **Confidentiality**
5. **Inside information and personal security trading**
6. **Protection and proper use of Company assets**
7. **Reporting violations**
8. **Internal and regulatory investigations**

"The Policy for Internal Code of Business conduct and Ethics for all Directors and Employees, including policies on trading in the Entity's listed securities" is available in Seylan Developments PLC's website.

The Chairman's declaration on the Company's code of conduct and ethics is given in Annual Report of the Board on State of Affairs of the Company in pages 110 to 111 of this Annual Report.

D7. - Corporate Governance Disclosures

Corporate Governance Report set out on pages 57 to 87 describes the extent to which Seylan Developments PLC adheres to established principles and practices of good corporate governance.

E. - INSTITUTIONAL INVESTORS

The Board of Directors encourages the active participation of shareholders at the Annual General Meeting (AGM). In addition, stakeholders are provided with quarterly financial statements, which the Company considers its primary means of communicating financial information to stakeholders, apart from the Annual Report. These quarterly financial statements are submitted to the Colombo Stock Exchange (CSE) and are also made available on the Company's website.

The Board structure, composition, board balance and relevant factors are drawn to Shareholders' attention through the Annual Report.

F. - OTHER INVESTORS

The Company encourages stakeholders to conduct thorough analysis and evaluation of its performance and ensures that relevant information is made available in a timely and unbiased manner. The Annual Report provides comprehensive information to facilitate such assessments. Furthermore, any information deemed price-sensitive by the Board is promptly disseminated to shareholders through announcements submitted to the Colombo Stock Exchange (CSE).

Financial and non-financial information are disseminated to all stakeholders as specified in the "Stakeholder Engagement" section on pages 24 to 27.

G.- INTERNET OF THINGS AND CYBERSECURITY

Management oversees IT and cyber risks, reporting to the Board. Controls are implemented based on recommendations from the Parent Company's IT department and reviewed by the Audit Committee.

H. SUSTAINABILITY: ESG RISK AND OPPORTUNITIES

Our strategy is shaped by stakeholder expectations. The Board integrates Economic, Environmental and Social (EES) considerations into strategy and decision-making, aligned with the Sustainable Development Goals.

The sustainability overview, challenges, risks, opportunities and our strategies on Economic sustainability, Environmental sustainability and Social sustainability have been discussed in "Our commitment to sustainability development goals" in pages 53 to 55.

Integration of EES impacts into strategy, risks and opportunities in creating value across the various capitals, is reported in the Capital Reports given below.

EES Consideration	Report Reference	Page Reference
Economic Sustainability	Financial Capital	Pages 32 to 36
Environmental Sustainability	Natural Capital	Pages 51 to 52
Labour practices	Human Capital	Pages 44 to 47
Relationships with key stakeholders	Social and Relationship Capital	Pages 48 to 50

I.- SPECIAL CONSIDERATIONS FOR LISTED ENTITIES POLICIES

The Company's comprehensive policy framework facilitates the creation of an effective control environment and supports effective delivery of strategy. All policies are periodically reviewed and are available on the corporate website. In aligning with the recent revisions to the CSE Listing Rules the Company introduced following policies in 2024;

- Policy on the matters relating to the Board of Directors
- Policy on Board Committee

- Policy on Corporate Governance, Nominations and Re-election
- Policy on Remuneration
- Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities
- Policy on Risk management and Internal controls
- Policy on Relations with Shareholders and Investors
- Policy on Environmental, Social and Governance Sustainability
- Policy on Control and Management of Company Assets and Shareholder Investments
- Policy on Corporate Disclosures
- Policy on Whistleblowing
- Policy on Anti-Bribery and Corruption
- Policies required by the CSE listing rules are on the corporate website of Seylan Developments PLC.

APPENDIX 1: COMPLIANCE WITH THE CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA IN 2023

Code Ref	Requirement	Extent of Compliance	
A. DIRECTORS			
A.1	The Board An effective Board should direct, lead and control the Company	Complied	Refer Principle A1 in the Corporate Governance Report and details below (A1.1 – A1.8).
A1.1	Regular meetings Structure and process of submitting information to be reported	Complied	The Board meets monthly, with additional meetings as required. Attendance is provided on page 61. Board papers are circulated in advance.
A1.2	Role & Responsibilities of the Board	Complied	Detailed on page 62.
A1.3	Act in accordance with laws Compliance in accordance with laws Independent professional advice	Complied	Directors have given an affirmative statement that, "the Directors, to the best of their knowledge and belief, the Company has not engaged in any activity, which contravenes laws and regulations of the country" in the Company's state of affairs report on pages 104 to 113. Directors have the power to obtain independent professional advice as deemed necessary.
A1.4	Access to advice and services of Company Secretary and Insurance cover	Complied	All Directors have access to the advice and service of the Company Secretarial service provided by SSP Corporate Services (Pvt) Ltd, which is responsible for following up of Board procedures, compliance with rules and regulations, directions and statutes, keeping and maintaining minutes and other relevant records.

Code Ref	Requirement	Extent of Compliance	
			Board of Directors and Key Management Personnel are covered from Directors' and Officers' liability Insurance policy as recommended by the Code of Best practice and Corporate Governance.
A1.5	Independent judgement	Complied	Directors exercise independent judgment on strategy, performance, resources, and business conduct.
A1.6	Dedicate adequate time and effort	Complied	Dates of regular meetings and Board sub-committee meetings are scheduled in advance and the relevant papers are circulated well in advance to the meeting giving sufficient time to review. Exceptional cases allow later circulation.
A1.7	Calls for resolutions	Complied	Any Director can call for a resolution to be presented to the Board if deemed necessary.
A1.8	Board induction and training	Complied	Directors recognize the need for continuous training and expansion of their knowledge and skills to effectively discharge their duties and are encouraged to attend relevant corporate forums. As professionals, many of the Directors also confirm professional development requirements of their respective professional organizations.
A2	Chairman and Chief Executive Officer	Complied	Refer Principle A2, page 62.
A3	Chairman's role	Complied	Refer Principle A3, page 62 to 63.
A3.1	Conduct of board meetings	Complied	The Chairman ensures the following: ■ Develop an agenda for Board meetings with the consultation with CEO, Directors and Company Secretary taking into consideration matters relating to strategy, performance, resource allocation, risk management and compliance. ■ Sufficient of information in Board packs and timely availability of same. ■ Effective participation of Directors. ■ Directors are encouraged to seek additional information necessary to engage in decisions of agenda items. ■ Views of directors are obtained and the minutes reflect the deliberations of the Board ■ Board's control of the affairs of the company and its obligations to shareholders and other stakeholders.
A4	Availability of financial acumen	Complied	Refer Principle A4, page 63.

Code Ref	Requirement	Extent of Compliance	
A5	Board Balance	Complied	Refer Principle A5, page 63.
A5.1	Sufficient calibre and number of Non-Executive Directors	Complied	The Board comprised of five (05) Directors as at 31st December 2025; all of whom operate in Non-Executive capacity
A5.2	If only 3 Non-Executive Directors, they should be 'independent'. In all other cases 3 or 2/3rd of Non-Executive Directors whichever is higher should be 'independent.'	Complied	Three (03) Directors out of five (05) were Independent as at 31st December 2025
A5.3, A5.4 & A5.5	Independent Directors, annual declaration and Board determination	Complied.	The Board determines the independence of Directors on an annual basis based on annual declarations submitted by the Directors and other information based on the requirement of the Code as set out in A5.5.
A5.6	Alternate Directors	N/A	No alternate Directors.
A5.7 & A5.8	If Chairman and CEO is the same person, a Senior Independent Director should be appointed.	N/A.	There is a clear separation between roles of the Chairman and the CEO, ensuring a balance of power for decision-making.
A5.9	Annual in camera meeting with Non-Executive Directors	Complied.	The Board exclusively comprise Non-Executive Directors and regular meetings are held on monthly basis.
A5.10	Recording of dissent in minutes	Complied.	Directors concerns on matters which have not been resolved unanimously are recorded in the Minutes and Directors have the opportunity to review minutes and correct the same at the next Board meeting.
A6	Supply of Information	Complied	Refer Principle A6, page 63.
A6.1 & A6.2	Provision of timely information	Complied.	Refer Principle A6, page 63.
A7	Appointments to the Board: Nomination Committee	Complied	Refer Principle A7, pages 63 to 64.
A7.1	Composition		
	Minimum of three (03) members. Majority of the membership of the committee shall comprise maximum of 3 directors of be Non-Executive Directors and shall include at least two or one third (whichever is higher) of Independent Non-Executive Directors.	Complied	Refer Principle A7, pages 63 to 64 and Report of Nominations & Governance Committee on pages 101 to 103.

Code Ref	Requirement	Extent of Compliance	
A7.2	Annual assessment of Board composition	Complied.	Refer Principle A7, pages 63 to 64 and Report of Nominations & Governance Committee on pages 101 to 103.
A7.3	Succession Plan	Complied.	Refer Principle A7, pages 63 to 64 and Report of Nominations & Governance Committee on pages 101 to 103.
A7.4	Disclosure information to shareholders upon new appointments	Complied.	Refer Principle A7, pages 63 to 64 and Report of Nominations & Governance Committee on pages 101 to 103.
A7.5	The Chairman and members of the nomination committee should be identified in the Annual Report.	Complied.	Refer Principle A7, pages 63 to 64 and Report of Nominations & Governance Committee on pages 101 to 103.
A7.6	Terms of Reference	Complied.	Functions of the Nomination Committee is covered from an approved terms of reference. Please refer Report of Nominations and Governance committee for functions of the Committee on pages 101 to 103.
A 8	Re-election	Complied	Refer Principle A8, pages 64 to 65.
A8.1 & A8.2	Directors to submit themselves for re-election	Complied.	Refer Principle A8, pages 64 to 65.
A8.3	Resignation	Complied.	Timely disclosures were made in Colombo Stock Exchange on resignations during the year
A9	Appraisal of Board performance	Complied.	Refer Principle A9, page 65.
A10	A 10 Disclosure of information in respect of Directors	Complied.	Refer Principle A10, page 65.
A11	Appraisal of the CEO	Complied.	Refer Principle A11, page 65.
B. DIRECTORS' REMUNERATION			
B1	Establish process for developing policy on Director remuneration	Complied	Refer principle B1 on page 66 and Report of Board Remuneration Committee on pages 97 to 98.
B2	Remuneration Committee	Complied	Refer principle B2 on page 66 and Report of Board Remuneration Committee on pages 97 to 98.
B3	Disclosure of remuneration	Complied	Refer principle B3 on page 66 and Report of Board Remuneration Committee on pages 97 to 98.
C. RELATIONS WITH SHAREHOLDERS			
C1	Constructive use of the AGM and conducts of general meetings	Complied	Refer Principle C1, page 66.
C2	Communication with Shareholders	Complied	Refer Principle C2, page 67.
C3	Disclosure of major transactions	N/A	No major transactions during year.

Code Ref	Requirement	Extent of Compliance	
D. ACCOUNTABILITY AND AUDIT			
D1	Financial and Business Reporting (The Annual Report)	Complied	Refer Principle D1, pages 67 to 68.
D2	Risk Management and Internal Control	Complied	Refer Principle D2, page 68.
D3	Audit Committee	Complied	Refer Principle D3, pages 68 to 69 and Audit Committee Report on pages 93 to 96
D4	Risk Committee	Complied	The risk function is overseen by the Board Audit Committee. Refer Principle D4, page 69 and Audit Committee Report on pages 93 to 96.
D5	Related Party Transactions Review Committee	Complied	Refer Principle D5, page 69 and Related Party Transactions Review Committee report on pages 99 to 100.
D6	Code of Business Conducts and Ethics	Complied	Refer Principle D6, page 70
D7	Corporate Governance Disclosures	Complied	This Corporate Governance Report from pages 57 to 87 complies with the disclosure requirements to the extent of compliance with the Code of Best Practices on Corporate Governance Code.
E. INSTITUTIONAL INVESTORS			
E1	Shareholder voting	Complied	Institutional Shareholders are encouraged to participate at the AGM and vote on matters set before them Refer Principle E, page 71.
E2	Evaluation of Corporate Disclosure	Complied	All shareholders are provided sufficient information to facilitate and encourage effective shareholder participation including governance matters.
F. OTHER INVESTORS			
F1	Investing / Divesting decisions	Complied	Refer Principle F, page 71.
F2	Shareholder voting	Complied	Individual Shareholders are encouraged to participate at the AGM and vote on matters set before them.
G. INTERNET OF THINGS AND CYBERSECURITY			
G1	Identify connectivity and related cyber risks	Complied	Refer Principle G, page 71.
G2	Appoint a CISO and allocate budget to implement a cyber-security policy	Complied	Refer Principle G, page 71.

Code Ref	Requirement	Extent of Compliance	
G3	Include cyber-security in Board agenda	Complied	Refer Principle G, page 71.
G4	Obtain periodic assurance to review effectiveness of cyber-security risk management	Complied	Refer Principle G, page 71.
G5	Disclosure in Annual Report	Complied	Refer Principle G, page 71.
H. SUSTAINABILITY: ESG RISK AND OPPORTUNITIES			
H1	ESG Risk and Opportunities	Complied	ESG principles are considered in formulating business strategy and reported throughout the report. Refer Principle H, page 71.
H2	Managing Company's sustainability/ ESG risks and opportunities.	Complied	Refer Our Commitment to sustainability development goals in pages 53 to 55.
H3	Governance framework/structure which includes conformance, performance and sustainability/ESG factors	Complied	Refer Principle H, page 71.
H4	Governance	Complied	Refer Principle H, page 71.
H5	Board's role on ESG factors	Complied	Refer Our Commitment to sustainability development goals in pages 53 to 55.
I. SPECIAL CONSIDERATIONS FOR LISTED ENTITIES			
I1 & I2	Policies	Complied	Refer principle I, pages 71 to 72

APPENDIX 2: COMPLIANCE WITH THE COLOMBO STOCK EXCHANGE LISTING RULES ON SECTION 9 – CORPORATE GOVERNANCE

Code Ref	Requirement	Extent of Compliance	
9.1 Corporate Governance Rules			
9.1.1, 9.1.2 & 9.1.3	Extent of Compliance with Corporate Governance Rules	Complied	The extent of compliance with Corporate Governance Section 09 of the listing rules issued by CSE is tabulated below.
9.2 Policies			
9.2.1	Listed Entities shall establish and maintain following policies and disclose the fact of existence together with details of implementation ■ Policy on the matters relating to the Board of Directors ■ Policy on Board Committee ■ Policy on Corporate Governance, Nominations and Re-election ■ Policy on Remuneration ■ Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities ■ Policy on Risk management and Internal controls ■ Policy on Relations with Shareholders and Investors ■ Policy on Environmental, Social and Governance Sustainability ■ Policy on Control and Management of Company Assets and Shareholder Investments ■ Policy on Corporate Disclosures ■ Policy on Whistleblowing ■ Policy on Anti-Bribery and Corruption	Complied	The Company adopted all policies as required and properly updated in the Company's website
9.2.2	Waivers and Exemptions	N/A	
9.2.3	Disclosures in the Annual Report	Complied	Please refer 9.2.1 above and section 24 of the Annual Report of the Board on the state of affairs of the Company in page 112.

Code Ref	Requirement	Extent of Compliance	
9.2.4	Requesting of Company's Policies by Shareholders	Complied	A formal procedure is followed to facilitate the shareholders requests and any of the above policies will be provided to the shareholders upon a written request. All policies are available in the Company's website.
9.3 Board Committees			
9.3.1	Establishment of Board Committees ■ Nominations and Governance Committee ■ Remuneration Committee ■ Audit Committee ■ Related Party Transactions Review Committee	Complied	The Nominations & Governance Committee, Remuneration Committee, Audit Committee and Related Party Transactions Review Committee are in place.
9.3.2	Composition, Responsibilities and Disclosures of Board Committees.	Complied	The composition of all Committees are in line with the revised CSE listing rules. Each Sub Committee is governed by its own Terms of Reference. The Company Secretary maintains the minutes and records of each Sub Committee. The Chairperson of the respective Sub Committee is accountable for the effective functioning of the Committee and reports on a periodic basis to the Board on the activities of the Sub Committee, highlighting matters for the attention of the Board. The Committee's Terms of Reference/Charters are reviewed regularly.
9.3.3	Chairperson of Board Committees	Complied	The Chairperson of the Board of Directors was not the Chairperson of any Board Sub Committee.
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	Record Maintenance	Complied	The Company Secretary maintains records of all resolutions and information (Appointment of proxy, number of votes in favour & against and number of shares in respect of vote was directed to be abstained) of General Meetings.

Code Ref	Requirement	Extent of Compliance	
9.4.2	Communication and relation with Shareholders and Investors	Complied	The Company has an established policy for effective communication and relations with shareholders and investors, prepared in accordance with the provisions of the revised CSE listing rules. Policy on Relations with Shareholders and Investors is available in the Company's website.
9.5 Policy on matters relating to the Board of Directors			
9.5.1	Availability of policy on governing matters relating to Board of Directors	Complied	The Company has an established policy for matters relating to the Board of Directors, prepared in accordance with the provisions of the revised CSE listing rules. The policy is available in the Company's website. The Board of Directors comprise exclusively Non-Executive Directors and has adopted a procedure for the appraisal of Board performance and appraisal of the CEO in sections A9 and A11 in pages 65. The roles of Chairman and CEO are distinct.
9.5.2	Disclosures in the Annual Report	Complied	Disclosures are made in the Corporate Governance Report given on pages 57 to 87.
9.6 Chairperson and CEO			
9.6.1	Chairperson of every Listed Entity shall be a NED and the positions of Chairperson and CEO shall not be the same individual, unless otherwise SID is appointed.	Complied	The Chairperson is a Non-Executive Director. The positions of Chairperson and CEO are not held by the same individual.
9.6.2	Disclosure of Non-Compliances	N/A	
9.6.3	Requirement for a SID	N/A	
9.6.4	Disclosure of rationale of appointing SID	N/A	
9.7 Fitness of Directors and CEOs			
9.7.1	Fitness of Directors and CEO	Complied	The Company ensures that the Directors and CEO at all times fulfill the fit and proper assessment criteria set out in the Listing Rules

Code Ref	Requirement	Extent of Compliance	
9.7.2	Ensure nominees meet the fit and proper criteria	Complied	The Nominations and Governance Committee reviewed the fitness and proprietary of the Directors who are eligible to be re-elected, before nominating them to be re-elected by the shareholders at the shareholder meeting.
9.7.3	Assessment of Fit and Proper criteria	Complied	Ensured that the Directors fulfill the Fit and Proper assessment criteria of honesty, integrity, reputation, competence, capability and financial soundness.
9.7.4	Annual Declarations from Directors and CEO	Complied	Annual declarations from Directors and CEO confirming that each of them has continuously satisfied the fit and proper assessment criteria set out in the CSE revised listing rules were obtained as at 31 December 2025.
9.7.5	Disclosures in the Annual Report	Complied	Disclosures are made in the Corporate Governance Report on page 64.
9.8. Board Composition			
9.8.1	Board at Minimum to consist of Five (05) Directors	Complied	The Board of Directors of the Company consisted of five (05) Directors as at 31 December 2025.
9.8.2	Minimum number of Independent Directors (Min:2 or 1/3 of total number, whichever is higher)	Complied	The Board of Directors of the Company consisted of three (3) Independent Directors as at 31 December 2025.
9.8.3 9.8.4	Criteria for determining Independence	Complied	The Company takes in to account the provisions of Code of Best Practice on Corporate Governance issued by CA Sri Lanka (2023) and criteria for determining the independence of a Director as per the revised CSE listing rules.
9.8.5	Declarations	Complied	Annual Declaration was obtained from the Board of Directors incorporating the provisions made under the revised CSE listing rules as at 31st December 2025.

Code Ref	Requirement	Extent of Compliance	
9.9 Alternate Directors			
9.9	Appointment of Alternate Directors	Complied	No Alternate Directors were appointed to represent Non-Executive Directors.
9.10 Disclosures relating to Directors			
9.10.1	Policy on the maximum number of Directorships	Complied	As specified in the Policy on matters relating to the Board of Directors, Directors of the Company shall not serve on more than 05 boards of listed entities in addition to the Company's board. The Board may determine exceptions to these limits on an individual basis.
9.10.2	Appointment of new Director	Complied	Nominations & Governance Committee reviews all new appointments. A brief resume of new Directors and appointments were submitted to the Colombo Stock Exchange when such appointments were made.
9.10.3	Changes to the Composition of Board Sub Committees	Complied	Immediate market announcements have been made on changes to the compositions of Board Sub Committees.
9.10.4	Disclosures in the Annual Report	Complied	Please refer pages 16 to 20 for profiles of Directors. Please refer page 113 for Directorships/ KMPs in other companies. Please refer pages 109 to 110 for Directors interests. Attendance of Board Meetings, Audit, Related party Transactions Review, Nominations and Governance and Remuneration Committees are given in page 61.
9.10.5	Timely disclosures of immediate market announcement on new appointments and changes of composition	Complied	Company made immediate announcements on new appointments and changes of composition of Board sub committees.

Code Ref	Requirement	Extent of Compliance	
9.11 Nominations and Governance Committee			
9.11.1	Availability of Nominations and Governance Committee	Complied	Please refer pages 101 to 103 for Board Nominations and Governance Committee Report.
9.11.2	Appointment and re-election of Directors	Complied	The Company has an established policy for "Corporate Governance, Nomination and Re-election", prepared in accordance with the provisions of the revised CSE listing rules. The policy is available in the Company's website.
9.11.3	Terms of Reference	Complied	The Committee has adopted a Term of Reference which defines the scope, authority and duties.
9.11.4 (1)	Composition - Minimum of three (3) Directors, out of which a minimum of two (2) members shall be Independent Directors	Complied	The Nominations and Governance Committee comprises two Independent Non-Executive Directors and one Non-Executive Directors. Please refer pages 101 to 103, Board Nominations and Governance Committee Report.
9.11.4 (2)	Composition - Independent Director shall be appointed as the Chairperson of the Committee.	Complied	The chairman is an Independent Non-Executive Director.
9.11.4 (3)	Composition - The Chairperson and the members of the Committee shall be identified in the Annual Report.	Complied	The Chairman and the members of the Committee are identified in the Nominations & Governance Committee report given on pages 101 to 103.
9.11.5	Functions	Complied	Functions of the Committee have been documented via a Terms of Reference and all functions are effectively discharged by the Committee. Please refer Nominations & Governance Committee Report on pages 101 to 103.
9.11.6	Disclosures in the Annual Report	Complied	Refer Nominations and Governance Committee Report on pages 101 to 103.

Code Ref	Requirement	Extent of Compliance	
9.12 Remuneration Committee			
9.12.1	Definition of Remuneration	Complied	The Company has established a formal transparent policy on remuneration.
9.12.2	Remuneration Committee	Complied	Refer pages 97 to 98 for Board Remuneration Committee Report.
9.12.3 9.12.4	Remuneration Policy - Executive Directors/ Non-Executive Directors	Complied	Refer pages 97 to 98 for Board Remuneration Committee Report.
9.12.5	Terms of Reference	Complied	The Committee has adopted a Terms of Reference which define the scope, authority and duties etc,.
9.12.6 (1)	Composition - Minimum of three (3) Directors, out of which a minimum of two (2) members shall be Independent Directors	Complied	The Remuneration Committee comprises two Independent Non-Executive Directors and one Non-Executive Directors. Please refer pages 97 to 98, Board Remuneration Committee Report.
9.12.6 (2)	Composition - Independent Director shall be appointed as the Chairperson of the Committee	Complied	The chairman is an Independent Non-Executive Director.
9.12.7	Functions	Complied	The Company has documented the functions of the Committee in the Terms of Reference. All functions are effectively discharged by the Committee. Please refer Remuneration Committee Report on pages 97 to 98.
9.12.8	Disclosures in the Annual Report	Complied	Disclosure requirements are covered in the Board Remuneration Committee Report given on pages 97 to 98.
9.13 Audit Committee			
9.13.1	Audit and Risk Committees	Complied	The Company does not maintain a separate committee for risk and the Audit Committee performs the risk function of the Company. Please refer pages 93 to 96 for Board Audit Committee Report.
9.13.2	Terms of Reference	Complied	The Committee has adopted a Terms of Reference which define the scope, authority and duties.

Code Ref	Requirement	Extent of Compliance	
9.13.3 (1)	Composition - A Minimum of three (3) Directors, out of which a minimum of two (2) or a majority of the members, whichever higher, shall be Independent Directors	Complied	The Audit Committee comprises two Independent Non-Executive Directors and one Non-Executive Directors. Refer pages 93 to 96, Board Audit Committee Report.
9.13.3.(2)	Composition - The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be Independent Directors	Complied	As per the current Audit Committee Charter, two independent NEDs form the quorum.
9.13.3 (3)	Composition - The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market	Complied	The Committee met four (4) times during the year. The Committee reviewed the quarterly and annual financial statements and recommended the same to the Board of Directors prior to publication.
9.13.3 (4)	Composition - Independent Director shall be appointed as the Chairperson of the Committee	Complied	An Independent Director functioned as the Chairman of the Committee throughout the year.
9.13.3 (5)	Composition - The CEO and the CFO shall attend the Audit Committee meetings by invitation	Complied	CEO and Head of Finance participate meetings by invitation
9.13.3 (6)	Composition - The Chairperson of the Audit Committee shall be a Member of a recognized professional accounting body.	Complied	The Chairperson of the Board Audit Committee, Ms. Gillian Edwards is an Independent Non-Executive Director and a member of a recognized professional accounting institute.
9.13.4	Functions	Complied	The Company has documented the functions of the Committee in the Audit Committee Charter. Functions are effectively discharged by the Committee. Please refer Audit Committee Report on pages 93 to 96.
9.13.5	Disclosures in the Annual Report	Complied	Disclosure requirements are covered in the Audit Committee Report given on pages 93 to 96.
9.14 Related Party Transactions Review Committee			
9.14.1	Availability of Related Party Transactions Review Committee	Complied	Please refer pages 99 to 100 for Board Related Party Transactions Review Committee Report.

Code Ref	Requirement	Extent of Compliance	
9.14.2	Composition - A minimum of three (3) Directors, out of which two (2) members shall be Independent Directors. Committee may also include Executive Directors. An Independent Director shall be appointed as the Chairperson of the Committee	Complied	The Related Party Transactions Review Committee comprises three Independent Non-Executive Directors. Refer pages 99 to 100, Board Related Party Transactions Review Committee Report.
9.14.3	Functions	Complied	The Related Party Transactions Review Committee is responsible for reviewing the Related Party Transactions, to ensure the interests of shareholders as a whole are taken into account when entering into Related Party Transactions. The Committee has established and maintained a policy, procedure and process for the identification, clarification and reporting the Related Party Transactions across the Company's operations. Please refer Related Party Transactions Review Committee Report on ages 99 to 100.
9.14.4 (1)	General requirements - The Committee shall meet at least once a calendar quarter	Complied	The Committee met five (5) times during 2025. The minutes of all meetings are properly documented and tabled at the subsequent Board meetings for ratification.
9.14.4 (2)	General requirements - The Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions	Complied	The Committee has adequate knowledge and expertise to assess all aspects of Related Party Transactions.
9.14.4 (3)	General requirements - Approval by Board of Directors	Complied	Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions which have been reviewed by the Committee

Code Ref	Requirement	Extent of Compliance	
9.14.4 (4)	General requirements - Conflict of Interest	Complied	The Related Party Transactions Review Committee oversees the process relating to the said subject. Steps have been taken by the Board to avoid any conflicts of interest, that may arise, in transacting with related parties. Directors provide declarations to the Board about their material interests in business transactions at the time of appointments and inform subsequent changes if any.
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	Complied	The Committee reviews related party transactions in accordance with the provision of the listing rules.
9.14.6	Shareholder Approval	N/A	A situation to obtain the shareholder approval as per revised CSE listing rules has not arisen during the year.
9.14.7	Immediate Disclosures	N/A	A situation has not arisen where immediate disclosure is required to be made as per revised CSE listing rules.
9.14.8	Disclosures in the Annual Report	Complied	Disclosure requirements are covered in the Related Party Transactions Review Committee Report given on pages 99 to 100 and Note 26 to the Financial Statement in pages 168 to 171.
9.14.9	Acquisition and Disposal of assets from/to related parties	N/A	The Company has not acquired/disposed of substantial assets from/to related parties.
9.14.10	Exempted Related Party Transactions	Complied	The provisions of the sections are considered when evaluating the Related Party Transactions by the Committee.
9.17 Additional Disclosures			
9.17	(i) Declaration of all material interest (ii) Review of internal controls and compliance controls (iii) Compliance with laws, rules and regulations (iv) Material Non-Compliances	Complied	Disclosure requirements are covered in the Annual Report of the Board of Directors given on pages 104 to 113. Material non-compliance with any Law or Regulation has not arisen during the year 2025.

DIRECTORS' STATEMENT OF INTERNAL CONTROL

INTRODUCTION

The following statement fulfills the requirement to publish the Directors' statement on Internal Controls as per the principle D.1.5. of the Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka and Rule 9.17 (ii) of the Corporate Governance Rules of the Colombo Stock Exchange.

Seylan Developments PLC developed and established a sound Internal Control system with the focus of achieving the goals and objectives of the Company. The system will ensure reliable financial statements free from material misstatement and managerial reporting, while complying with laws and regulations as well as internal policies and procedures.

Accordingly, the Board of Directors of Seylan Developments PLC is pleased to set out below the Company's Statement on Internal Control for the financial year 2025.

BOARD RESPONSIBILITY

The Board is responsible for maintaining a robust system of internal control to safeguard shareholder investments and Company assets. The Board has implemented an ongoing robust process to identify, evaluate, and manage significant risks across the organization.

The internal audit function is outsourced to M/s Ponnamperuma & Co. – Chartered Accountants, who conduct regular operational reviews. Findings are reported quarterly to the Audit Committee, where key matters are deliberated and appropriate recommendations are made to the Board.

In accordance with Rule 9.13.4(iv) of the Corporate Governance Rules of the Colombo Stock Exchange, the Audit Committee reviews assurances received from:

- The Chief Executive Officer and Head of Finance confirming that financial records have been accurately maintained and that the financial statements present a true and fair view of the Company's operations and financial position; and
- The Chief Executive Officer and other Key Management Personnel are responsible for the adequacy and effectiveness of the Company's risk management and internal control systems.

The certificate of conformity on the operation of the internal control system issued by the Internal Auditors is presented on page 92 of this Annual Report.

INTERNAL CONTROL FRAMEWORK

The Board of Directors acknowledges the importance of maintaining a sound system of internal control to safeguard shareholders' investments and the Company's assets, in compliance with the Listing Rules and the Code of Best Practice on Corporate Governance issued by CA Sri Lanka. The internal control system has been assessed by the Board taking into account principles for assessment of the internal control system as laid down in relevant guidelines.

The Company's Internal Audit function provides assurance on the efficiency and effectiveness of the Internal Control System. The Audit function monitors compliance with policies and procedures on an ongoing basis using samples as well as rotational procedures and highlights significant findings in respect of non-compliance.

Key processes that are presently in place for reviewing the design, operating effectiveness and the integrity of the system of internal controls relevant to financial controls and financial reporting are set out below;

■ Clear and Structured Organizational Reporting Lines

Based on the hierarchical organizational structure, the Company has defined lines of responsibility for reporting, accountability and delegation of authority.

The Board Committees are established to assist the Board in ensuring the effectiveness of the Company's operations. More details of Board Committees are described in the Statement of Corporate Governance is detailed on Pages 57 to 87 of the Annual Report. The operations are directed towards corporate objectives and policies and strategies are formulated accordingly.

Comprehensive Board Papers are presented at monthly Board Meetings, which include financial and non-financial information such as monthly results, business strategies, evaluation of the Company's performances against budgets, key operational and corporate activities for deliberation, approval or directions.

■ Financial Review

The Board reviewed the ongoing financial performance of the Company on a monthly basis against respective budgets, where further explanations and clarifications are noted for significant variances reported.

The adoption of the Sri Lanka Accounting Standards and processes required to comply with all requirements of recognition, measurement, presentation and disclosures were introduced and implemented. Continuous monitoring is in progress and steps are being taken for improvements where required.

■ Code of Conduct

The Board and employees of the Company are committed to adhering to the best practices in corporate governance by observing the highest standards of integrity and behavior in all activities of the Company, including interaction with customers, suppliers, shareholders, employees and business partners within the community and environment in which the Company operates.

The Board and the employees of the Company play an pivotal role in establishing, maintaining and enhancing the reputation, image and brand of the Company whilst ensuring the highest standards of integrity and behavior are prevalent at all times in line with the expectations of the Company.

■ Policies and Procedures

Clear and formalized internal policies and procedures are in place to ensure compliance with internal controls and relevant rules and regulations. Regular reviews are performed by Internal Auditors to ensure compliance. The policies and procedures are reviewed periodically by the Audit Committee to ensure that they are current and relevant.

■ Risk Management

Risk Management is vital for continued improvement of profitability and enhancement of shareholder value. The Board regards risk management as an integral part of business operations.

An Integrated Risk Management Framework is in place and processes are adopted by the Company for risk identification, evaluation, control and monitoring in a comprehensive manner.. The Audit Committee reviews and evaluates the adequacy and effectiveness of the risk management and internal control systems and quarterly reports are submitted to the Seylan Bank PLC's Audit Committee through the Banks Chief Risk Officer, pertaining to risk control matters.

Further information on the Company's risk management activities is highlighted in the Risk Management Report on pages 117 to 119 of this Annual Report.

■ Information and Communication

The Company has defined lines of responsibility for reporting and accountability. Flowing from a clear organizational reporting structure, information is communicated and disseminated to key Management within the Company.

■ Competency and Talent Management

To enhance employee skills, training and development takes place in line with their job roles, thereby ensuring that the team is up-to-date with the required knowledge and competencies to carry out their duties and responsibilities towards achieving the Company's objectives.

■ Independent Assurance Mechanism

Whilst the Board has overall responsibility for the Company's system of internal controls, it has delegated the implementation of these internal control systems to the Management who periodically reports to the Audit Committee on risks identification and action/steps taken to mitigate and/or minimize the risks. The internal control systems are subject to regular review of the Board thereby ensuring the effectiveness of the systems and controls within the Company. An independent professional firm of Auditors namely M/s Ponnamperuma & Co. – Chartered Accountants has been appointed by the Board to carry out the internal audit function, and periodically reports are submitted to the Audit Committee highlighting risks identified and recommendations to mitigate and/or minimize the risks. The internal audit plan that covers internal audit coverage and scope of work is presented to the Audit Committee and the Board.

Internal audit reports are presented to the Audit Committee during quarterly meetings, which includes audit findings and recommendations thereon. The observations made by Internal Auditors in connection with the internal control system during the financial year 2025 have been reviewed and appropriate steps have been taken where required. Senior and functional line management have been instructed accordingly thereby ensuring management directives are carried out effectively with regular audits to ensure compliance.

In addition to the above recommendations by the External Auditors with regards to the internal control system as well as the adoption of relevant Accounting standards are reviewed and appropriate steps are taken for implementation.

■ Quality, Health, Safety and Environment

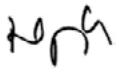
A clear, formalized framework is in place for prevention of accidents and elimination of hazards thus ensuring a safe working environment. The Company adopts relevant standards and controls to continuously improve the safety management systems as a safe working environment is fundamental. The Company has in place all required insurance covers relevant to industrial safety.

ACKNOWLEDGMENT

The Board acknowledges its responsibility for the Company's system of internal control and regularly review its design and effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objective and can only provide reasonable and not absolute assurance against material misstatements in the financial statements and frauds & errors.

CONFIRMATION

The Board of Directors confirms that the financial reporting system of Seylan Developments PLC has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes has been done in accordance with applicable accounting standards and regulatory requirements.



Ramesh Jayasekara
Chairman

23rd February 2026



Najill Farouk
Independent Non-Executive Director



Gillian Edwards (Ms)
Chairman - Audit Committee

PONNAMPERUMA & CO.
Chartered Accountants

INTERNAL AUDITORS' REPORT

We, **PONNAMPERUMA & Co., (Chartered Accountants)** were appointed as internal auditors for the year ended 31st December 2025.

Scope and Objectives

The scope and objectives of our internal audit were determined in accordance with the requirements of Management and included the following:

- Review and monitoring of the internal control systems of the Company.
- Examination and evaluation of the Company's operations.
- Review of compliance with applicable laws, regulations, external requirements, as well as Management policies, directives, and other internal guidelines.

Audit Approach

- Internal audits were conducted on a monthly basis and reports were issued quarterly with the objective of enhancing the Company's performance and strengthening internal controls. Our reports included the audit objectives, scope of work performed, observations identified, and recommendations for improvement in the selected operational areas.
- During the year ended 31 December 2025, we issued four (4) Quarterly Internal Audit Reports. The audits were carried out in accordance with the annual audit plan, covering key risk areas identified for the year.
- Although no material weaknesses were identified in the areas reviewed based on our sample testing, observations and recommendations were discussed with Management and the Audit Committee. Appropriate corrective actions have been taken to address the matters raised.

Conclusion

- Based on the work performed, we are satisfied that the system of internal controls in operation during the financial year was adequate and functioning effectively.
- We continue to work closely with Management in planning and selecting audit areas to ensure comprehensive coverage of operations, mitigation of risks, enhancement of internal controls, and timely completion of internal audit activities.

PONNAMPERUMA & Co.
Chartered Accountants
Colombo.
February 16, 2026

PONNAMPERUMA & CO. Chartered Accountants

Tel: (+94) 11 2506116
E-mail: info@ponnamperuma.com Web: www.ponnamperuma.com

P. A. Nandasiri FCA, MBA (USQ), FCMA,

REPORT OF THE BOARD AUDIT COMMITTEE

Composition *(From 01.01.2025 to 09.12.2025)*

Ms. Gillian Edwards (Chairman)
Independent Director

Ms. Champika Dodanwala (Member)
Non-Executive Director

Mr. Tilan Wijeyesekera (Member)
Independent Director

Composition *(From 09.12.2025 to 31.12.2025)*

Ms. Gillian Edwards (Chairman)
Independent Director

Mr. Tilan Wijeyesekera (Member)
Independent Director

Mr. Ranil Dissanayake (Member)
Non-Executive Director

(Refer to pages 16 to 20 for a brief profile of the Directors)

Meeting Attendance:

Director	Attendance
Ms. Gillian Edwards	4/4
Mr. Tilan Wijeyesekera	4/4
Mr. Ranil Dissanayake	0/0
Ms. Champika Dodanwela	4/4

The Committee met 4 times during the year. The proceedings of the Audit Committee are regularly reported to the Board of Directors.

Regular attendance to the Committee meetings by invitation:

- Chief Executive Officer
- Head of Finance
- Internal Auditors - M/s Ponnamperuma & Co, Chartered Accountants
- External Auditors – M/s KPMG, Chartered Accountants

The Company Secretary functions as the Secretary to the Audit Committee. The minutes of the committee meetings are made available to the Board of Directors for information and necessary action.

Charter of the Audit Committee:

The terms of reference of the Committee are clearly defined in the Charter of the Audit Committee. The Audit Committee Charter is reviewed periodically to ensure that any new developments relating to the subject area are adequately addressed. The Charter of the Committee was last reviewed and approved by the Board in November 2025.The Charter provided clear direction on the role and responsibilities of the Committee and ensures that the activities of the Audit Committee are in line with Listing Rule of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka (ICASL).

Primary responsibilities of the Audit Committee include,

- Monitor and review adequacy and effectiveness of Company's policies with respect to risk assessments and risk management of the financial reporting processes and internal control systems in order to provide accurate, appropriate and timely information to the Board, regulatory authorities, management and other stakeholders.
- Review Company's compliance with relevant legal, regulatory and accounting standards and discuss significant financial reporting issues and judgements in the preparation and presentation of Financial Statements, external reports, as well as periodical evaluation of the effectiveness of such compliance processes.

- Exercise independent oversight of the Company's assurance functions, including external & internal audit and ensure independence and effectiveness of both external & internal audit functions.
- Evaluate adequacy, efficiency and effectiveness of the governance process.
- Engagement of independent advisors for specialised functions where deemed necessary.
- Approve and review the annual internal audit plan and review the internal audit reports and liaise with the Company's Corporate Management to ensure precautionary measures are taken to minimise and control weaknesses, procedure violations, frauds and errors.

Authority of the Committee

The Board Audit Committee is empowered to investigate any matter as deemed necessary with unrestricted access to records, data, reports management and staff as well as obtain relevant information considered necessary in the discharge of duties and responsibilities.

The Board Audit Committee may also engage independent counsel and/or other advisors, if deemed necessary.

Functions of Audit Committee:

- **Reporting of financial performance and position**

  The Board of Directors has delegated the responsibility of the financial reporting function to the Audit Committee.

  Accordingly, the Committee reviews the financial reporting systems adopted by the company in the preparation of quarterly and annual financial statements thus ensuring that the financial statements presented to the management and external auditors are reliable, consistence with the accounting policies adopted, free from material misstatements and are in strict compliance with the Sri Lanka Accounting Standards, CSE Listing rules, provisions of the SEC Act, Companies Act No.7 of 2007 and other relevant financial reporting regulations and requirements.

  The committee also reviews the un-audited interim financial statements for the four quarters and year-end financial statements prior to certification by the External Auditors and recommends same to the Board of Directors for approval.

  The Board Audit Committee satisfies itself that the accounting policies and practices are appropriate, and adequate internal controls and procedures are in place thus providing reasonable assurance that the financial reporting system is effective and well managed to deliver reliable and timely information.

  The Audit Committee reviewed the impact of the accounting treatment on significant risks and uncertainties, as well as key estimates and judgments material to the Company's financial reporting. The Committee also ensured that the disclosures in the published financial statements were adequate, appropriate and fair.

  The Board Audit Committee has obtained and reviewed assurances from the Chief Executive Officer and Head of Finance that financial records are accurate and financial statements submitted give a true and fair view of the Company's operations and finances.

- **Internal Control & Risk Management:**

  One of the tasks of the Audit Committee is to review the internal control and risk management systems of the company as an ongoing exercise. This assessment

is carried out regularly thus ensuring systems adopted are effective and in operation throughout the financial year.

The Audit committee reviews the Risk report submitted by the Risk Officer at the quarterly meetings. Required remedial and preventive actions are discussed and approved in consultation with the Internal Auditors. The Committee also ensures that remedial and preventive actions approved are duly implemented.

The Audit Committee increased its focus on cybersecurity, compliance and effectiveness of internal controls. The Committee also maintained open communication with the management, internal auditors and external auditors supporting the effective identification of key risks and potential issues related to the reliability of financial and non-financial reporting.

The Board Audit Committee has obtained and reviewed assurances from the Chief Executive Officer and Head of Finance on the adequacy and effectiveness of the entity's risk management and internal control system.

The Audit Committee submits a Risk report quarterly to the Chief Risk Officer of Seylan Bank PLC, the parent company.

■ Regulatory Compliance:

The Audit Committee ensures that strong systems and procedures are in place in compliance with the statutory regulations. Quarterly Compliance reports are submitted to the committee for review. There has been no breach of Compliance for the financial year ending 31st December 2025.

■ Internal Audit:

The Committee reviewed the effectiveness of the Internal Financial Controls designed to provide reasonable assurance to the Directors that assets of the Company are safeguarded and the financial reporting system can be relied upon in the preparation and presentation of Financial Statements.

The Board of Directors approved the continuance of the services of M/s. Ponnamperuma & Company, Chartered Accountants a professional and experienced firm, to carry out the Internal Audit function of the company.

Their scope was to review and evaluate the effectiveness of the control system in operation thus facilitating smooth functioning of the company

An Internal Audit review is carried out monthly and reported to the Audit committee quarterly. The Committee invites representatives from the audit firm to the quarterly Audit Committee meetings where their observations and findings as discussed and recommendations are submitted to the Board of Directors.

The Report of the Internal Auditors is attached in this Report on page 92.

■ External Audit:

The Board Audit Committee assists the Board in assessing the independence, evaluating the performance of the External Auditors and making recommendations for engagement of the External Auditor.

M/s KPMG, Chartered Accountants have been engaged as Auditors for the company. The Auditors presented an audit plan for the financial year incorporating their scope and approach for the assignment, while

ensuring that no limitations are placed on their independence and the conduct of the audit.

The Audit Committee has reviewed the non-audit services provided by the External auditors to the Company thus ensuring their independence as Auditors has not been compromised.

The current auditor Messrs KPMG were appointed in the financial year 2010 and have since continued with their services. A partner rotation takes place periodically with the last rotation in 2024.

The Audit committee have made their recommendations to the Board of Directors for the reappointment of Messrs KPMG Chartered Accountants as Auditors for the financial year ending on 31 December 2026, subject to the approval of the shareholders at the Annual General Meeting.

Ethics and good governance

The committee continuously emphasizes the importance of upholding ethical values which has been communicated to the staff. The Company has in place a number of policies such as the Code of Ethics, Whistle-Blowers Policy and Anti-bribery and Corruption policy and also focuses on continuous training and education for the staff members. The Policies concerned are available on the Company website in line with the requirement specified in the Listing Rules issued by the Colombo Stock Exchange.

Committee Evaluation:

The annual evaluation of the effectiveness and the performance of the Audit Committee was carried out by the other members of the Board of directors and the evaluation is detailed on page 109 of the Annual Report.

Conclusion:

The Audit Committee is satisfied that the current accounting policies, operational controls and the risk management process of the company provide reasonable assurance that the affairs of the company are managed satisfactorily in financial reporting, statutory & regulatory compliance, risk management and safeguarding the company's assets.



Gillian Edwards (Ms)
Chairperson – Audit Committee
23rd February 2026

REPORT OF THE BOARD REMUNERATION COMMITTEE

Composition *(From 01.01.2025 to 09.12.2025)*

Ms. Gillian Edwards (Chairman)
Independent Director

Ms. Champika Dodanwala (Member)
Non-Executive Director

Mr. Najill Farouk (Member)
Independent Director

Composition *(From 09.12.2025 to 31.12.2025)*

Ms. Gillian Edwards (Chairman)
Independent Director

Mr. Najill Farouk (Member)
Independent Director

Mr. Ranil Dissanayake (Member)
Non-Executive Director

(Refer to pages 16 to 20 for a brief profile of the Directors)

Meeting Attendance:

Director	Attendance
Ms. Gillian Edwards	7/7
Mr. Najill Farouk	7/7
Mr. Ranil Dissanayake	1/1
Ms. Champika Dodanwela	6/6

The Chief Executive Officer attends meetings by invitation and assist the Committee by providing relevant information and participating in its analysis and deliberations, except when their own compensation packages are taken for consideration.

The Company Secretary functions as the Secretary to the Board Remuneration Committee. The minutes of the committee meetings are made available to the Board of Directors for information and necessary action.

Terms of Reference:

The Remuneration Committee of the company functions in terms of the Terms of Reference approved by the Board of Directors. The duties and responsibilities of the Committee are clearly defined under the said Terms of Reference. The terms of reference is reviewed periodically to ensure that any new developments relating to the subject area are adequately addressed. The terms of reference of the Committee was last reviewed and approved by the Board in November 2025.

Scope:

- Formulate remuneration policy and its application to the key management personnel (KMP) below the main board.
- The remuneration and incentive framework, including terminal benefits for KMP.
- Evaluating the performance of the CEO, management development plans, and succession planning;
- Reviewing/monitoring evaluation of the performance of KMP and their management development and succession planning;
- Strategic human resources policies;
- Effective communication with shareholders on the remuneration policy and the committee's work on behalf of the Board through a remuneration committee report;

Remuneration Policy

The Remuneration policy has been formulated to ensure that remuneration arrangements support the strategic aims of the company and creates conducive and positive work ethos that ensures excellent performance and satisfactory working environment.

The remuneration committee determines the Company policy on directors and key management personnel's remuneration. The objectives of the policy are:

- To ensure that Employees are incentivized and motivated to support the strategic aims of the company.
- To provide the level of remuneration required to attract and retain Directors and employees of an appropriate calibre.
- To ensure Non-discriminatory pay practices.

The company's remuneration structure is reviewed from time to time considering the economic conditions of the country and the industry norms. The remuneration committee takes into account the performance of the individual, institutional guidelines, the skills, and experience of the individual, and the level of responsibility when deciding his/her salaries, perquisites, bonuses, and any other benefits etc,.

The salary revisions, increments, bonus and gratuity payments for the financial year under review were approved by the Board based on the recommendation of the Remuneration committee.

Activities of the Committee

The Committee is responsible to the Board to determine the policy of the remuneration package of the Directors and employees.

The Committee evaluates, assesses and recommends to the Board of Directors on matters that may affect Human Resources Management of the Company specifically include:

- The Remuneration committee has taken necessary steps to collect data relevant to the industry when reviewing the remuneration package of the employees. The committee reviewed the remuneration package during the year and enhanced benefits were recommended to the Board of Directors, which were duly implemented.
- The Committee also recommended annual salary increments, bonuses, and other perks, based on performance evaluation of each employee. The committee ensures that a fair evaluation has been carried out when finalizing gradings for employees.
- The Committee recommended bonus payments to the Board for approval in April 2025 and in December 2025, based on the gradings earned by each employee.

Directors' Remuneration and Benefits

The Board as a whole determines the fees for Directors based on the recommendations of the Board Remuneration Committee. Directors' remuneration, in respect of the Company for the financial year ended 31 December 2025 is given on Note 09 on the Financial Statements on page 149.

Professional Advice

The Committee is authorized to seek external professional advice on matters within its purview.

Committee Evaluation:

The annual evaluation of the performance of the Remuneration committee was conducted by the Board and the evaluation is given on page 109 in the Annual Report of the Board of Directors.



Gillian Edwards (Ms.)
Chairperson
Remuneration Committee
23rd February 2026

REPORT OF THE BOARD RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Composition

Mr. Tilan Wijeyesekera (Chairman) – Independent Non-Executive Director

Ms. Gillian Edwards (Member) – Independent Non-Executive Director

Mr. Najill Farouk (Member) – Independent Non-Executive Director

(Refer to pages 16 to 20 for a brief profile of the Directors)

Meeting Attendance:

Director	Attendance
Mr. Tilan Wijeyesekera	5/5
Ms. Gillian Edwards	5/5
Mr. Najill Farouk	5/5

Regular attendance to the Committee meetings by invitation:

- Chief Executive Officer
- Head of Finance
- Internal Auditors - M/s Ponnamperuma & Co, Chartered Accountants

The Company Secretary functions as the Secretary to the Related Party Transactions Review Committee. The minutes of the committee meetings are made available to the Board of Directors for information and necessary action.

The Board of Directors has established a Related Party Transactions Review Committee (RPTRC) in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Related Party Transactions issued by the Institute of Chartered Accountants of Sri Lanka. The Committee functions in accordance with the applicable regulatory and governance requirements to ensure transparency, fairness and accountability in all related party dealings of the Company.

Terms of reference

The Terms of Reference of the Committee clearly set out its scope, authority and responsibilities in line with:

- Section 9 of the Listing Rules of the Colombo Stock Exchange
- The Code of Best Practice on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka
- Sri Lanka Accounting Standards
- The Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka

The Terms of Reference are reviewed periodically to ensure alignment with evolving regulatory and governance requirements. The latest review and approval by the Board was carried out in November 2025.

Functions of the Committee

The principal functions of the Related Party Transactions Review Committee include:

- Formulating and recommending for adoption by the Board a Related Party Transactions Policy consistent with the guidelines issued by the Institute of Chartered Accountants of Sri Lanka, Securities and Exchange Commission of Sri Lanka and the Colombo Stock Exchange.
- Reviewing and recommending to the Board, where necessary, for prior approval of related party transactions before execution.

- Reviewing all transactions involving transfer of resources, services or obligations between the Parent Company, Seylan Bank PLC, and Seylan Developments PLC, to ensure that such transactions are conducted on transparent and arm's length commercial terms.
- Obtaining independent professional advice and expertise, where required, to assess the appropriateness and fairness of proposed related party transactions.
- Reviewing the economic and commercial substance of both recurrent and non-recurrent related party transactions.
- Deliberating on matters relating to related party transactions, including transfer pricing mechanisms, terms and conditions, and other relevant factors.
- Ensuring adequate disclosures in the Annual Report in accordance with the Continuing Listing Requirements of the Colombo Stock Exchange.
- Ensuring timely market disclosures as required under the Continuing Listing Requirements.
- Ensuring that an effective process is in place to capture information relevant to its review function.

Committee Activities During the Year

During the year under review, the Committee considered and reviewed related party transactions including, inter alia:

- Renewal of the overdraft facility for a period of one year.
- Quarterly review of all related party transactions undertaken during the year.

The Committee's observations and recommendations, where necessary, were communicated to the Board of Directors for consideration and approval.

Committee Evaluation:

An annual evaluation of the performance and effectiveness of the Committee was conducted by the Board of Directors. The outcome of the evaluation is disclosed on page 109 of the Annual Report.

Conclusion:

The Related Party Transactions Review Committee is satisfied that the Company has complied with the applicable requirements relating to Related Party Transactions as set out in Section 9 of the Listing Rules of the Colombo Stock Exchange and other relevant regulatory provisions.

A detailed disclosure of all related party transactions, including recurrent and non-recurrent transactions required under Section 9.14.8 of the Listing Rules, is provided in Note 26 to the Financial Statements on pages 168 to 171 of this Annual Report.



Tilan Wijeyesekera
Chairman – Related Party Transactions Review Committee
23rd February 2026

REPORT OF THE BOARD NOMINATIONS AND GOVERNANCE COMMITTEE

Composition *(from 01/01/2025 to 09/12/2025)*

Mr. Najill Farouk (Chairman)
Independent Non-Executive Director

Mr. Tilan Wijeyesekera (Member)
Independent Non-Executive Director

Ms. Champika Dodanwela (Member)
Non-Executive Director

Composition *(from 09/12/2025 to 31/12/2025)*

Mr. Najill Farouk (Chairman)
Independent Non-Executive Director

Mr. Tilan Wijeyesekera (Member)
Independent Non-Executive Director

Mr. Ranil Dissanayake (Member)
Non-Executive Director

(Refer to pages 16 to 20 for a brief profile of the Directors)

Meeting Attendance:

Director	Attendance	Date of appointment to the committee
Mr. Najill Farouk	3/3	18.12.2024
Mr. Tilan Wijeyesekera	3/3	18.12.2024
Mr. Ranil Dissanayake	0/0	09.12.2025
Ms. Champika Dodanwela (Resigned on 09.12.2025)	3/3	18.10.2024

The Company Secretary functions as the Secretary to the Board Nominations and Governance Committee. The minutes of the committee meetings are made available to the Board of Directors for information and necessary action.

The Board Nomination Committee of Seylan Developments PLC is a Subcommittee of the Board of Directors of Seylan Developments PLC vested with the authority to assist the Board in fulfilling its' role and responsibilities involving the appointment of Directors and Key Management Personnel of the Company.

Terms of Reference

The Nominations and Governance Committee of the company functions in terms of the Terms of Reference approved by the Board of Directors. The duties and responsibilities of the Committee are clearly defined under the said Terms of Reference. The terms of reference is reviewed periodically to ensure that any new developments relating to the subject area are adequately addressed. The terms of reference of the Committee were last reviewed and approved by the Board in November 2025.

Committee Duties

- The Nominations and Governance Committee evaluates and recommends the appointment of Directors to the Board and Committees considering the required skills, experience, and qualifications necessary.
- Consider and recommend (or not recommend) the re-election of current directors considering the Board composition against pre-defined criteria on the combined knowledge, experience, performance, and contribution made by the Director to meet the strategic demands of the Company and the discharge of the Board's overall responsibilities and the number of directorships held by the Director in other listed and unlisted companies and other principal commitments.
- Establish and maintain a formal and transparent procedure to evaluate, select, and appoint / re-appoint Directors of the Company.
- Establish and maintain a set of criteria for the selection of Directors such as academic/professional

qualifications, skills, experience, and key attributes required for eligibility taking into consideration the nature of the business of the Company and industry-specific requirements.

- Establish and maintain a suitable process for the periodic evaluation of the performance of the Board of Directors and the Chief Executive of the Company to ensure their responsibilities are satisfactorily discharged.
- Consider if a Director is able to and has been adequately carrying out his or her duties as a Director, taking into consideration the number of Listed Company Boards on which the Director is represented and other principal commitments.
- Develop succession plans for the Board of Directors, Chief Executive Officer, and Key Management Personnel.
- Review and recommend the overall corporate governance framework of the Company considering the Listing Rules and other applicable regulatory requirements and industry best practices. Review and update the corporate governance policies/ framework in line with regulatory and legal developments relating to the same.
- Receive reports from the Management on compliance of the corporate governance framework of the Company, including the Company's compliance with provisions of the SEC Act, Listing Rules of the Colombo Stock Exchange, and other applicable laws and reasons for any deviations or non-compliance.

Activities in 2025

- During the year, the Committee reviewed the Company's adequacy of Corporate Governance Framework, policies, guidelines, principles and skills required to enable achievement of strategic goals at Board and Key Management levels. In doing so, it considered the balance of skills, experience, attributes, independence and diversity of the Board and Key Management Personnel to ensure that each leadership tier collectively has the requisite skills to implement the strategic plans and the Board has the ability to provide informed and constructive challenges to the Management.
- The Committee recommended the appointment of Mr Ranil Dissanayake to the Board in line with the procedure in place to enable the orderly succession to the Board as set out under the "Policy on Corporate Governance, Nominations and Re-election". Accordingly, Mr Ranil Dissanayake was appointed to the Board effective from 26th November 2025.
- Evaluating the independence of the Non-Executive Directors through independence declarations submitted by the Non-Executive Directors.
- The fitness of the Directors were examined during the year as and when required to ensure compliance with the Corporate Governance Rules of the Colombo Stock Exchange.
- Newly appointed Directors are given an induction to the Company prior to their first Board meeting. Requirements as per the Listing Rules and applicable rules and regulations are informed to the new Directors. Existing Directors are regularly updated with corporate governance requirements, Listing Rules and other applicable laws.

Board diversity

The Company's Board remained a diverse and inclusive Board during 2025. By embracing a variety of experiences, ages, skills and genders the Company's Board was better positioned to perform effectively.

Re-election of Directors in terms of Article 26 (6) of the Articles of Association

One Third of the Board members, except the Chairman retire by rotation and make themselves available for re-appointment on the basis prescribed in the Article of Association of the company. The retirement of each Board member is determined according to those who have served the longest period of time in office, since their appointment or re-appointment as the case may be. Retiring Directors are generally eligible for re-election.

Information of Directors who have been proposed for re-election

Description	Mr. Ranil Dissanayake	Ms. Gillian Edwards	Mr. Najill Farouk
Date of first appointment as a director	26th November 2025	18th October 2024	29th November 2024
Date of last re-election as a director	N/A	28th March 2025	28th March 2025
Board Committees served	Board Audit Committee (Member)	Board Audit Committee (Chairperson)	Board Nominations and Governance Committee (Chairman)
	Board Remuneration Committee (Member)	Board Remuneration Committee (Chairperson)	Board Related Party Transactions Review Committee (Member)
	Board Nominations and Governance Committee (Member)	Board Related Party Transactions Review Committee (Member)	Board Remuneration Committee (Member)
Present Directorships/ KMPs / Chairpersonships in Listed and unlisted entities	Please refer Annexure to the 'Report of the Board of Directors on the State of Affairs of the Company' on page 113.		
Relationships	None of the Directors who are being proposed for re-election or their family members, have any relationship with the Directors of the Company or shareholders having more than 10% of the shares of the Company.		

Independence of the Directors

The independent and non-independent status of the Non-Executive Directors was determined based on the declarations submitted by respective Directors in accordance with the criteria defined in applicable sections of the Listing Rules of Colombo Stock Exchange.

Committee Evaluation: –

The annual evaluation of performance of the Committee was conducted by the Board and the outcome of the evaluation is given on page 109 in the Annual Report of the Board of Directors.

The Corporate Governance requirements stipulated under the Listing Rules of the Colombo Stock Exchange are met by the Company and details are given in pages 78 to 87.



Mr. Najill Farouk

Chairman – Nominations and Governance Committee
23rd February 2026

ANNUAL REPORT OF THE BOARD ON THE STATE OF AFFAIRS OF THE COMPANY

The Board of Directors of Seylan Developments PLC (SDP) is pleased to present its report on the affairs of the Company together with the Audited Financial Statements for the year ended 31 December 2025. The details set out herein provide the pertinent information required under Section 168 of the Companies Act No. 07 of 2007, the Colombo Stock Exchange Listing Rules, and the recommended best practices on Corporate Governance.

Section 168 of the Companies Act No. 07 of 2007 requires the following information to be included in the Annual Report prepared for the year under review.

Reference to the Companies Act No 7 of 2007	Disclosure requirements	Disclosure reference for compliance
Section 168 (1) (a)	The nature of business of the Company together with any change thereof during the accounting period	Refer Section 2 of this report on page 105
Section 168 (1) (b)	Financial Statements for the accounting period completed and signed in accordance with Section 151	Refer Section 3 of this report on pages 105 to 106
Section 168 (1) (c)	Auditors' Report on the Financial Statements of the Company	Refer pages 122 to 125
Section 168 (1) (d)	Any changes made to accounting policies during the year under review	Refer pages 131 to 146 for the significant accounting policies adopted in the preparation of the financial statements
Section 168 (1) (e)	Particulars of the entries in the Interest Register of the Company made during the accounting period	Refer Section 16.8 of this report on pages 109 to 110
Section 168 (1) (f)	Remuneration and other benefits paid to the Directors of the Company during the accounting period	Refer Note 9 to the Financial Statements on page 149
Section 168 (1) (g)	Total amount of donations made by the Company during the accounting period	Refer Section 5 of this report on page 106
Section 168 (1) (h)	Names of the persons holding office as Directors of the Company as at the end of the accounting period and the names of any persons who ceased to hold office as Directors of the Company during the accounting period	Refer sections 16.1 and 16.2 in this report on page 108

Reference to the Companies Act No 7 of 2007	Disclosure requirements	Disclosure reference for compliance
Section 168 (1) (i)	Amounts payable by the Company to the person or firm holding office as auditor of the Company as audit fees and as a separate item, fees payable by the Company for other services provided by that person or firm	Refer note 9 to the Financial Statements on page 149.
Section 168 (1) (j)	Particulars of any relationship (other than that of auditor) which the auditor has with or any interests which the auditor has in, the Company.	Refer section 23 in this report on pages 111 to 112.
Section 168 (1) (k)	Signed on behalf of the Board by two Directors and the Company Secretary	Refer page 112.

1. About the Company:

Seylan Developments PLC is a Public Limited Liability Company incorporated in Sri Lanka on 3rd September 1992. It was quoted on the Colombo Stock Exchange on the same day and subsequently re-registered under the Companies Act No. 07 of 2007 on 22nd May 2008. The Company's registration number is PQ 151. The registered office is located at Level 15, Seylan Towers, No. 90, Galle Road, Colombo 03.

2. Principal Activities, Business Review and Future Developments:

The principal activity of the Company is the development and management of the property located at No. 90, Galle Road, Colombo 03. The Company's main revenue is derived from leasing space within Seylan Towers. There were no significant changes to the Company's principal activities during the year.

The East Tower houses the Head Office of Seylan Bank PLC, which the Company continues to lease while providing various related services. The West Tower comprises apartments that are primarily rented to expatriate tenants.

An analysis of the Company's financial and operational performance, as well as its future business plans, is presented in the Capital Management Review on pages 31 to 52 of this report. Further information is available in the Chairman's Review (pages 9 to 11) and the Chief Executive Officer's Review (pages 12 to 13) of the Annual Report.

3. Financial Statements and Financial Reporting:

The financial statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS), issued by the Institute of Chartered Accountants of Sri Lanka, and comply with the requirements of the Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

The published financial statements in the Annual Report are accompanied by the related notes and the significant accounting policies adopted in their preparation. The Audited Financial Statements for the financial year ended 31st December 2025, certified by the Head of Finance and signed by two Directors in accordance with Sections 151 and 168 (i) (b) of the Companies Act No. 07 of 2007, form an integral part of this Annual Report.

The financial statements were approved by the Board of Directors on 23rd February 2026 and are presented on pages 126 to 181 of this Annual Report.

4. Operating Results:

The details of the Company's profit for the year are summarized below:

For the year ended December 31	2025 Rs: '000	2024 Rs: '000
Turnover	380,281	397,131
Profit from operations	336,862	383,622
Net finance income	66,671	59,256
Profit before taxation	403,533	442,878
Less: Taxation	(96,365)	(92,068)
Net Profit after taxation	307,168	350,810

The net profit after taxation decreased by 12.4% compared to the previous year. A detailed analysis of this movement is provided under the Capital Management Review on pages 32 to 36.

5. Donations:

Donations approved by the Board for the year amounted to Rs. 2.11 Mn (2024 – Rs. 1.18 Mn). The authority for the approval of donations was delegated to the Directors at the Annual General Meeting.

6. Dividend:

The Board of Directors has recommended a first and final dividend of Rs. 1.20 per share for the financial year ended 31st December 2025, subject to approval by the Shareholders at the Annual General Meeting of the Company to be held on 31st March 2026.

The Directors are satisfied that the Company will meet the solvency test as per the provisions of the Companies Act No. 07 of 2007 immediately after the proposed dividend payment. A Certificate of Solvency has been obtained from the External Auditors, based on the Statements of Solvency provided in respect of the proposed dividend.

The Company paid a first and final ordinary dividend of Rs. 1.10 per share for the year 2024 on 23rd April 2025.

7. Taxation:

Provision for taxation has been computed as set out in Note 11 to the Financial Statements.

8. Capital Expenditure:

The total capital expenditure incurred on the acquisition and additions of Property, Plant & Equipment, Intangible Assets, and Investment Property during the year is detailed in Notes 13, 14, and 15 to the Financial Statements. Capital expenditure approved by the Board of Directors, yet to be recognized in the Financial Statements, is disclosed in Note 31.

9. Reserves:

Total reserves of the Company as at the end of the financial year were as follows:

Rs: '000	2025	2024
Reserves	4,026,989	3,876,372

10. Stated Capital:

The stated capital of the Company as at 31st December 2025 was Rs: 1,664,391,650/- (2024 – Rs: 1,664,391,650/-). There was no change in the number of shares issued by the Company during the year.

	2025	2024
Ordinary Voting Shares	139,688,298	139,688,298

11. Directors' Responsibility for financial reporting

The Directors are responsible for the preparation of the Financial Statements of the Company, ensuring they reflect a true and fair view of its state of affairs. The Directors confirm that these Financial Statements, together with the Notes thereto, have been prepared in accordance with the Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, relevant directions and determinations issued thereunder, regulations of Securities Exchange Commission of Sri Lanka, and Listing Rules of the Colombo Stock Exchange (CSE).

The Statement of Directors' Responsibility for Financial Reporting, included in the Annual Report, forms an integral part of this Report of the Directors.

12. Auditor's Report:

The financial statements of the Company for the year ended 31st December 2025 were audited by M/s KPMG – Chartered Accountants. The Auditors' Report on these financial statements is provided on pages 122 to 125 of this Annual Report.

13. Accounting Policies and Changes During the Year:

The accounting policies adopted by the Company in the preparation of its Financial Statements are set out on pages 131 to 146 of this Annual Report.

14. Investors' Information:

Information relating to earnings, profitability, dividends, net assets, and market value per share is provided under the Financial Highlights section of this Annual Report.

14.1 Minimum Public Holding Requirement

The Company was compliant with Section 7.6 (iv) (a) of the Listing Rules of the CSE in respect of the minimum public holding requirement as at 31st December. The details are as follows:

Criteria	31 December 2025	31 December 2024
Float-adjusted market capitalization	1,064.19 mn	883.88 mn
Public holding percentage	25.31%	25.31%
Number of public shareholders	6,423	5,498
Option	5	5

14.2 Analysis of the Shareholding Distribution and Major Shareholders

An analysis of the distribution of shareholdings, along with a list of the twenty largest shareholders of the Company, is provided under the Investor Information section of this Annual Report, in accordance with the Listing Rules of the CSE.

15. Equitable treatment of shareholders and effective shareholder communication

The Company ensures that shareholders are treated equitably at all times. The Annual General Meeting serves as the principal forum for communication between the Board and shareholders, providing an opportunity for shareholders to discuss the Company's performance and future prospects.

16. Directorate:

16.1. Directors who held office as at 31 December 2025

The Board of Directors of the Company as at 31st December 2025 consisted of five Directors with extensive knowledge and experience in finance, banking, marketing, and strategic management.

The Directors of the Company during the year were as follows:

Name of the Director	Executive / Non-Executive Status	Independent / Non-independent Status
Mr. Ramesh Jayasekara (Chairman)	Non-Executive	Non-Independent
Ms. Gillian Edwards	Non-Executive	Independent
Mr. Najill Farouk	Non-Executive	Independent
Mr. Tilan Wijeyesekera	Non-Executive	Independent
Mr. Ranil Dissanayake (Appointed on 26.11.2025)	Non-Executive	Non-Independent
Mr. Piyal Hennayake (Resigned on 10.01.2025)	Non-Executive	Independent
Ms. Champika Dodanwela (Resigned on 09.12.2025)	Non-Executive	Non-Independent

The qualifications and experience of the Directors are provided in the Board of Directors – Profiles on pages 16 to 20.

16.2. Change of Directorate

- Mr. Ranil Dissanayake was appointed as a Non-Executive Director on 26th November 2025.
- Mr. Piyal Hennayake, Independent Non-Executive Director, resigned on 10th January 2025.
- Ms. Champika Dodanwela, Non-Executive Director, resigned on 09th December 2025.

16.3. Directors' Responsibility for Financial Reporting:

The Directors are responsible for the preparation of the Company's Financial Statements, which are in accordance with the records of accounts and subsidiary books maintained.

The Directors are of the view that the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement, Accounting Policies, and Notes thereto (pages 126 to 181) have been prepared in conformity with:

- Sri Lanka Accounting Standards (SLFRS / LKAS)
- Companies Act No. 7 of 2007
- Listing Rules of the Colombo Stock Exchange

The statement of Directors' Responsibilities for the financial statements is presented on pages 114 to 115 of this Annual Report.

16.4. Declarations by Directors – Independent / Non-Independent Status

All Non-Executive Directors have submitted signed declarations confirming their independent/ non-independent status in compliance with Rule 9.8.3 and 9.8.5 of the CSE Rules on Corporate Governance.

16.5. Review of performance of the Board and Board Committees

A performance evaluation was conducted during the year to enhance the effectiveness of the Board and its committees in line with good Corporate Governance practices. Additionally, each Director carried out a self-assessment of personal effectiveness and effectiveness as a team member of the Board.

16.6. Meetings of the Board of Directors:

The Board met regularly on a monthly basis during 2025, with twelve scheduled meetings and two additional meetings held during the year.

Details of meetings, including Board Meetings, Audit Committee Meetings, Remuneration Committee Meetings, Related Party Transactions Review Committee Meetings, and Nominations & Governance Committee Meetings, as well as Directors' attendance, are provided in the Corporate Governance section (page 61). Separate reports for each committee are on pages 93 to 103.

16.7. Recommendations for Re-Election of Directors

The following Directors are recommended for re-election:

- Mr. Ranil Dissanayake, in terms of Article 26(2) of the Company's Articles of Association.
- Ms. Gillian Edwards, who retires by rotation under Article 26(6) of the Articles of Association.
- Mr. Najill Farouk, who retires by rotation under Article 26(6) of the Articles of Association.

16.8. Entries in the Interest Register

The Company maintains an Interest Register as required under the Companies Act No. 7 of 2007. All Directors have made declarations in accordance with Section 192(2) of the Act. The Register records Directors' interests in contracts, remuneration, and other disclosures.

A list of other directorships held by Directors, stating executive/non-executive/independent and KMP status, is provided in the annexure to this Report

16.8.1. Directors' Interest in Contracts:

Directors' interests in contracts, both direct and indirect, are disclosed on pages 168 to 171.

These interests have been declared at Directors' Meetings. No Director has any direct or indirect interest in any other contracts or proposed contracts with the Company.

Related party disclosures are provided in Note 26 of the Financial Statements.

16.8.2. Directors' interest in shares:

Directors with relevant shareholdings in the Company have disclosed their interests in accordance with Section 200 of the Companies Act.

As at December 31,	2025	2024
Mr. Ramesh Jayasekara (Chairman)	Nil	Nil
Ms. Gillian Edwards	Nil	Nil
Mr. Najill Farouk	Nil	Nil
Mr. Tilan Wijeyesekera	Nil	Nil
Mr. Ranil Dissanayake (Appointed on 26.11.2025)	Nil	N/A
Mr. Piyal Hennayake (Resigned on 10.01.2025)	N/A	Nil
Ms. Champika Dodanwela (Resigned on 09.12.2025)	N/A	Nil

16.8.3. Directors' Remunerations

Details of Directors' remuneration for the year ended 31st December 2025 are provided in Note 09 of the Financial Statements (page 149).

16.8.4. Insurance & Indemnity

The Company is covered under the Directors and Officers Liability insurance obtained by the Parent Company, Seylan Bank PLC. This policy covers Directors and Officers of Seylan Developments PLC from potential liabilities arising from their decisions and actions in their official capacities.

This coverage is regularly reviewed to ensure it remains appropriate and effective in safeguarding the interests of the Board and the Company.

17. Board Committees:

The Board of Directors has appointed four Committees to assist the Board, namely the Audit Committee, Remuneration Committee, Related Party Transactions Review Committee, and Nominations and Governance Committee. The terms of reference of each Committee are set by the Board.

The respective scope, composition, and responsibilities of these subcommittees are provided in the Corporate Governance Report published in the Annual Report.

18. Related Party Transactions

The Board of Directors has vested the responsibility for ensuring compliance with Section 9.14 of the CSE Listing Rules on Related Party Transactions with the Related Party Transactions Review Committee of the Company.

During the year, the transactions carried out with related parties are disclosed in Note 26 to the Financial Statements in this Annual Report, in accordance with Section 9.14.8 of the CSE Listing Rules.

19. Corporate Governance:

Systems and procedures are in place to ensure that Corporate Governance is adequately and practically dealt with. The Board of Directors has focused on the necessary resources and processes required to ensure that the Company complies with the Codes of Best Practice on Corporate Governance 2023 and Listing Rules of the Colombo Stock Exchange.

The extent of compliance with the regulatory directions, rules and best practice guidelines on corporate governance have been disclosed in the Corporate Governance Report published in the Annual Report.

20. Risk Management and System of Internal Controls:

The Board considers strong internal controls to be integral to the sound management of the Company and is committed to maintaining financial, operational, and risk management controls over all its activities. The Board Audit Committee plays a major role in this process.

Further details are provided in the Governance Report, Audit Committee Report, Risk Management Report, and the Board of Directors' Statement on Internal Controls, available on pages 57 to 87, pages 93 to 96, pages 117 to 119, and pages 88 to 92 respectively.

21. Declaration:

The Directors declare that:

I. To the best of their knowledge and belief, the Company has not engaged in any activity that contravenes the laws and regulations of the country. The Company has arrangements in place to make Directors aware of applicable laws, rules, and regulations, including changes to Listing Rules and capital market provisions.

II. To the best of their knowledge and belief, all statutory payments due to government and regulatory institutions have been settled or adequate provisions have been made for outstanding amounts.

III. There were no litigations pending against the Company as at 31 December 2025.

IV. The related party transactions of the Company during the financial year have been reviewed by the Related Party Transactions Review Committee and are in compliance with Section 9.14 of the CSE Listing Rules.

V. All material interests in contracts involving the Company have been disclosed by the Directors, and they have refrained from voting on matters in which they were materially interested.

VI. The Company has made all reasonable efforts to ensure equitable treatment of all shareholders.

VII. The business is a going concern. The Board of Directors has reviewed the Company's business plans and is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly, the Financial Statements have been prepared on a going concern basis.

VIII. Internal controls covering financial, operational, risk management, and compliance matters have been reviewed, and reasonable assurance has been obtained from Internal Audit regarding their effectiveness.

IX. The Corporate Governance requirements stipulated under the Listing Rules of the CSE have been adhered to by the Company.

x. To the best of their knowledge and belief, the Directors, Key Management Personnel, and employees have not violated any provisions of the Code of Business Conduct and Ethics.

22. Events after the Reporting Period:

No events have occurred after the reporting date that would require adjustments to, or disclosures in, the Financial Statements, other than those disclosed in Note 28 to the Financial Statements.

23. Auditors:

The Audit Committee reviews the appointment of the Auditors, their effectiveness, independence, and relationship with the Company, in accordance with Section 158 of the Companies Act No. 7 of 2007. The audit fees for the accounting period are disclosed in Note 09 to the Financial Statements.

The Audit Committee recommends to the shareholders the reappointment of M/s KPMG, Chartered Accountants, as Auditors for the ensuing financial year. A resolution to reappoint them and to authorize the Directors to fix their remuneration will be proposed at the Annual General Meeting.

Independence of the Auditors:

Based on the assessment carried out by the Board Audit Committee, and in accordance with the policy for the engagement of Auditors, the External Auditors, M/s KPMG, are considered independent, taking into account the following:

- No partner of the firm serves on the Board of Seylan Developments PLC or on the Board of the Parent Company.

- The audit and non-audit fees paid or payable to the Auditors are negotiated at arm's length and are within industry norms. They do not receive fees from other assignments except as disclosed in Note 09 to the Financial Statements.
- M/s KPMG is a firm of high repute with the necessary expertise to competently carry out the assignments entrusted to them.
- Partner and audit team rotation requirements were complied with during the financial year 2024.

24. Policies

The Company has established policies as required by the Listing Rules of the Colombo Stock Exchange.

The following policies are available on the Company's website:

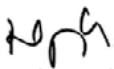
- Policy on Matters Relating to the Board of Directors
- Policy on Board Committees
- Policy on Corporate Governance, Nominations, and Re-election
- Policy on Remuneration
- Policy on Code of Business Conduct and Ethics for Directors and Employees, including trading in the Company's listed securities
- Policy on Risk Management and Internal Controls
- Policy on Relations with Shareholders and Investors
- Policy on Environmental, Social, and Governance Sustainability
- Policy on Control and Management of Company Assets and Shareholder Investments
- Policy on Corporate Disclosures
- Policy on Whistleblowing
- Policy on Anti-Bribery and Corruption

25. Notice of Meeting:

The Annual General Meeting is scheduled to be held at the Orchid Hall, Block No. 02, Bandaranaike Memorial International Conference Hall (BMICH), Bauddhaloka Mawatha, Colombo 07, on 31 March 2026 at 2.00 p.m.

The Notice of Meeting relating to the Thirty-Fourth Annual General Meeting is given on page 190 of this Annual Report.

We, the undersigned acknowledge the contents of this Report and its Annexure and have placed our signatures for and on behalf of the Board of Directors of Seylan Developments PLC.



Ramesh Jayasekara
Chairman



Najill Farouk
Independent Non-Executive Director



SSP Corporate Services (Pvt) Ltd
Company Secretary

23rd February 2026
Colombo

ANNEX TO THE REPORT OF THE BOARD OF DIRECTORS ON THE STATE OF AFFAIRS OF THE COMPANY

Directors Interest Register and Directors' Interest in Transactions as at 31st December 2025

The Company carries out transactions in the ordinary course of business at commercial rates with entities in which a Director of the Company is a Director/ KMP of such entities

The entities in which the Directors of the Companies held directorships or KMPs as at the above date are disclosed below:

Entity	Directorships and KMPs of other Companies
Mr. Ramesh Jayasekara (Chairman)	
Listed Entities	
Seylan Bank PLC	Executive Director/Chief Executive Officer
Unlisted Entities	
Esots (Pvt) Limited	Non-Executive Chairman
Lanka Financial Services Bureau Limited	Non-Executive Director
Sesot (Pvt) Limited	Non-Executive Chairman
Seyshop (Pvt) Limited	Non-Executive Chairman
Seybest (Pvt) Limited	Non-Executive Chairman
Seyfest (Pvt) Limited	Non-Executive Chairman
Sotse (Pvt) Limited	Non-Executive Chairman
National Credit Guarantee Institution Limited	Non-Executive Director
Sri Lanka Banks' Association	Director
Ms. Gillian Edwards	
Listed Entities	
Commercial Credit and Finance PLC	Independent Non-Executive Director
Mahaweli Coconut Plantations PLC	Independent Non-Executive Director
Unlisted Entities	
Peoples Bank	Independent Non-Executive Director
Mr. Najill Farouk	-
Mr. Tilan Wijeyesekera	
Etcetera Solutions (Pvt) Ltd (Thyaga.lk)	Non-Executive Director
Hype Media (Pvt) Ltd	Non-Executive Director
Conexus Solutions (Pvt) Ltd	Non-Executive Director
Ascend Solutions (Pvt) Ltd	Executive Director
Mr. Ranil Dissanayake	
Listed Entities	
Seylan Bank PLC	Chief Operating Officer

The transactions (if any) of the Company with the Directors and with these entities are disclosed in Note 26 to the Financial Statements on pages 168 to 171.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

In terms of the provisions of the Companies Act No. 07 of 2007, the Code of Best Practice on Corporate Governance and the Listing Rules of the Colombo Stock Exchange, the Directors of Seylan Developments PLC are responsible for the preparation and presentation of the Financial Statements appearing in the Annual Report 2025, which give a true and fair view of the state of affairs of the Company.

In addition, the Directors are responsible for ensuring that the Company maintains proper accounting records that accurately record all transactions without omission and enable the preparation of the Statement of Financial Position of the Company as at the reporting date and the Statement of Profit or Loss and Other Comprehensive Income for the year ended on the reporting date, with reasonable accuracy and without material misstatements.

Confirmation of Directors' Responsibility

The Directors of Seylan Developments PLC confirm, to the best of their knowledge, that:

- The Financial Statements prepared and published on pages 126 to 181 of this Annual Report are in conformity with Sections 150(1), 151(1), 152(1) and 153(1) of the Companies Act No. 07 of 2007 and give a true and fair view of the state of affairs of the Company for the year ended 31 December 2025.
- The Financial Statements for the year ended 31 December 2025 presented in this Annual Report are in agreement with the records and accounts maintained by the Company and are in conformity with Sri Lanka Accounting Standards (SLFRS/LKAS), the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka in 2023.
- In preparing the Financial Statements for the year ended 31 December 2025, appropriate accounting policies have been selected and applied on a consistent basis, with any material departures disclosed in the Financial Statements together with the reasons for such departures (refer pages 131 to 146).

Proper accounting records have been maintained, and reasonable steps have been taken to ensure the accuracy and reliability of such records.

The Directors also confirm that:

- The financial reporting system is reviewed by the Board through the Management Accounts submitted monthly at Board meetings. The Company's quarterly unaudited Financial Statements and the year-end Financial Statements are circulated among members of the Audit Committee and deliberated at Committee meetings to ensure compliance before being recommended to the Board of Directors for approval and subsequent release to shareholders and the public through the Colombo Stock Exchange.
- The Financial Statements of the Company have been certified by the Company's Head of Finance, the person responsible for their preparation, and signed on behalf of the Board of Directors by two Directors of the Company on 23 February 2026.

External Auditors' Reviews and Opinion:

The Company's Auditors, M/s KPMG, were engaged to carry out their audit in accordance with their audit plan and to perform sample checks on the effectiveness of the systems of internal control as they considered appropriate and necessary to express their opinion on the Financial Statements, together with all other financial records.

The Auditors also examined minutes of meetings of the Board, Board Sub-Committees, quarterly reports of the Internal Auditors and related information in forming their opinion, which appears on pages 122 to 125 of this Annual Report.

Internal Control Mechanism over Financial Reporting:

The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investments and the Company's assets, and to ensure the continuity of operations. To this end, the Company continues to follow risk management policies and procedures to identify such risks and has established an appropriate control environment to ensure proper monitoring and correction of deficiencies.

The Board's statement on the effectiveness of the Company's internal control mechanism over financial reporting, prepared in accordance with the guidelines issued by the Institute of Chartered Accountants of Sri Lanka, is published on pages 88 to 92. The Board has appointed a professional audit firm to perform the internal audit function and report to the Audit Committee on a quarterly basis. Their reports are reviewed and discussed at the quarterly Audit Committee meetings, and corrective measures are taken in respect of any weaknesses identified and recommendations made. Their report on the assessment of the Company's internal controls over financial reporting is published on page 92 of this Annual Report.

Solvency:

The Board of Directors confirms that it has authorized the distribution of the proposed dividend after satisfying itself that the Company would meet the solvency test in terms of the provisions of the Companies Act No. 07 of 2007 immediately after the dividend payment. The Board has obtained a Certificate of Solvency from the External Auditors in relation to the proposed dividend payment.

The Directors confirm that, to the best of their knowledge and belief, all statutory payments due to all statutory and regulatory authorities as at the reporting date have been paid by the Company, or relevant provisions have been made.

Going Concern:

After considering the financial position, operating conditions, regulatory and other factors, and such other matters required to be addressed under the Corporate Governance Code, the Directors believe that the Company has adequate resources to continue its operations for the foreseeable future. Accordingly, the Financial Statements of the Company have been prepared on a going concern basis.

Compliance Statement:

The Directors confirm that, to the best of their knowledge, all taxes and levies payable by the Company and all other known statutory obligations as at the reporting date have been paid or adequately provided for in the Financial Statements.

Conclusion:

The Directors are of the view that they have discharged their responsibilities as set out in this Statement.

Ramesh Jayasekara
Chairman

23rd February 2026
Colombo

Najill Farouk
Independent Non-Executive Director

SSP Corporate Services (Pvt) Ltd
Company Secretary

CHIEF EXECUTIVE OFFICER'S AND HEAD OF FINANCE'S RESPONSIBILITY STATEMENT

The Financial Statements of Seylan Developments PLC for the year ended 31st December 2025 are prepared and presented in compliance with the following requirements:

- The Sri Lanka Accounting Standards issued by The Institute of Chartered Accountants of Sri Lanka
- The requirements of the Companies Act No. 07 of 2007
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
- The Listing Rules of the Colombo Stock Exchange
- The Code of Best Practice on Corporate Governance 2023 issued by The Institute of Chartered Accountants of Sri Lanka.

The Board of Directors and Management of the Company accept responsibility for the following:

- Integrity and objectivity of these Financial Statements.
- The estimates and judgments relating to the Financial Statements were made on a prudent and reasonable basis.
- The Financial Statements reflect in true and fair manner, the substance of the transactions and reflect the Company's state of affairs.
- The Company has taken proper and sufficient care in installing a system of internal controls and accounting records, for safeguarding its assets and for preventing and detecting frauds as well as other irregularities

Our Internal Auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed by reviewing, evaluating and update on an ongoing basis. However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal controls and accounting.

The following procedures were also followed:

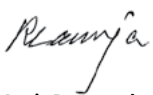
- The Audit Committee of the Company meets quarterly in the presence of Internal Auditors and the External Auditors to review the Financial Statements.
- Discuss auditing, internal control and financial reporting issues.
- To ensure complete independence, the External Auditors and the Internal Auditors have full and free access to the members of the Audit Committee to discuss any matter of substance.

Financial Statements:

- The Financial Statements of the Company were audited by M/s KPMG, Chartered Accountants, and their report appears on pages 122 to 125 of this Annual Report.
- The Audit Committee pre-approves the audit and non-audit services provided by M/s KPMG External Auditors to ensure that the provision of such services does not impair M/s KPMG's independence.

We confirm that,

- the Company has complied with all applicable laws, regulations and prudential requirements;
- there are no material non-compliances; and
- there are no material litigations that are pending against the Company.



Anuja Ratnaayake
Chief Executive Officer



Ms. Nirmala Arangalage
Head of Finance
23rd February 2026

INTEGRATED RISK MANAGEMENT REPORT

Financial Year 2025

Risk is inherent in all business activities and may arise from both internal and external factors that can adversely affect organizational performance. At Seylan Developments PLC, proactive risk identification and management remain central to safeguarding operations, reputation, and stakeholder interests. The Company adopts an integrated approach to risk management, ensuring that risks are systematically identified, evaluated, monitored, and mitigated, enabling the achievement of strategic objectives with confidence.

Risk Management Framework

The Company maintains a structured and disciplined risk management framework that operates across all functional levels. The Board of Directors retains ultimate responsibility for risk governance and ensures that risk management is embedded within strategic and operational decision-making.

Key Components of the Framework

Strategic Oversight

The Board ensures that risk management is aligned with corporate strategy and integrated into both long-term planning and day-to-day operations.

Internal Audit Function

The Internal Audit function plays a vital role in monitoring and evaluating risk exposures. Quarterly reports are submitted to the Audit Committee, highlighting the effectiveness of controls and areas requiring improvement.

Stakeholder Value Protection

The primary objective of the framework is to minimize business and operational risks while safeguarding assets and preserving long-term stakeholder value.

Risk Management Process



The Company follows a continuous and structured risk management cycle comprising the following stages:

Identify

Recognition of potential internal and external risk factors that may impact operations or strategic objectives. Heads of Departments are responsible for identifying emerging risks within their respective areas.

Assess and Evaluate

Each risk is analyzed based on its likelihood and potential impact. A structured risk map is used to prioritize risks in line with the Company's risk appetite.

Treat and Control

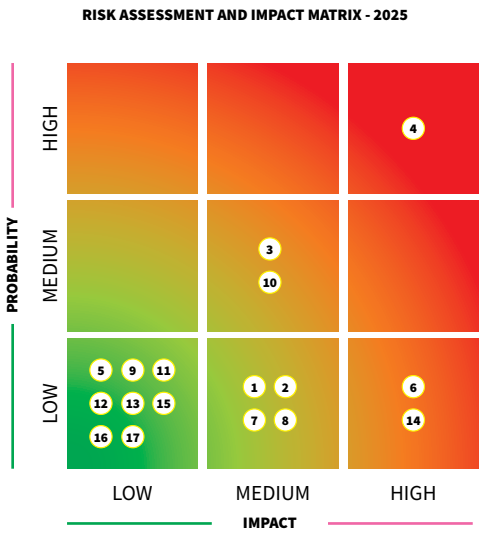
Appropriate mitigation measures, internal controls, and monitoring mechanisms are implemented to manage identified risks effectively.

Monitor and Report

Risks are continuously monitored to ensure that mitigation measures remain effective. Periodic reports are submitted to the Board Audit Committee to support transparency and informed decision-making.

Risk Assessment and Impact Matrix

The Company utilizes a structured risk assessment matrix that evaluates risks according to probability and impact. This approach enables the classification and prioritization of risks, ensuring that management attention and resources are directed toward higher-impact and higher-probability exposures. The matrix also supports the determination of appropriate control mechanisms and monitoring priorities.



The Following grid summarizes the main risk areas focused on by the company, its ranking, and mitigating strategies.

	Risk Type	Probability	Impact	Action Plan
1	Strategic Risk	Low	Medium	Operates under an approved Business Plan and Annual Budget reviewed periodically by the Board.
2	Fraud Risk	Low	Medium	Strong internal control framework, delegated authorities, independent internal audit mechanism
3	Legal and Regulatory Framework	Medium	Medium	Continuous monitoring of regulatory changes and engagement with professional advisors to ensure compliance.
4	Competition	High	High	Monitoring new developments, maintaining brand strength, and enhancing service quality.
5	Brand & Reputation	Low	Low	Strict quality assurance processes and regular tenant feedback reviews.
6	Fire	Low	High	Routine fire system maintenance, staff training, drills, professional consultancy, and adequate insurance.
7	Building - Safety	Low	Medium	Compliance with industrial safety standards and preventive maintenance programs.
8	Technology Risk	Low	Medium	Experienced engineering team, continuous training, and implementation of energy-efficient technologies.

	Risk Type	Probability	Impact	Action Plan
9	Foreign Currency	Low	Low	Exchange fluctuations monitored; USD rental factored into cash flow and cost planning.
10	Interest Rate	Medium	Medium	Active cash flow monitoring and negotiation of favorable borrowing and investment terms.
11	Credit Recovery	Low	Low	Regular receivable reviews and advance rent/security deposit mechanisms.
12	Human Capital	Low	Low	Ongoing staff training, development programs, and HR best practices.
13	Information security risk	Low	Low	Firewalls, antivirus systems, and staff awareness initiatives.
14	Key Customer	Low	High	Main income depends on one tenant who contributes more than 80%. The company pays high attention to retaining the customer by supplying and maintaining good working conditions and the environment.
15	Risk of Inventory (high & holding)	Low	Low	Reorder-level monitoring and buffer stock for critical items
16	Risk of External Environments	Low	Low	Security systems, government liaison, and staff awareness programs.
17	Global Economic/ Political Environments	Low	Low	Engagement with foreign missions and international business networks.


FINANCIAL
STATEMENTS

FINANCIAL CALENDAR

FINANCIAL CALENDAR - 2025	
33rd Annual General Meeting	28th March 2025
Rs: 1.10 per share – First and final dividend for the financial year 2024	23rd April 2025
Financial Statements for the year ended 31st December 2024 signed on	24th February 2025

Submission of the Interim Financial Statements in terms of Rule 7.4 of the Colombo Stock Exchange – Financial year 2025	
1st Quarter Interim Financial Statements released on	25th April 2025
2nd Quarter Interim Financial Statements released on	31st July 2025
3rd Quarter Interim Financial Statements released on	31st October 2025
4th Quarter Interim Financial Statements released on	24th February 2026

PROPOSED FINANCIAL CALENDAR – 2026	
Financial Statements for the year ended 31st December 2025 signed on	23rd February 2026
34th Annual General Meeting	31st March 2026
First and final dividend for the financial year 2025 to be paid on *(subject to the approval of the shareholders at the AGM)*	April 2026

Interim Financial Statements to be submitted to the Colombo Stock Exchange in terms of Rule 7.4 - Financial year 2026	
1st Quarter Interim Financial Statements to be released on	on or before 15th May 2026
2nd Quarter Interim Financial Statements to be released on	on or before 15th August 2026
3rd Quarter Interim Financial Statements to be released on	on or before 15th November 2026
4th Quarter Interim Financial Statements to be released on	on or before 28th February 2027

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

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SEYLAN DEVELOPMENTS PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Seylan Developments PLC ("the Company"), which comprise the statement of financial position as at 31st December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

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

Basis for Opinion

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

Key Audit Matters

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

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C.P. Jayallake 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 Ziyard FCMA (UK), FCIT, K. Somasunderam ACMA (UK), Ms. D Corea Dharmaratne

Valuation of Investment Properties

(Refer to the material accounting policies in Note 3.13 and explanatory Note 15 to the financial statements.)

Risk Description	Our Audit Responses
As disclosed in Note 15 to the financial statements, the fair value of Investment Properties of the Company was Rs.6,024.5 Mn and fair value gain derived from investment properties for the year ended 31st December 2025 was Rs.67.5 Mn. Management's assessment of the fair value of investment properties is based on valuations performed by a qualified independent property valuer in accordance with recognized industry standards. We identified the valuation of investment properties as a key audit matter because, the determination of fair values involves significant judgments and estimation made by the management, particularly determining the appropriate valuation methodology to be used, and in estimating the key assumptions applied. These key assumptions include market comparable used, taking into consideration for differences such as location, size and tenure. A change in the key assumptions will have a significant impact on the fair value of investment properties as at the reporting date.	Our audit procedures included, ■ Assessing the objectivity, independence, competency and qualifications of the external valuer engaged by the Company. ■ Reading the professional valuer's report and assessing the key estimates made by the external valuer in deriving the fair value of the property and compared the same with evidence of current market values ■ With the assistance of our own internal valuation specialists assessing the key assumptions applied and conclusions made in deriving the fair value of the Investment Properties. ■ Assessing the adequacy of disclosures made in relation to the valuation of Investment Properties in the financial statements.

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 statement and our auditor's report there on.

Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that 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 Company to cease to continue as a going concern.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

CHARTERED ACCOUNTANTS
Colombo, Sri Lanka
23rd February 2026

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December,
Amounts in Sri Lankan Rupees

	Note	2025	2024
Revenue	5	380,280,644	397,130,557
Other income	6	36,370,745	7,665,001
		416,651,389	404,795,558
Personnel costs	7	(52,996,891)	(50,986,889)
Premises, equipment, establishment expenses		(71,119,680)	(59,558,319)
Administrative expenses		(18,492,785)	(22,446,280)
Marketing expenses		(4,643,929)	(863,782)
Results from operating activities before change in fair value of investment properties		269,398,104	270,940,288
Change in fair value of investment properties	8	67,463,541	112,682,080
Results from operating activities	9	336,861,645	383,622,368
Finance income	10.1	66,750,185	66,617,277
Finance cost	10.2	(78,789)	(7,361,329)
Net finance income	10	66,671,396	59,255,948
Profit before income taxation		**403,533,041**	**442,878,316**
Income tax expense	11	(96,365,451)	(92,068,553)
Profit for the year		**307,167,590**	**350,809,763**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial gain / (loss) on retirement benefit obligations	17.5	951,147	1,279,925
Items that are or may be reclassified subsequently to profit or loss			
Net Change in fair value of investment in debt instruments measured at FVOCI	22.3	(5,491,601)	25,548,543
Deferred tax on components of other comprehensive income	23	1,647,481	(7,656,720)
Other comprehensive income / (expenses) for the year, net of tax		(2,892,973)	19,171,748
Total comprehensive income for the year		**304,274,617**	**369,981,511**
Earnings per share	12	2.20	2.48

The notes on pages 131 to 181, form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December,
Amounts in Sri Lankan Rupees

	Note	2025	2024
Assets			
Non current assets			
Property, plant and equipment	13	9,002,608	2,423,955
Intangible Assets	14	1,699,428	-
Investment properties	15	6,040,280,982	5,997,825,809
Other investments	16.1	443,353,153	431,886,428
Retirement benefit assets	17	5,209,102	4,638,372
Total non current assets		6,499,545,273	6,436,774,564
Current assets			
Inventories	18	6,700,181	10,488,716
Trade and other receivables	19	49,427,891	47,739,760
Other investments	16.2	205,576,277	94,730,015
Cash and cash equivalents	20	38,576,045	29,358,165
Total current assets		300,280,394	182,316,656
Total assets		**6,799,825,667**	**6,619,091,220**
EQUITY AND LIABILITIES			
Equity			
Stated capital	21	1,644,391,650	1,644,391,650
Reserves	22	501,866,575	505,710,695
Retained earnings		3,525,122,507	3,370,660,898
Total equity		5,671,380,732	5,520,763,243
Non current liabilities			
Net deferred tax liability	23	946,200,343	924,063,926
Total non current liabilities		946,200,343	924,063,926
Current liabilities			
Trade and other payables	24	137,511,892	125,521,169
Income tax payable	25	26,743,674	33,606,967
Bank overdrafts	20	17,989,026	15,135,915
Total current liabilities		182,244,592	174,264,051
Total liabilities		1,128,444,935	1,098,327,977
Total equity and liabilities		**6,799,825,667**	**6,619,091,220**
Net Assets per share		40.60	39.52

The notes on pages 131 to 181, form an integral part of these financial statements.
It is certified that the financial statements have been prepared in compliance with the requirement of the Companies Act no 7 of 2007.

Ms. Nirmala Arangalage
Head of Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements.
Approved and signed on behalf of the Board of Directors;

Ramesh Jayasekara
Chairman

Najill Farouk
Independent Non-Executive Director

Colombo
23rd February 2026

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December,
Amounts in Sri Lankan Rupees

	Note	Stated capital	Capital reserve	Revaluation reserve	Fair value reserve	Retained earnings	Total
Balance as at 01.01.2024		1,644,391,650	525,493,650	3,616,259	(41,283,194)	3,337,356,467	5,469,574,832
Total Comprehensive income for the year							
Profit for the year		-	-	-	-	350,809,763	350,809,763
Other comprehensive income							
Net fair value change in investment in debt instruments measured at fair value through other comprehensive income	22.3	-	-	-	25,548,543	-	25,548,543
Actuarial gain on defined benefit obligation	17.5	-	-	-	-	1,279,925	1,279,925
Deferred tax on components of other comprehensive income	23			-	(7,664,563)	7,843	(7,656,720)
Total comprehensive income for the year		-	-	-	17,883,980	352,097,531	369,981,511
Transactions with the owners of the Company							
Share Repurchase						(179,104,802)	(179,104,802)
Dividend paid	21	-	-	-	-	(139,688,298)	(139,688,298)
		-	-	-	-	(318,793,100)	(318,793,100)
Balance as at 31.12.2024		**1,644,391,650**	**525,493,650**	**3,616,259**	**(23,399,214)**	**3,370,660,898**	**5,520,763,243**
Balance as at 01.01.2025		1,644,391,650	525,493,650	3,616,259	(23,399,214)	3,370,660,898	5,520,763,243
Total Comprehensive income for the year							
Profit for the year		-	-	-	-	307,167,590	307,167,590
Other comprehensive income							
Net fair value change in investment in debt instruments measured at fair value through other comprehensive income	22.3	-	-	-	(5,491,601)	-	(5,491,601)
Actuarial gain on defined benefit obligation	17.5	-	-	-	-	951,147	951,147
Deferred tax on components of other comprehensive income	23			-	1,647,481	-	1,647,481
Total comprehensive income for the year		-	-	-	(3,844,120)	308,118,737	304,274,617
Transactions with the owners of the Company							
Dividend Paid	21	-	-	-	-	(153,657,128)	(153,657,128)
		-	-	-	-	(153,657,128)	(153,657,128)
Balance as at 31.12.2025		**1,644,391,650**	**525,493,650**	**3,616,259**	**(27,243,334)**	**3,525,122,507**	**5,671,380,732**

The notes on pages 131 to 181, form an integral part of these financial statements.

CASH FLOW STATEMENT

For the year ended 31 December,
Amounts in Sri Lankan Rupees

	Note	2025	2024
Cash flows from operating activities			
Receipt from operating activities		402,026,389	404,795,558
Cash payments to employees, suppliers and tax authorities		(145,488,226)	(132,036,624)
Interest payments	10.2	(78,789)	(7,361,329)
Operating profit before changes in operating assets		256,459,374	265,397,605
(Increase)/ decrease in operating assets :			
Inventories		3,788,535	2,659,298
Trade and other receivables		(1,803,943)	(9,747,054)
Decrease in operating liabilities :			
Deposits, trade payables and income tax payable		(26,863,002)	(53,918,074)
Cash generated from operations		231,580,964	204,391,775
Income tax paid	25	(34,403,621)	(39,712,852)
Capital gain tax paid		(6,187,500)	-
Net cash from operating activities		190,989,843	164,678,923
Cash flows from investing activities			
Interest received	10	66,750,185	66,617,277
Additions to other investments		(293,814,598)	(356,164,069)
Disposal of other investments		166,010,010	187,680,697
Purchase of property, plant and equipment	13	(7,788,882)	(148,720)
Purchase of intangible assets	14	(1,758,029)	-
Additions to investment properties	15	(8,741,632)	(19,943,729)
Proceeds from disposal of investment property		48,375,000	-
Net cash generated from / (used in) investing activities		(30,967,946)	(121,958,544)
Cash flows from financing activities			
Share Repurchase		-	(179,104,802)
Dividends paid	21	(153,657,128)	(139,688,298)
Net cash used in financing activities		(153,657,128)	(318,793,100)
Net increase in cash and cash equivalents		6,364,769	(276,072,720)
Cash and cash equivalents at beginning of year		14,222,250	290,294,970
Cash and cash equivalents at end of year		**20,587,019**	**14,222,250**
Reconciliation of cash and cash equivalents			
Cash and short term funds	20	38,576,045	29,358,165
Bank overdraft	20	(17,989,026)	(15,135,915)
Cash and cash equivalents as per the Statement of Financial Position		**20,587,019**	**14,222,250**

The notes on pages 131 to 181, form an integral part of these financial statements.

CASH FLOW STATEMENT

For the year ended 31 December,
Amounts in Sri Lankan Rupees

	Note	2025	2024
Cash flows from operating activities			
Profit before tax		403,533,041	442,878,316
Adjustments for			
Charge of provision for Gratuity	17.4	380,417	398,854
Depreciation	13	1,210,229	1,217,750
Amortisation of intangible assets	14	58,601	-
Changes in fair value of investment properties	15	(67,463,541)	(112,682,080)
Gain on disposal of investment properties	6	(14,625,000)	-
Finance income	10	(66,750,185)	(66,617,277)
Amortisation of pre paid staff expenses		115,812	202,042
Operating profit before working capital changes		**256,459,374**	**265,397,605**

The notes on pages 131 to 181, form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December,
Amounts in Sri Lankan Rupees

NOTE 01 REPORTING ENTITY

Seylan Developments PLC (the "Company") is a "Public Quoted Company" and a Limited Liability Company Incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange.

The Company's registered office is situated at No. 90, Galle Road, Colombo 03.

The Company is in the business of development of property, administration and maintenance.

The Company's immediate and ultimate parent entity is Seylan Bank PLC.

The staff strength of the Company as at 31st December 2025 is 18 (2024 - 17).

NOTE 02 BASIS OF PREPARATION

2.1) Statement of compliance

The financial statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS & LKAS) as laid down by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirements of the Companies Act No. 07 and 2007.

The Company's financial statements were authorized for issue by the Board of Directors on 23rd February 2026.

2.2) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Financial assets at fair value through other comprehensive income ("FVOCI") are measured at fair value. (Note 16.1)
- Property, plant and equipment is measured at fair value. (Note 13)
- Investment property is measured at fair value. (Note 15)
- Liability for defined benefit obligation is recognized as the present value of the defined benefit obligation less the net total of the plan assets and unrecognized past service cost. (Note 17)

2.3) Functional and presentation currency

These financial statements are presented in Sri Lankan Rupees, which is the Company's functional currency.

2.4) Use of estimates and judgments

The preparation of the financial statements in conformity with SLFRSs 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December,
Amounts in Sri Lankan Rupees

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

a) Judgments, assumptions and estimation uncertainties

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Financial Statements are described in the following notes:

Note 13 - Property, plant and equipment - determining the fair value on the basis of directly unobservable inputs

Note 15 - Investment property – determining the fair value of investment property on the basis of significant unobservable inputs

Note 16 - Fair value of financial instruments – determining the fair value on the basis of directly unobservable inputs

Note 17 - Retirement benefit assets – key actuarial assumptions

Note 23 - Deferred taxation – availability of future taxable profits against which deductible temporary differences.

i. Measurement of fair value

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

The Company regularly reviews significant unobservable inputs and valuation adjustments.

Significant valuation issues are reported to the Company's audit committee.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in the 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 that quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

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

If the inputs used to measure the fair value of an asset or a 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 Company recognises transfer between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring of fair values is included in the following notes;

Note 13 - Property, plant and equipment

Note 15 - Investment property

Note 16 - Fair value of financial instruments

Note 17 - Retirement benefit assets

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December,
Amounts in Sri Lankan Rupees

2.5) Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

2.6) Going concern

The Management has made an assessment of its ability to continue as a going concern and is satisfied that it has resources to continue in business for the foreseeable future. Furthermore, the Management is not aware any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements of the Company continue to be prepared on a going concern basis.

NOTE 03 MATERIAL ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

3.1) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

3.2) Financial Instruments

3.2.1. 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 Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not an 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.

3.2.2. Classification and subsequent measurement

3.2.2.1. Financial assets

On initial recognition, a financial asset is classified as measured at; amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequently to their recognition unless the Company 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December,
Amounts in Sri Lankan Rupees

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.

A debt investment is measured at FVOCI 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 achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

On the initial recognition of an equity investment that is not held for trading, the Company 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. On initial recognition, the Company may irrevocably designate a financial assets 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.

a) Business model assessment:

The Company 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 Company'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;
- 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 derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December,
Amounts in Sri Lankan Rupees

b) Subsequent measurement and gains and losses:

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.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to 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.

3.2.2.2. Financial liabilities

a) Classification, subsequent measurement and gains and losses

All 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 derecognition is also recognised in profit or loss.

3.2.3. Derecognition

3.2.3.1. Financial assets

The Company 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 Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets. In these cases, the transferred assets are not derecognised.

3.2.3.2. Financial liabilities

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

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3.3) Impairment

i. Non-derivative financial assets

The Company recognises loss allowance for ECLs on:

- Financial assets measured at amortised cost;
- Debt investments measured at FVOCI
- Contract assets

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

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

Loss 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 Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

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

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

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

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade".

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 Company expects to receive).

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

Presentation of allowance for ECL in the statement of financial position

Loss allowance for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets and recognised in statement of profit or loss.

For the debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirely or a portion thereof. The Company initially makes an assessment with respect to the timing and amount to write off

NOTES TO THE FINANCIAL STATEMENTS

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based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off.

3.4) Non-financial assets

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

The recoverable amount of an asset or cash-generating unit 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit, or CGU").

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

3.5) Fair value measurement

"Fair value" is the price that would be received to sell an asset or paid to transfer a liability on an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities (see Note 2.4 (i)).

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that the market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received, if the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

NOTES TO THE FINANCIAL STATEMENTS

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3.6) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes. The following specific recognition criteria must also be met before revenue is recognised:

3.6.1 Rental income

The Company generates revenue primarily from renting out Investment Property under operating lease and recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income.

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it provides services to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligation in contracts with customers, including significant payment terms and the related revenue recognition policies.

Type of product/ service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policy
Renting commercial spaces and residential apartments	Invoices for renting for commercial spaces and residential apartments are issued monthly / biannually / annually as permitted by individual lease agreements. Payments are usually payable within 30 days.	Company enters into agreement with tenants for leasing out premises and revenue is recognised from the effective date of the agreement period. The tenant has right to use the premises from the effective date stipulated in the agreement subject to term and conditions in the individual lease agreements.

3.6.2 Dividends

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

3.6.3. Others

Other income is recognized on an accrual basis. Net Gains and losses on the disposal of Property Plant and Equipment and other non-current assets including investments have been accounted for in profit or loss, having deducted the proceeds on disposal, the carrying amount of the assets and related selling expenses.

3.7) Expenses

Expenses are recognized in profit or loss as they are incurred, in the period to which they relate.

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3.8) Finance income and expenses

Finance income comprised interest income on funds invested and changes in the fair value of 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.

Finance costs comprise interest expense on borrowings and unwinding of the discount on provisions. 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.

3.9) Taxes

Income Tax

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

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

Current income tax

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Amendment Act No 45 of 2022.

Deferred taxation

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

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if there is any.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

3.10) Earnings per share (EPS)

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

3.11) 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, for rental to others or for administrative purposes and are expected to be used during more than one period.

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Basis of recognition

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

Measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and cost incurred subsequently to add to, replace part of, or service it. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of computer equipment.

Revaluation

Property, plant and equipment of the Company are re-valued every five years on a roll over basis to ensure the carrying amounts do not differ materially from the fair values at the reporting date. On revaluation of an asset, any increase in the carrying amount is recognized in other comprehensive income and accumulated in equity, under revaluation reserve or used to reverse a previous revaluation decrease relating to the same asset, which was charged to the statement of comprehensive income. Any decrease in the carrying amount is recognised as an expense in the statement of comprehensive 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 revaluation 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.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified as an investment property. Any gain arising on re-measurement is recognised in profit or loss to the extent the gain reverses a previous impairment loss on the specific property, with any remaining gain recognized in other comprehensive income and presented in revaluation reserve in equity. Any loss is recognised in the statement of changes in equity and presented in the revaluation reserve in equity to the extent that an amount had previously been included in the revaluation reserve relating to the specific property, with any remaining loss recognised immediately in profit or loss.

Subsequent expenditure

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 Company, 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.

Derecognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or

NOTES TO THE FINANCIAL STATEMENTS

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disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. When replacement costs are recognized in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is derecognised. Major inspection costs are capitalised. At each such capitalisation, the remaining carrying amount of the previous cost of inspections is derecognised.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives and rates of depreciation for the current and comparative periods are as follows:

	Depreciation	Useful life
Furniture & fittings	10%	10
Office Equipment	20%	05
Tools	33.33%	03
Other equipment	20%	05

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

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

3.12) Intangible assets - Software

Software acquired is stated at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expense as incurred. Amortisation is recognised in profit or loss on a straight line basis over the estimated useful life of the software, from the date that is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is as follows;

	Amortisation	Useful Life
Accounting and Management software	20%	05

3.13) Investment property

Investment Properties are those which are held either to earn rental income or for capital appreciation or for both. Investment Properties are stated at fair value. An external, independent valuer, having an appropriate recognized professional qualification and recent experience in the location and category of property being valued, values the portfolio every year. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Any gain or loss arising from a change in fair value is recognised in profit or loss. Rental income from investment property is accounted for as described in accounting policy.

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When an item of property, plant and equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity if it is a gain. Upon disposal of the item the gain is transferred to retained earnings. Any loss arising in this manner is recognised in profit or loss immediately.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its deemed cost for subsequent accounting.

When the Company begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property, which is measured based on fair value model, and is not reclassified as property, plant and equipment during the redevelopment.

Investment properties include properties that are held as right-to-use assets, as well as properties that are owned by the Company. Property interest held under lease arrangements are classified as right-of-use assets under investment property, if such right satisfies the recognition criteria of investment property.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of comprehensive income in the period of derecognition.

3.14) Capital work in progress

Property that is being constructed or developed for future use as Investment Property is classified as Capital work in progress and stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as Investment Property. At the date of transfer, the difference between fair value and cost is recorded as income in profit or loss.

All costs directly associated with the purchase and construction of a property, and all subsequent capital expenditures for the development qualifying as acquisition costs are capitalized. Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs may continue until the assets are substantially ready for their intended use.

If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized. The capitalization rate is arrived at by reference to the actual rate payable on borrowings for development purposes or, with regard to that part of the development cost financed out of general funds, to the average rate.

3.15) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in-first-out principle, and includes expenditure incurred in acquiring the inventories, and other costs incurred in bringing them to their existing location and condition.

NOTES TO THE FINANCIAL STATEMENTS

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3.16) Cash and short-term deposits

Cash and cash equivalents comprise cash in hand and short term deposits. Company overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as components of cash and cash equivalents for the purpose of presenting the cash flow statement.

Cash flow statement is prepared under the "Direct" method as per LKAS 7 – Statement of cash flows.

3.17) Leases

At inception of a contract, the Company 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 Company uses the definition of a lease in SLFRS 16.

(i) As a lessee

The Company 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 end of the lease term, 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 Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing source and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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 Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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.

Short-term leases and leases of low-value assets

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

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(ii) As a lessor

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

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

3.18) Stated capital

Company's stated capital comprises of ordinary shares, which are classified as equity.

3.19) Reserves

3.19.1 Capital reserve

This reserve has been created in 2011 and the Capital Redemption Reserve Fund was transferred.

3.19.2 Revaluation reserve

This reserve has been created on revaluation of property, plant & equipment of the Company.

3.19.3 Fair value reserve

The fair value reserve comprises;

- The cumulative net change in the fair value of equity securities designated at FVOCI; and
- The cumulative net change in fair value of debt securities at FVOCI until the assets are derecognised or reclassified. This amount is reduced by the amount of loss allowance.

3.20) Provisions

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

3.21) Employee benefits

3.21.1 Defined benefit plan

The Company operates an approved gratuity fund to facilitate the payments for permanent staff of the Company.

The Company's obligation in respect of defined benefit gratuity plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods and discounting that benefit to determine its present value, then deducting the fair value of any plan assets. The discount rate is the yield at the reporting date on Government bonds that have maturity dates approximating to the terms of the Company's obligations. The Company carries out an actuarial valuation of the gratuity fund in December each year to ascertain the full liability of the fund. The calculation is performed by a qualified actuary using the Projected Unit Credit Method which is the method recommended by LKAS 19 "Employee Benefits".

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Company determines the net interest expense (income) on the net benefit liability (asset) for the period by applying the discount rate

NOTES TO THE FINANCIAL STATEMENTS

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used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expenses and other expenses related to defined benefit plans are recognised in profit or loss.

However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continual service.

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 Company recognizes gain or losses on the settlement of a defined plan when the settlement occurs.

3.21.2 Defined contribution plan.

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

3.21.2 (a) Employees' Provident Fund

The Company and employees contribute 12% and 8% respectively on the salary of each employee to the Employees' Provident Fund. (Note – 07)

3.21.2 (b) Employees' Trust Fund

The Company contributes 3% of the salary of each employee to the Employees' Trust Fund. The total amount recognised as an expense to the Company for contribution to ETF is disclosed in the notes to financial statements. (Note – 07)

3.22) Commitments and contingencies

Commitments and contingencies as at the reporting date, is disclosed in Note 27 and 31 to the financial statements.

3.23) Events after the reporting date

All material and important events which occur after the reporting date have been considered and disclosed in Note 28 or adjusted as applicable.

3.24) Directors' responsibility statement

The Board of Directors of the Company is responsible for the preparation and presentation of these financial statements. Please refer to pages 114 to 115 for the statement of the Directors' responsibility for financial reporting.

NOTES TO THE FINANCIAL STATEMENTS

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NOTE 04 STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

A. SLFRS 18 Presentation and Disclosure in Financial Statement

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

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations, and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.
- In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

B. Other accounting standards

The following new and amended accounting standards are not expected to have a significant impact on the financial statements.

- Classification and Measurement of Financial Instruments (Amendments to SLFRS 9 and SLFRS 7)

C. General requirements for disclosure of sustainability related financial information (SLFRS S1) and climate related disclosures (SLFRS S2)

In June 2023, the International Sustainability Standards Board (ISSB) released its first two sustainability disclosure standards, IFRS S1 and IFRS S2. During the year, CA Sri Lanka issued the localised standards based on these IFRSs designated as SLFRS S1 SLFRS S2. These standards will become effective for the Company from 1 January 2026. No financial impact is expected on the Company except for additional disclosures.

NOTES TO THE FINANCIAL STATEMENTS

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NOTE **05**

Revenue

5.1 Revenue Streams

	2025	2024
Revenue from contract with customers		
Revenue from Corporate Customers	311,432,190	311,006,800
Revenue from Residential Customers	68,848,454	86,123,757
	380,280,644	**397,130,557**

5.2 Disaggregation of Revenue from Contracts with Customers

The Company generates its revenue locally and the following is the revenue from contract with customers disaggregated by the timing of revenue recognition.

	2025	2024
Timing of Revenue Recognition		
Services transferred at a point in time	-	-
Services transferred over time	380,280,644	397,130,557
	380,280,644	**397,130,557**

5.3 Contract Balances

The following are the information about receivables/ advances received from contract with customers

	2025	2024
Receivables, which are included in Trade and Other receivables	485,425	-
Contract liabilities, which are included in rent in advance and security deposits	19,265,966	9,901,533

The contract liabilities primarily relates to advances received from Customers. The amount recognized as at 31st December 2024 has been recognized as revenue in 2025.

NOTES TO THE FINANCIAL STATEMENTS

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NOTE 06

OTHER INCOME

	Note	2025	2024
Work order income		1,893,860	1,423,329
Gain on Disposal of investment properties	6.1	14,625,000	-
Miscellaneous income		19,851,885	6,241,672
		36,370,745	**7,665,001**

6.1 Details of disposal of property at Moratuwa are disclosed in note 15 (B) to these financial statements.

NOTE 07

PERSONNEL COSTS

	Note	2025	2024
Salary and wages (Including Directors' emoluments)		30,734,295	29,439,368
Statutory EPF		3,156,654	3,094,491
Statutory ETF		789,163	773,623
Staff allowances		1,615,000	2,340,000
Charge of provision for retirement benefits	17.4	380,417	398,854
Other staff expenses		16,321,362	14,940,553
		52,996,891	**50,986,889**

NOTE 08

CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES

	Note	2025	2024
Investment property - Seylan Towers	15	65,213,541	66,882,080
Investment property - Moratuwa Land	15	2,250,000	45,800,000
		67,463,541	**112,682,080**

NOTES TO THE FINANCIAL STATEMENTS

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NOTE 09 RESULTS FROM OPERATING ACTIVITIES

Results from operating activities are stated after deducting all operating expenses including the followings,

	Note	2025	2024
Directors' emoluments		5,050,000	5,050,000
Auditor's remuneration - Audit		1,705,000	1,608,000
- Other services		134,000	124,000
Operating lease expense		150	150
Depreciation of Property, Plant and Equipment	13	1,210,229	1,217,750
Amortisation of Intangible Assets	14	58,601	-

NOTE 10 NET FINANCE INCOME

10.1 Finance income

	2025	2024
Interest income on loans	520,426	635,102
Interest income on bank deposits	7,531,531	5,991,539
Interest income on debentures	-	1,275,205
Interest Income on government securities	53,688,613	58,715,431
Net Foreign Exchange Gain	5,009,615	-
	66,750,185	**66,617,277**

10.2 Finance expenses

	2025	2024
Interest on overdraft and reverse repo	78,789	583,204
Net Foreign Exchange Loss	-	6,778,125
	78,789	**7,361,329**
Net finance income	66,671,396	59,255,948

NOTES TO THE FINANCIAL STATEMENTS

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NOTE **11**

INCOME TAX EXPENSES

	Note	2025	2024
Current tax	11.1	66,418,037	75,681,309
Over provision from previous year		(23,984)	(1,128,827)
		66,394,053	74,552,482
Deferred income tax			
Orgination of temporary difference		25,583,898	24,571,041
Recognition of previously unrecognised deductible temporary difference		-	(7,054,970)
	23	25,583,898	17,516,071
Capital Gain Tax			
Charge for the year		4,387,500	-
		4,387,500	-
Income tax expense reported in the statement of profit or loss		**96,365,451**	**92,068,553**

11.1 Reconciliation between accounting profit and taxable income

	Note	2025	2024
Profit before income tax		403,533,041	442,878,316
Less: Income from other sources		(101,067,548)	(72,670,270)
Changes in fair value of investment property		(67,463,541)	(112,682,080)
Disallowable expenses		5,057,612	11,224,380
Allowable expenses		(74,066,513)	(77,598,507)
Adjusted profit from Business		165,993,051	191,151,839
Interest income		57,054,956	62,168,813
Assessable income		223,048,007	253,320,651
Qualifying payments		(1,654,551)	(1,049,621)
Taxable income		221,393,456	252,271,030
Tax liability - at 30%		**66,418,037**	**75,681,309**
Effective Tax Rate	11.2	23.9%	20.8%
Effective Tax Rate (Excluding deferred tax and capital gain tax)	11.2	16.5%	16.8%

The Company is liable for income tax at the rate of 30% on it's business income.

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11.2 Reconciliation of effective tax rate

	2025		2024	
	%	Rs:	%	Rs:
Profit before income tax		403,533,041		442,878,316
Income tax using domestic tax rate	29.9%	120,563,547	29.9%	132,548,608
Disallowable expenses	0.4%	1,517,284	0.8%	3,367,314
Allowable expenses	-5.5%	(22,219,954)	-5.3%	(23,279,552)
Exempt income	-12.5%	(50,559,327)	-12.6%	(55,605,705)
Interest income	4.2%	17,116,487	4.2%	18,650,644
Current tax on profit for the year	**16.5%**	**66,418,037**	**17.1%**	**75,681,309**
Over provision for taxation	-0.0%	(23,984)	-1.4%	(1,128,827)
Charge for the year	**16.5%**	**66,394,053**	**16.8%**	**74,552,482**
Charge to deferred tax	6.3%	25,583,898	4.0%	17,516,071
Charge to capital gain tax	1.1%	4,578,500	0.0%	-
Total income tax expense	**23.9%**	**96,365,451**	**20.8%**	**92,068,553**

NOTE **12**

EARNINGS PER SHARE

The computation of basic earnings per share is based on the net profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year.

	2025	2024
Profit attributable to ordinary shareholders (Rs)	307,167,590	350,809,763
Weighted average number of ordinary shares	139,688,298	141,655,677
Basic earnings per ordinary share (Rs)	2.20	2.48

12.1 Diluted earnings per share

There were no potentially diluted ordinary shares as at 31st December 2025 and there have been no transactions involving ordinary shares or potential ordinary shares as at the reporting date.

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NOTE 13

PROPERTY, PLANT AND EQUIPMENT

	Office machines, tools & equipment	Furniture & fittings	Total
Cost / Revaluation			
Balance as at 01st January 2024	5,884,025	1,879,467	7,763,492
Additions	148,720	-	148,720
Balance as at 31st December 2024	**6,032,745**	**1,879,467**	**7,912,212**
Balance as at 01st January 2025	6,032,745	1,879,467	7,912,212
Additions	7,423,482	365,400	7,788,882
Transfers to Intangible Assets	(1,810,889)	-	(1,810,889)
Balance as at 31st December 2025	**11,645,338**	**2,244,867**	**13,890,205**
Accumulated depreciation			
Balance as at 01st January 2024	3,777,247	493,260	4,270,507
Charge for the year	1,029,803	187,947	1,217,750
Balance as at 31st December 2024	**4,807,050**	**681,207**	**5,488,257**
Balance as at 01st January 2025	4,807,050	681,207	5,488,257
Charge for the year	990,208	220,021	1,210,229
Transfers to Intangible Assets	(1,810,889)	-	(1,810,889)
Balance as at 31st December 2025	**3,986,369**	**901,228**	**4,887,597**
Net book value as at 31st December 2024	**1,225,695**	**1,198,260**	**2,423,955**
Net book value as at 31st December 2025	**7,658,969**	**1,343,639**	**9,002,608**

13.1 Revaluation of Office machines, tools & equipment and furniture & fittings

In April 2021, a valuation of office machines, tools & equipment and Furniture & fittings was carried out by a professionally qualified valuer Mr. S. K. Guruge, (Incorporated valuer-A.I.V). The Company recognised a revaluation surplus of Rs.3,075,252/- over net book value as at 05th April 2021 to the credit of the revaluation reserve.

The fair value measurement for all property, plant and equipment has been categorized as level 3 fair value based on the inputs to the valuation techniques.

The valuer has determined the fair value of these assets as at the date of inspection and the depreciation factor has been determined by considering loss in value over time due to wear and tear, physical deterioration and age of each item.

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Significant unobservable inputs

The following table shows the significant unobservable inputs used in the valuation of property, plant and equipment.

Asset Category	Revalued Amount	Net Book Value	Revaluation Gain	No of items	Valuation Techniques	Significant Unobservable Inputs	Range of estimate for unobservables	Sensitivity of fair value to unobservable inputs
Office machines, tools & equipment	2,951,000	714,027	2,236,973	121	Depreciated Replacements, cost method	Fair value of new asset	Rs:1,500 to Rs: 580,000	Positively correlated
Furniture & Fittings	1,672,095	833,816	838,279	288	Depreciated Replacements, cost method	Fair value of new asset	Rs: 100 to Rs: 172,500	Positively correlated
	4,623,095	**1,547,843**	**3,075,252**	**409**				

The Board of Directors of the Company are of the view that there had not been any significant change in the fair value of the office machines, tools, equipment, furniture and fittings as at the reporting date.

The carrying amount of revalued assets that would have been included in the financial statements had the assets were carried at cost less accumulated depreciation, is as follows.

	Office machines and equipment Rs:	Furniture and Fittings Rs:	Total Rs:
Cost	23,234,983	10,542,434	33,777,417
Accumulated depreciation	(14,750,849)	(10,061,454)	(24,812,303)
Net book value	8,484,134	480,980	8,965,114

13.2 Fully Depreciated Assets

Property, plant and equipment includes fully-depreciated assets having a gross carrying amount of Rs.361,574/- as at 31st December 2025 (2024 - Rs. 361,574/-)

13.3 Property, plant and equipment

None of the property, plant and equipment have been pledged as securities as at the reporting date.

13.4 Temporarily idle property, plant and equipment

There are no temporarily idle property, plant and equipment as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

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NOTE 14

INTANGIBLE ASSETS

Software and Software Related	Intangible Assets	Total
Cost		
Balance as at 01 January 2025	-	-
Transfers from Property, Plant and Equipment	1,810,889	1,810,889
Additions	1,758,029	1,758,029
Balance as at 31 December 2025	**3,568,918**	**3,568,918**
Accumulated Amortisation		
Balance as at 01 January 2025	-	-
Transfers from Property, Plant and Equipment	1,810,889	1,810,889
Amortisation for the year	58,601	58,601
Balance as at 31 December 2025	**1,869,490**	**1,869,490**
Net Carrying Amount as at 31 December 2025	**1,699,428**	**1,699,428**

During the year, fully amortised software amounting to Rs. 1,810,889/- previously classified under Property, Plant and Equipment, was reclassified as Intangible Assets to ensure more appropriate presentation of financial information.

NOTE 15

INVESTMENT PROPERTIES

As at 31 December,

	Property at Colombo 3 (A)		Property at Moratuwa	Property at Ja-Ela	Capital work in progress	Total
	Leasehold land	Building, plant & machinery	(B)	(C)	(D)	
Balance as at 1st January 2024	2,093,849,300	3,766,150,700	5,200,000	-	-	5,865,200,000
Additions during the year	-	8,117,920	-	-	11,825,809	19,943,729
Changes in fair value	67,247,966	(365,886)	45,800,000	-	-	112,682,080
Balance as at 31st December 2024	**2,161,097,266**	**3,773,902,734**	**51,000,000**	**-**	**11,825,809**	**5,997,825,809**
Balance as at 1st January 2025	2,161,097,266	3,773,902,734	51,000,000	-	11,825,809	5,997,825,809
Additions during the year	-	4,786,459	-	-	3,955,173	8,741,632
Disposals during the year	-	-	(33,750,000)	-	-	(33,750,000)
Changes in fair value	58,294,225	6,919,316	2,250,000	-	-	67,463,541
Balance as at 31st December 2025	**2,219,391,491**	**3,785,608,509**	**19,500,000**	**-**	**15,780,982**	**6,040,280,982**

NOTES TO THE FINANCIAL STATEMENTS

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Investment property	Address	Extent	Number of buildings	Date of valuation	Market value Rs.
Property at Colombo 3	No: 90, Galle Road, Colombo 03	0A - 3R - 24.55 P	02	31st December 2025	6,005,000,000
Property at Moratuwa	Moratuwa Lake Villas, St. Peters Rd, Moratuwa	0A - 0R - 15.00 P	-	31st December 2025	19,500,000
					6,024,500,000

Investment property	Address	Extent	Number of buildings	Date of valuation	Market value Rs.
Property at Colombo 3	No: 90, Galle Road, Colombo 03	0A - 3R - 24.55 P	02	31st December 2024	5,935,000,000
Property at Moratuwa	Moratuwa Lake Villas, St. Peters Rd, Moratuwa	0A - 1R - 05.00P	-	31st December 2024	51,000,000
					5,986,000,000

(A) Investment Property relates to Seylan Towers at Colombo 03, East Tower is rented out to Seylan Bank PLC and West Tower is rented out as residential apartments. The property contains an initial non-cancellable lease of period of 99 years with the Urban Development Authority. In accordance with LKAS 40, a property interest under an operating lease is classified and accounted for as an Investment Property on a property-by-property basis when the Company holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an Investment Property is carried at fair value.

The property was valued by Sunil Fernando & Associates (Pvt) Ltd, independent, professionally qualified, Chartered Valuation surveyer who is having recent experience in the location and category of the investment property being valued. The professional valuer has used Investment basis of valuation and Depreciated Replacement Value basis for the valuation.

The property consisting two towers where the east tower is a multi-storey prime office complex and west tower comprising 16 luxury residential apartments. The total plinth area owned by Seylan Developments PLC is 232,761 sq.ft..

(B) The Property at Moratuwa was valued by Sunil Fernando & Associates (Pvt) Ltd, independent, professionally qualified, Chartered Valuation surveyer who is having recent experience in the location and category of the investment property being valued. The assumptions used for the valuation are,

a) It's a well established residential area.
b) Commercial development is expected along Galle Road.
c) Being in close proximity to Moratuwa, enjoying easy accessibility to Colombo City.
d) Comparison method of valuation has been adopted.

During the year 2025, the Company disposed two land plots situated at Moratuwa for a consideration of Rs: 48,375,000/-. Relevant disposal gains were recognized in the profit or loss statement accordingly .(Disposal Gain Rs. 14,625,000/-)

NOTES TO THE FINANCIAL STATEMENTS

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(C) The Ja-Ela Commercial Complex was a joint venture project with The Standard Credit Finance Ltd (Formerly known as Ceylinco Investment & Reality Ltd) and The Standard Credit Finance Ltd, agreed to allocate a marked portion of the complex in settlement of the contribution of Seylan Developments PLC towards the project. The Company accounted for the investment of Ja-Ela Commercial Complex based on the valuation of the said marked portion and the it was carried at Rs: 70,351,000/-.As the final settlement was not forthcoming as anticipated, and there was no income derived from the investment for a considerable period, full provision was made as impairment loss during the year 2011.

The Company initiated arbitration process as permitted by the joint agreement with The Standard Credit Finance Ltd and the arbitration award was given in favour of Seylan Developments PLC and an application was filed in Commercial High Court to enforce the award .Judgment was delivered infavour of Seylan Developments PLC. Writ was executed and seized 7 condominium units of Ja-Ela Reality Plaza. Currently, The Standard Credit Finance Ltd is under liquidation. Next date 6th March 2026.

Considering these factors, the Board of Directors determined that the provision for impairment recognized as at 31st December 2025 is appropriate.

Fair value hierarchy

The table below analyses Investment Properties measured at fair value at the end of the reporting period,by the level of the fair value hierarchy.

	Note	Level 1	Level 2	Level 3	Total
2025					
Investment Property	15	-	-	6,024,500,000	6,024,500,000
2024					
Investment Property	15	-	-	5,986,000,000	5,986,000,000

The fair value measurement for all investment properties has been categorized as Level 3 fair value based on the inputs to the valuation techniques used.

Sensitivity of assumptions employed in investment property valuation

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the investment property valuation.

	Increase / (Decrease) Property at Seylan Towers	Increase / (Decrease) Property at Moratuwa	2025		2024	
			Sensitivity Effect on Income Statement Increase/ (Reduction) in results for the year (Rs' Mn)	Sensitivity Effect on Investment Property Increase/ (Decrease) in the Asset (Rs' Mn)	Sensitivity Effect on Income Statement Increase/ (Reduction) in results for the year (Rs' Mn)	Sensitivity Effect on Investment Property Increase/ (Decrease) in the Asset (Rs' Mn)
Rent	0.25%	-	15.01	15.01	14.84	14.84
Rent	(0.25%)	-	(15.01)	(15.01)	(14.84)	(14.84)
Discount rate	0.25%	-	(234.00)	(234.00)	(228.00)	(228.00)
Discount rate	(0.25%)	-	252.00	252.00	256.00	256.00
Price per perch	-	0.25%	0.05	0.05	0.13	0.13
Price per perch	-	(0.25%)	(0.05)	(0.05)	(0.13)	(0.13)

NOTES TO THE FINANCIAL STATEMENTS

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Valuation technique and significant unobservable inputs

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

Property	Valuation Technique	Significant unobservable inputs	Values	Inter-relationship between key unobservable inputs and fair value measurement
Seylan Tower	Investment Basis of Valuation and Depreciated Replacement Value basis of Valuation have been adopted.	Future rental income	East Tower: monthly rent within the range of Rs. 200 /- to Rs. 250/- per sq. ft	Fair value will increase/ (decrease) if expected monthly rentals increase/ (decrease).
			West Tower: monthly rent within the range of Rs. Rs 500,000/- to Rs. Rs. 650,000/- per apartment.	
		Remaining useful life of the building	62 years	Fair value will increase/ (decrease) if remaining useful life increase/ (decrease).
		Risk adjusted discount rates for commercial and residential segments	4% to 6%	Fair value will increase/ (decrease) if discount rate decrease/ (increase).
Land in Moratuwa	Market comparable method that considers the values of similar lands located in the area	Price per perch	Within the range of Rs. 1,200,000/- to Rs. 1,500,000/- per perch.	Fair value will increase/ (decrease) if price increase/ (decrease).

Rental income and direct operating expenses related to these investment properties are disclosed in note 30 to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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NOTE 16 OTHER INVESTMENTS

16.1 Non current investments

	Note	2025	2024
Equity securities - at FVOCI	16.1.1	-	-
Government debt securities - at FVOCI	16.1.2	371,373,587	367,409,059
Investments at amortised cost	16.1.3	71,979,566	64,477,369
		443,353,153	**431,886,428**

16.1.1 Equity securities - at FVOCI

Unquoted equities	2025			2024		
	No. of Shares	Cost	Market value / fair value	No. of Shares	Cost	Market value / fair value
The Standard Credit Finance Ltd.	8,040,969	44,040,969	-	8,040,969	44,040,969	-
	8,040,969	**44,040,969**	**-**	**8,040,969**	**44,040,969**	**-**

The Standard Credit Finance Ltd is under liquidation and investment in unquoted shares were fully impaired.

16.1.2 Government debt securities - at FVOCI

	2025			2024		
	No. of Bonds	Cost	Market value / fair value	No. of Bonds	Cost	Market value / fair value
Treasury bonds	3,500,000	347,376,969	371,373,587	3,500,000	337,920,840	367,409,059
		347,376,969	**371,373,587**		**337,920,840**	**367,409,059**

Government debt securities at FVOCI under non-current investments are government treasury bonds which are held by the Company as strategic investments.

16.1.3 Investments at amortised cost

	2025	2024
Fixed deposits		
Seylan Bank PLC	71,979,566	64,477,369
	71,979,566	**64,477,369**

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December,
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16.2 Current investments

	Note	2025	2024
Investments at amortised cost	16.2.1	205,576,277	94,730,015
		205,576,277	**94,730,015**

Investments at amortised cost under current investments includes fixed deposits and treasury bills with short term maturities.

The Company's exposure to credit and interest rate risk related to other investments is disclosed in Note 32.

16.2.1 Investments at amortised cost

	2025	2024
Treasury bills	94,895,434	79,690,326
Fixed deposits		
The Standard Credit Finance Ltd	497,848	497,848
Seylan Bank PLC	110,680,843	15,039,689
	206,074,125	95,227,863
Less : Provision for impairment	(497,848)	(497,848)
	205,576,277	**94,730,015**

The impairment provision for the investment made in The Standard Credit Finance Ltd was recognized due to the uncertainty of the recoverability of the assets.

NOTE 17 RETIREMENT BENEFIT ASSETS

	Note	2025	2024
The amount recognized in the statement of financial position			
Fair value of plan assets	17.1	23,207,953	20,891,158
Present value of defined benefit obligations	17.2	(17,998,851)	(16,252,786)
Total present value of defined benefit assets (net)		**5,209,102**	**4,638,372**

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17.1 Plan assets consist the following

	2025	2024
Fixed deposits and Treasury bonds	22,973,825	20,736,825
Bank balance	234,128	154,333
	23,207,953	**20,891,158**

17.2 Movement in the present value of defined benefit obligations

	2025	2024
Liability for defined benefit obligations as at 1 January	16,252,786	14,476,173
Current service cost	844,254	849,730
Interest cost	1,625,279	1,737,141
Actuarial (gain)/ losses	(723,468)	26,142
Gratuity paid / payable (including benefits paid by the plan)	-	(836,400)
Liability for defined benefit obligations as at 31st December	**17,998,851**	**16,252,786**

17.3 Movement in plan assets

	2025	2024
Fair value of plan assets as at 1 January	20,891,158	18,233,474
Expected return	2,089,116	2,188,017
Benefits paid / payable	-	(836,400)
Actuarial gain	227,679	1,306,067
Fair value of plan assets as at 31 December	**23,207,953**	**20,891,158**

17.4 Amount recognized in the statement of profit or loss

	2025	2024
Current service cost	844,254	849,730
Interest cost	1,625,279	1,737,141
Expected return on plan assets	(2,089,116)	(2,188,017)
	380,417	**398,854**

NOTES TO THE FINANCIAL STATEMENTS

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17.5 Amount recognized in the statement of other comprehensive income

17.5.a. Actuarial (gain) / loss arising from Retirement Benefit Obligations

	2025	2024
Demographic assumptions	2,829	5,634
Financial assumptions	-	1,769,081
Experience adjustments	(726,297)	(1,748,573)
	(723,468)	**26,142**

17.5.b. Actuarial gain arising from Retirement Benefit Assets

	2025	2024
Plan assets	(227,679)	(1,306,067)
	(227,679)	(1,306,067)
Total Actuarial gains recognized in other comprehensive income	**(951,147)**	**(1,279,925)**

17.6 Actuarial assumptions

	2025	2024
Normal retirement age	60 years	60 years
Rate of discount	10.00%	10.00%
Staff turnover rate	10% up to age 54 and thereafter zero	8% up to age 54 and thereafter zero
Expected return on plan asset as at 1st January	10.00%	12.00%
Salary increase	10% p.a. Next increment due on 01st January 2026.	10% p.a. Next increment due on 01st January 2025.

17.7 As at 31st December 2025, the weighted-average duration of the defined benefit obligation was 5.6 years (2024: 6.5 years).

17.8 A long-term Treasury Bond rate of 10% p.a. (2024 - 10%) has been used to discount future liabilities taking into consideration remaining working life of eligible employees.

NOTES TO THE FINANCIAL STATEMENTS

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17.9 Sensitivity of assumptions employed in actuarial valuation

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

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

		2025		2024	
Increase / (Decrease) in Discount Rate	**Increase / (Decrease) in Salary Increment**	**Sensitivity Effect on Income Statement Increase/ (Reduction) in results for the year (Rs' Mn)**	**Sensitivity Effect on Employment Benefit Obligation Increase/ (Decrease) in the Liability (Rs' Mn)**	**Sensitivity Effect on Income Statement Increase/ (Reduction) in results for the year (Rs' Mn)**	**Sensitivity Effect on Employment Benefit Obligation Increase/ (Decrease) in the Liability (Rs' Mn)**
1%	**	(0.889)	(0.889)	(0.924)	(0.924)
(1%)	**	0.966	0.966	1.013	1.013
*	1%	1.045	1.045	1.084	1.084
*	(1%)	(0.977)	(0.977)	(1.005)	(1.005)

* Discount Rate fixed at		** Salary increment rates for	
2025	10.00%	2025	10% p.a.
2024	10.00%	2024	10% p.a.

17.10 The following undiscounted cash flows represent the estimated maturity analysis of the defined benefit obligation as at the reporting date.

	2025	2024
Within the next 12 months	1,274,405	1,024,701
Between 1-2 years	3,746,056	1,632,000
Between 2-5 years	5,501,621	6,577,987
Between 5-10 years	5,878,560	5,349,392
Beyond 10 years	1,598,209	1,668,706
	17,998,851	**16,252,786**

NOTES TO THE FINANCIAL STATEMENTS

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NOTE 18 INVENTORIES

	2025	2024
Maintenance materials	6,700,181	10,488,716
	6,700,181	**10,488,716**

NOTE 19 TRADE & OTHER RECEIVABLES

	Note	2025	2024
Financial Assets			
Trade receivables		11,276,910	10,234,525
Trade and other receivables from related companies		11,317,209	10,532,954
Other receivables		13,709,069	16,923,485
		36,303,188	37,690,964
Less: Provision for impairments	19.1	(7,892,800)	(10,692,800)
		28,410,388	**26,998,164**
Non Financial Assets			
Advances and Deposits		13,685,306	13,733,617
Prepayments		7,664,789	7,214,319
Prepaid staff expenses		167,408	293,660
		21,517,503	21,241,596
Less: Provision for impairments	19.1	(500,000)	(500,000)
		21,017,503	20,741,596
Total trade and other receivables		**49,427,891**	**47,739,760**

19.1 Provision for impairment

	2025	2024
Balance as at 1st January	11,192,800	11,992,800
Amounts reversed during the year	(2,800,000)	(800,000)
Balance as at 31st December	**8,392,800**	**11,192,800**

NOTES TO THE FINANCIAL STATEMENTS

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NOTE 20 CASH AND CASH EQUIVALENTS

	Note	2025	2024
Favourable cash & cash equivalents			
Cash in hand		40,000	40,000
Cash at Bank		147,899	131,953
Fixed deposits & Treasury Bills		-	10,237,762
Savings account		38,388,146	18,948,450
		38,576,045	29,358,165
Unfavourable cash & cash equivalents			
Bank overdraft	20.1	17,989,026	15,135,915
		17,989,026	15,135,915
Cash and cash equivalents as per the Statement of Financial Position		**20,587,019**	**14,222,250**

20.1 The following assets recognized under cash and cash equivalents have been pledged as securities for the overdraft facility

i. Fixed Deposit No MBC24/1366756 for USD 40,000.00
ii. Fixed Deposit No MBC24/1366757 for USD 40,000.00
iii. Fixed Deposit No MBC24/1366758 for USD 60,000.00
iv. Fixed Deposit No IED MBC24/1346517 for USD 22,224.27
v. Fixed Deposit No MBC24/1389340 for USD 75,000.00
vi. Fixed Deposit No MBC24/1346536 for USD 10,161.40
vii. Fixed Deposit No MBC24/1389887 for USD 5,122.67
viii. Fixed Deposit No MBC25/1390070 for USD 10,000.00
ix. Fixed Deposit No MBC24/1389883 for USD 5,778.82

NOTE 21 STATED CAPITAL

	2025	2024
Ordinary shares		
Value (Rs')	1,644,391,650	1,644,391,650
Number of shares	139,688,298	139,688,298

The holders of ordinary shares are entitled to one vote per individual, present at meeting of share holders and one vote per share in case of a poll.

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Dividends

The holders of ordinary shares are also entitled to receive dividends as declared from time to time.
The following dividends were declared and paid by the Company;

	2025	2024
Rs: 1.10 per qualifying ordinary share for 139,688,298 shares. (2024: Rs: 1.00)	153,657,128	139,688,298
	153,657,128	139,688,298

After the reporting date, the following dividends were proposed by the Board of Directors have not been recognized as liabilities.

	2025	2024
Rs: 1.20 per qualifying ordinary shares for 139,688,298 shares. (2024 - Rs: 1.10)	167,625,958	153,657,128
	167,625,958	153,657,128

NOTE 22 RESERVES

	Note	2025	2024
Capital reserve	22.1	525,493,650	525,493,650
Revaluation reserve	22.2	3,616,259	3,616,259
Fair value reserve	22.3	(27,243,334)	(23,399,214)
		501,866,575	**505,710,695**

22.1 Capital reserve

	2025	2024
Balance as at the 1st January	525,493,650	525,493,650
Balance as at 31st December	**525,493,650**	**525,493,650**

The Directors of the Company may utilize the Capital Reserve as they deemed appropriate.

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22.2 Revaluation reserve

	2025	2024
Balance as at the 1st January	3,616,259	3,616,259
Balance as at 31st December	**3,616,259**	**3,616,259**

Revaluation reserve represents the surplus related to the revaluation of property plant & equipment as explained in Note 13.

22.3 Fair value reserve

	2025	2024
Balance as at the 1st January	(23,399,214)	(41,283,194)
Net fair value change in investment in debt instruments measured at FVOCI	(5,491,601)	25,548,543
Deferred tax on fair value changes recognized in OCI	1,647,481	(7,664,563)
Balance as at 31st December	**(27,243,334)**	**(23,399,214)**

The fair value reserve comprise:

- the cumulative net change in the fair value of equity securities designated at FVOCI and,

- the cumulative net change in fair value of debt securities at FVOCI until the assets are derecognised or reclassified.

NOTE 23 NET DEFERRED TAX LIABILITY

Deferred tax
The amount shown in the statement of financial position represents the following:

	2025	2024
Deferred tax liabilities	953,292,254	932,054,127
Deferred tax assets	(7,091,911)	(7,990,201)
Net deferred tax liabilities	**946,200,343**	**924,063,926**

The movement in the deferred tax account is as follows:

	2025	2024
Balance as at the 1st January	924,063,926	898,891,135
Charge to profit or loss	25,583,898	17,516,071
(Reversal) / Charge to other comprehensive income	(1,647,481)	7,656,720
Deferred tax on disposal	(1,800,000)	-
Balance as at 31st December	**946,200,343**	**924,063,926**

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Analysis of deferred tax assets and liabilities

	2025		2024	
	Temporary Difference	Tax	Temporary Difference	Tax
Deferred tax liabilities				
Revaluation reserve	5,166,082	1,549,825	5,166,082	1,549,825
Investment property - Building	3,143,228,146	942,968,444	3,063,192,786	918,957,836
Investment property - Freehold Land	5,250,000	1,575,000	9,000,000	2,700,000
Fair value changes recognised through other comprehensive income	23,996,618	7,198,985	29,488,219	8,846,466
	3,177,640,846	953,292,254	3,106,847,087	932,054,127
Deferred tax assets				
Property, plant and equipment	3,404,763	1,021,429	3,091,292	927,388
Defined benefit obligations	17,998,851	5,399,655	16,252,786	4,875,836
Net unrealized Foreign Exchange Loss	2,236,089	670,827	7,289,923	2,186,977
	23,639,703	7,091,911	26,634,001	7,990,201
	3,154,001,142	**946,200,343**	**3,080,213,086**	**924,063,926**

Movement in deferred tax balances during the year

	Balance 1 January 2024	Recognized in P/L	Recognized in OCI	Balance as at 31 December 2024	Recognized in P/L	Recognized directly in OCI	Deferred Tax on disposal	Balance as at 31 December 2025
Property plant and equipment	(727,106)	(200,282)	-	(927,388)	(94,041)	-	-	(1,021,429)
Revaluations - Property, plant and equipments	1,549,825	-	-	1,549,825	-	-	-	1,549,825
Investment property - Building	896,204,013	22,753,823	-	918,957,836	24,010,608	-	-	942,968,444
Investment property - Freehold Land	682,500	2,017,500	-	2,700,000	675,000	-	(1,800,000)	1,575,000
Fair value changes recognized through other comprehensive income	1,181,903	-	7,664,563	8,846,466	-	(1,647,481)	-	7,198,985
Defined benefit obligations	-	(4,867,993)	(7,843)	(4,875,836)	(523,819)	-	-	(5,399,655)
Net unrealized Foreign Exchange Loss	-	(2,186,977)	-	(2,186,977)	1,516,150	-	-	(670,827)
	898,891,135	**17,516,071**	**7,656,720**	**924,063,926**	**25,583,898**	**(1,647,481)**	**(1,800,000)**	**946,200,343**

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NOTE 24 TRADE AND OTHER PAYABLES

	Note	2025	2024
Trade payables		13,155,368	4,684,771
Accrued expenses		16,338,800	17,529,046
Rent in advance and security deposits		26,388,307	13,599,266
Payables to related companies	26	40,480,000	40,300,000
Provision for Corporate Guarantee		-	13,063,100
Dividend payable		34,573,664	29,097,268
Other payables		6,575,753	7,247,718
		137,511,892	**125,521,169**

NOTE 25 INCOME TAX PAYABLE

	2025	2024
As at the beginning of the year	33,606,967	31,590,285
Income tax for the year	66,418,037	75,681,309
Over provision for previous year	(23,984)	(1,128,827)
Income tax paid	(34,403,621)	(39,712,852)
Withholding tax receivable	(38,853,725)	(32,822,948)
As at the end of the year	**26,743,674**	**33,606,967**

NOTE 26 RELATED PARTY TRANSACTIONS

26.1 Transactions with the key management personnel

According to LKAS 24 - Related Party Disclosure, Key Management Personnel are those having authority for planning, directing and controlling the activities of the entity. Accordingly, Seylan Developments PLC considers its Board of Directors, and close family members have been classified as Key Management Personnel of the Company.

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Key management personnel have transacted with the Company during the period as follows:

Key Management Personnel compensation for the period comprised:

	2025	2024
Short term employee benefits	10,330,067	10,972,300

26.2 Other related party transactions

The Company has the following financial transactions during the year 2025 with its related parties and unless otherwise stated, transactions were carried out in the ordinary course of business at commercial rates.

The party given below are considered related party mainly due to significant influence arising as a result of common directorships and through shareholdings.

26.2.1 Parent and the ultimate controlling party - Seylan Bank PLC

The Company is a subsidiary of Seylan Bank PLC, which owns 74.69% of controlling interest of the Company.

The aggregate value of recurrnet transactions and outstanding balances of the Related Parties are as follows.

Parties accommodated	Director / Key Management Personnel (Relationship)	Nature of Transaction	Transaction for the year ended 31 December 2025			Balance outstanding as at 31 December 2025
			Transaction value	Aggregate value of Related Party Transactions as a % of Net Revenue	Terms and conditions of Related Party Transaction	
Seylan Bank PLC	Parent Company and Directors					
	* Mr.Ramesh Jayasekara	* Charges (OD interest/ Bank Charges)	442,823	0.12%	-	-
	(Director / Chief Executive Officer)	* Interest income (Savings, Repo)	1,531,579	0.40%	Pay on maturity/ annually / bi-annually / monthly	-
	* Mr. Ranil Dissanayake	* Demand deposits and savings accounts	20,617,419	5.42%	Pay on demand	20,617,419
	(Chief Operating Officer)	* Administrative services				
		Rent	315,870,424	83.06%	Rent agreement	-
		Expense reimbursement	112,131,344	29.49%	Pay on demand	10,317,187
		* Overdraft facility - (Rs: 70 mn)		0.00%	Pay on demand	-

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The aggregate value of non- recurrnet transactions and outstanding balances of the Related Parties are as follows.

Parties accommodated	Director / Key Management Personnel (Relationship)	Nature of Transaction	Transaction for the year ended 31 December 2025				Balance outstanding as at 31 December 2025
			Transaction value	Aggregate value of Related Party Transactions as a % of Equity	Aggregate value of Related Party Transactions as a % of Total Assets	Terms and conditions of Related Party Transaction	
Seylan Bank PLC	Parent Company and Directors						
	* Mr.Ramesh Jayasekara (Director / Chief Executive Officer) * Mr. Ranil Dissanayake (Chief Operating Officer)	* Security deposit	180,000	0.00%	0.00%	Rent Agreement	40,480,000
		* Investments Fixed Deposits	103,143,351	1.82%	1.52%	Pay on maturity/ demand	182,660,409
		* Interest income Fixed Deposits	6,008,331	0.11%		Annually / Bi-annually / Pay on maturity	7,408,522
		* Dividends (Gross)	114,765,323	2.02%	1.69%	Paid as per Shareholders' approval	-

26.2.2 Seylan Development Employees' Gratuity Trust Fund

Following Directors/ Key Employees of the Company are also Trustees of the Seylan Developments Employees' Gratuity Trust Fund.

- Mr. Ramesh Jayasekara
- Mr. Tilan Wijeyesekera
- Mr. Najill Farouk
- Ms. Gillian Edwards

The above trust fund has invested in Fixed Deposit at Seylan Bank PLC amounting Rs. 3,376,824.79 as at 31st December 2025. (2024: 3,376,824.79).

26.2.3 SD Towers Management Corporation bearing Condominium Plan No. 59/2004

Following Directors / Key Employees of the Company are also members of the SD Towers Management Corporation bearing Condominium Plan No. 59/2004.

- Mr. Tilan Wijeyesekera
- Ms. Gillian Edwards

The aggregate value of recurrnet transactions and outstanding balances of the Related Parties are as follows.

Parties accommodated	Director / Key Management Personnel (Relationship)	Transaction	Transaction for the year ended 31 December 2025			Balance outstanding as at 31 December 2025
			Transaction value	Aggregate value of Related Party Transactions as a % of Net Revenue	Terms and conditions of Related Party Transaction	
SD Towers Management Corporation bearing Condominium Plan No. 59/2004	Members of SD Towers Management Corporation - Mr. Tilan Wijeyesekera - Ms. Gillian Edwards	Management Fee	-	0.00%	Memorandum of Understnding	-

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The aggregate value of non- recurrnet transactions and outstanding balances of the Related Parties are as follows.

Parties accommodated	Director / Key Management Personnel (Relationship)	Transaction	Transaction for the year ended 31 December 2025				Balance outstanding as at 31 December 2025
			Transaction value	Aggregate value of Related Party Transactions as a % of Equity	Aggregate value of Related Party Transactions as a % of Total Assets	Terms and conditions of Related Party Transaction	
SD Towers Management Corporation bearing Condominium Plan No. 59/2004	Members of SD Towers Management Corporation - Mr. Tilan Wijeyesekera - Ms. Gillian Edwards	Contribution to Sinking Fund	-	0.00%	0.00%	Memorandum of Understnding	1,000,022

NOTE 27 CONTINGENT LIABILITIES

There are no Contingent Liabilities as at the reporting date that require adjustments disclosure in the financial statements.

NOTE 28 EVENTS AFTER THE REPORTING DATE

Proposed Final Dividend

The Board of Directors of the company recommended that a final dividend of Rs: 1.20 per share, be paid by way of cash dividend for the financial year ended 31st December 2025 (Rs: 1.10 per share paid for the year ended 31st December 2024), subject to approval by the shareholders at the Annual General Meeting.

No circumstances have arisen since the Reporting date which would require adjustments to or disclosure in the Financial Statements other than above.

NOTE 29 COMPARATIVE INFORMATION

The comparative information is reclassified whenever necessary to conform with the current year's presentation in order to provide a better presentation.

NOTE 30 LEASES

30.1 Leases as lessee

As disclosed in Note 15 A to the financial statements, the Company has constructed the "Seylan Tower" on the lease hold land obtained on a 99 year lease term from the Urban Development Authority. This lease is to be expired in 2087. Considering the less significance in the value of the future lease payables, the Company has not recognized the lease liability on this lease contract in the financial statements.

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The total undiscounted lease rentals payable on this contract is as follows;

Future minimum lease payments	2025	2024
Less than one year	150	150
One to two years	150	150
Two to three years	150	150
Three to four years	150	150
Four to five years	150	150
More than five years	8,550	8,700
	9,300	**9,450**

30.2 Leases as lessor

The Company has rented out its buildings "Seylan Tower" constructed on this land and classifed the same as investment property. The following table sets out a maturity analysis of the lease payments, showing the undiscounted lease payments to be received after the reporting date.

Future minimum lease payments	2025	2024
Less than one year	378,864,425	343,618,947
One to two years	5,293,694	332,560,510
Two to three years	4,748,007	-
Three to four years	2,935,687	-
Four to five years	1,941,287	-
	393,783,100	**676,179,457**

The future minimum lease payments are presented above based on lease /tenancy agreements which Company has presently entered into with it's respective tenants. Maximum period is five years.

During the year ended 31 December 2025 Rs.380,280,644/- was recognized as rental income in profit or loss (2024: Rs 397,130,557/-). Repairs and maintenance expenses recorded under premises, equipment, and establishment expenses for the year ended 31st December 2025 is Rs: 44,580,978/-. (2024: Rs. 29,238,883/-).

Direct operating expenses (including repairs and maintenance) arising from investment property that generate rental income during the period is Rs: 123,931,851/- (2024 - Rs:110,545,208/-).

Direct operating expenses (including repairs and maintenance) arising from investment property that did not generate rental income during the period is Rs::nil (2024 - Rs: nil/-).

NOTE 31 COMMITMENTS

Capital expenditure approved by the Board of Directors for which provisions has not been made in these financial statements are as follow;

	2025	2024
Approved and contracted for	24,322,115	4,706,603
Approved but not contracted for	1,870,978	-

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NOTE 32

FINANCIAL RISK MANAGEMENT

Overview

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

* Credit risk
* Market risk
* Liquidity risk
* Operational risk

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

Risk management framework

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

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company, 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 Company Audit Committee 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 Company. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment in debt securities.

The carrying amount of financial assets represents the maximum credit exposure.

Impairment losses on financial assets recognised as at reporting date were as follows

	Note	2025	2024
Impairment loss on trade receivables and other financial assets	19	7,892,800	10,692,800
Impairment loss on investments at amortised cost	16.2.1	497,848	497,848
		8,390,648	**11,190,648**

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Trade receivables and other financial assets

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Approximately 81 percent (2024: 78 percent) of the Company's revenue is attributable to sales transactions with a single customer which is the parent company, Seylan Bank PLC.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables and other financial assets, where appropriate.

Investments

The Company limits its exposure to credit risk by investing only in liquid securities. Management actively monitors credit ratings and given that the Company only has invested in securities with high credit ratings.

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;

		Carrying amount	
	Note	2025	2024
Equity Securities & Corporate Debt Securities at FVOCI	16.1	-	-
Government debt securities - at FVOCI	16.1	371,373,587	367,409,059
Investments at amortised cost	16.1, 16.2	277,555,843	159,207,384
Financial Assets at amortised cost	19	36,303,188	37,690,964
Cash and cash equivalents	20	38,576,045	29,358,165
		723,808,663	**593,665,572**

The maximum exposure to credit risk for trade receivables at the reporting date by type of counterparty was:

	Carrying amount	
	2025	2024
Corporate Customers	485,425	-
	485,425	**-**

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Impairment losses

The aging of trade receivables and other financial assets at the reporting date was:

	2025		2024	
	Gross	**Impairment**	**Gross**	**Impairment**
Not past Due	16,159,482	-	16,315,851	-
Past due 0-90 days	12,250,906	-	10,682,313	-
Past due 91-365 days	-	-	-	-
More than one year	7,892,800	7,892,800	10,692,800	10,692,800
	36,303,188	**7,892,800**	**37,690,964**	**10,692,800**

The movement in the allowance for impairment in respect of trade receivable and other financial assets and cash and cash equivalents during the year was as follows:

	2025	**2024**
Balance as at 1 January	10,692,800	11,492,800
Impairment written off	(2,800,000)	(800,000)
Balance as at 31 December	**7,892,800**	**10,692,800**

The impairment loss as at 31 December 2025 relates to several customers that have indicated that they are not expecting to be able to pay their outstanding balances, mainly due to economic circumstances. The Company believes that the unimpaired amounts that are past due by more than 90 days are still collectible, based on their historic payment behaviour.

Based on historic default rates, the Company believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables not past due or past due by up to 90 days, relates to customers that have a good payment record with the Company.

The Company held cash and cash equivalents of Rs 38,576,045/- as at 31st December 2025 (2024 : Rs.29,358,165/-). The cash and cash equivalents and investments in amortised cost are held at a bank, which is rated "A+(lka)" based of fitch ratings Sri Lanka.

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The movement in the allowance for impairment in respect of investments at amortised cost during the year was as follows:

	2025	2024
Balance as at 1 January	497,848	497,848
Impairment loss recognised	-	-
Impairment reversed / written off	-	-
Balance as at 31 December	**497,848**	**497,848**

The allowance accounts in respect of financial assets at amortised costs, are used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company'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 optimizing the return.

Interest rate risk

Exposure to the interest rate risk

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments were as follows;

	Carrying amount	
	2025	2024
Fixed rate instruments		
Financial assets	205,576,277	120,007,467
Financial liabilities	17,989,026	15,135,915
	187,587,251	**104,871,552**
Variable rate instruments		
Financial assets	38,388,146	18,948,450
	38,388,146	**18,948,450**

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and therefore a change in interest rates at the reporting date would not affect profit or loss.

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Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates as at the reporting date would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31st December 2025				
Variable rate instruments	383,881	(383,881)	383,881	(383,881)
	383,881	**(383,881)**	**383,881**	**(383,881)**
31st December 2024				
Variable rate instruments	189,485	(189,485)	189,485	(189,485)
	189,485	**(189,485)**	**189,485**	**(189,485)**

Foreign Currency Risk

Exposure to the foreign currency risk

The summarised quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows;

31st December	2025 USD	2024 USD
Other investment	298,819	262,687
Cash and cash equivalents	423	-
Net exposure	**299,242**	**262,687**

The following significant exchange rates were applicable during the year for the Company.

USD	Average rate		Reporting date spot rate	
	2025	2024	2025	2024
United State Dollars	300.96	302.06	310.06	292.67

A reasonably possible strengthening / weakening of the Sri Lankan Rupees against US dollar at 31 December 2025 would have affected the measurement of financial instruments denominated in a US dollars and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

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	Profit or loss		Equity	
	Strengthening	Weakening	Strengthening	Weakening
31st December 2025				
USD (10% Movement)	(9,278,300)	9,278,300	(9,278,300)	9,278,300
31st December 2024				
USD (10% Movement)	(7,688,066)	7,688,066	(7,688,066)	7,688,066

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always 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 Company's reputation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

31 December 2025	Contractual cash flows						
Non - derivative financial liabilities	Carrying amount	Total	2 months or less	2 - 12 months	1 -2 years	2 - 5 years	More than 5 years
Trade payables	13,155,368	13,155,368	13,155,368	-	-	-	-
Payables to related companies	40,480,000	40,480,000	-	40,480,000	-	-	-
Dividend payables	34,573,664	34,573,664	34,573,664	-	-	-	-
Other payables	6,575,753	6,575,753	6,575,753	-	-	-	-
Bank overdraft	17,989,026	17,989,026	17,989,026	-	-	-	-
	112,773,811	**112,773,811**	**72,293,811**	**40,480,000**	**-**	**-**	**-**

31 December 2024	Contractual cash flows						
Non - derivative financial liabilities	Carrying amount	Total	2 months or less	2 - 12 months	1 -2 years	2 - 5 years	More than 5 years
Trade payables	4,684,771	4,684,771	4,684,771	-	-	-	-
Payables to related companies	40,300,000	40,300,000	-	300,000	40,000,000	-	-
Dividend payables	29,097,268	29,097,268	29,097,268	-	-	-	-
Other payables	7,247,718	7,247,718	7,247,718	-	-	-	-
Bank overdraft	15,135,915	15,135,915	15,135,915	-	-	-	-
	96,465,672	**96,465,672**	**56,165,672**	**300,000**	**40,000,000**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS

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Amounts in Sri Lankan Rupees

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Development of contingency plans.
- Training and professional development.
- Risk mitigation, including insurance when this is effective.

Compliance with Company standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Company.

Capital management

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

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

	2025	2024
Total liabilities	1,128,444,935	1,098,327,977
Less: cash and cash equivalents	38,576,045	29,358,165
Net debt	1,089,868,890	1,068,969,812
Total equity	5,671,380,732	5,520,763,243
Debt to adjusted capital ratio at 31 December	0.19	0.19

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

		31st December 2025		31st December 2024	
	Notes	Carrying amount	Fair value	Carrying amount	Fair value
Assets measured at fair value					
Government debt securities - at FVOCI	16.1.2	371,373,587	371,373,587	367,409,059	367,409,059
		371,373,587	**371,373,587**	**367,409,059**	**367,409,059**
Assets not measured at fair value					
Financial assets at amortised cost					
Investments	16.1.3 & 16.2.1	277,555,843	277,555,843	159,207,384	159,207,384
Trade and other receivables	19	36,303,188	36,303,188	37,690,964	37,690,964
Cash and cash equivalents	20	38,576,045	38,576,045	29,358,165	29,358,165
		352,435,076	**352,435,076**	**226,256,513**	**226,256,513**
Liabilities not measured at fair value					
Trade and other payables	24	94,784,785	94,784,785	81,329,757	81,329,757
Bank overdraft	20	17,989,026	17,989,026	15,135,915	15,135,915
		112,773,811	**112,773,811**	**96,465,672**	**96,465,672**

Given below is the basis adopted by the Company in order to establish the fair values of the financial instruments which are shown above.

Investments at FVOCI

This includes investment made in unquoted shares and treasury bonds amounting Rs: 44,040,969/- and Rs: 371,373,587/- respectively. Unquoted shares were fully impaired. Fair value of Rs. 371,373,587/-has been determined for treasury bonds using a model that uses the discounted future cash flows using interest rates prevailing as at the reporting date for similar instruments.

Financial Assets at amortised cost

Investments at amortised costs 2025 includes investment in treasury bills amounting to Rs: 94,895,434/- and investments in fixed deposits amounting Rs: 183,158,257/- . Fair value of these instruments approximates its carrying amount due to the short term nature of maturity and discounting impact would be immaterial.

Trade and other receivables

Trade and Other Receivables are expected to be settled within one year from the reporting date and hence the discounting impact would be immaterial. Therefore carrying amount approximates the Fair Value as at the reporting date.

Cash and cash equivalents

The carrying amounts of cash and cash equivalents, balances with banks and placements with banks approximate their fair value as those are short-term in nature. These balances have a contractual remaining maturity of less than three months from the reporting date.

Trade and other payables

The carrying amount of trade and other payables includes payable to creditors of the Company in normal course of business transactions. Carrying amount is their approximate fair value as those are short-term in nature. These balances have contractual remaining payment terms of less than one year from the reporting date.

Fair value hierarchy

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at the end of the reporting date, including their levels in the fair value hierarchy

2025	Note	Level 1	level 2	Level 3	Total
Financial assets measured at fair value					
Government debt securities - at FVOCI	16.1.2	371,373,587	-	-	371,373,587
		371,373,587	**-**	**-**	**371,373,587**
Financial assets measured at amortised cost					
Financial instruments at amortised cost	16.1.3, 16.2.1	-	277,555,843	-	277,555,843
Trade and other receivables	19	-	-	36,303,188	36,303,188
Cash and cash equivalents	20	-	38,576,045	-	38,576,045
		-	**316,131,888**	**36,303,188**	**352,435,076**
Financial liabilities measured at amortised cost					
Trade and other payables	24	-	-	94,784,785	94,784,785
Bank overdraft	20	-	17,989,026	-	17,989,026
		-	**17,989,026**	**94,784,785**	**112,773,811**
2024					
Financial assets measured at fair value					
Government debt securities - at FVOCI	16.1.2	367,409,059	-	-	367,409,059
		367,409,059	**-**	**-**	**367,409,059**
Financial assets measured at amortised cost					
Financial instruments at amortised cost	16.1.3, 16.2.1	-	159,207,384	-	159,207,384
Trade and other receivables	19	-	-	37,690,964	37,690,964
Cash and cash equivalents	20	-	29,358,165	-	29,358,165
		-	**188,565,549**	**37,690,964**	**226,256,513**
Financial liabilities measured at amortised cost					
Trade and other payables	24	-	-	81,329,757	81,329,757
Bank overdraft	20		15,135,915	-	15,135,915
		-	**15,135,915**	**81,329,757**	**96,465,672**

For financial assets and liabilities, there were no transfers between Level 1, Level 2, Level 3 during 2025 and 2024.


SUPPLEMENTARY
INFORMATION

VALUE ADDED STATEMENT

Value added		2025 Rs		2024 Rs
Value Service Provided by SDP				
Income earned by SDP for Providing Services	391,657,363		407,916,770	
Cost of services	(92,975,639)	**298,681,724**	(88,410,681)	**319,506,089**
Non- Operating Income				
Fair Valu Adjustment	67,463,541		112,682,080	
Finance Income & Other Income	101,227,070	168,690,611	72,858,949	185,541,029
		467,372,335		**505,047,118**

Value allocated		2025 Rs		2024 Rs
To employees				
Salaries, wages and other benefits		52,996,891		50,986,889
To Borrower				
Interest		78,789		583,204
To government				
Income tax & Deferred tax	96,365,451		92,068,553	
Stamp duty	11,925		18,075	
SSCL	9,482,859	105,860,235	9,362,884	101,449,512
To expansion and growth				
Surplus/(Deficit)	307,167,590		350,809,763	
Depreciation and Amortisation	1,268,490	308,436,420	1,217,750	352,027,513
		467,372,335		**505,047,118**

SHAREHOLDERS' AND DIRECTORS' HOLDING INFORMATION

SHARE INFORMATION

Range of Share Holding	No of Share Holders	Total Number of Shares	% As At	
			31.12.2025	31.12.2024
1 - 1,000	4,135	982,607	0.70%	0.60%
1,001 - 10,000	1,903	5,644,835	4.04%	3.16%
10,001 - 100,000	341	9,558,503	6.85%	5.19%
100,001 - 1,000,000	39	9,597,400	6.87%	5.65%
Over 1,000,000	6	113,904,953	81.54%	85.40%
TOTAL	**6,424**	**139,688,298**	**100.00%**	**100.00%**

No of Share Holders as at 31st December 2024		6,424
No of shareholders representing the public holding		6,423
Public Share Holding		25.31%
Market Capitalization	Rs:	4,204,617,770
Float adjusted market capitalization	Rs:	1,064,188,758

The Company complies with option 5 of the Listing Rules 7.13.1 (a) - less than Rs: 2.5 Bn Float adjusted market capitalization which requires 20% minimum Public Holdings.

TWENTY MAJOR SHAREHOLDERS

		31.12.2025		2024 Comparative Holdings of the Top 20 Holders in 2025	
		NO OF SHARES	%	NO OF SHARES	%
1	Seylan Bank PLC	104,332,112	74.69	104,332,112	74.69
2	Mr. A. J. Thissera	4,298,650	3.08	4,123,250	2.95
3	Commercial Bank of Ceylon PLC / W. Jinadasa	1,821,291	1.30		
4	Mrs. M. M. Udeshi (DESC)	1,287,900	0.92	1,287,900	0.92
5	Invenco Capital Private Limited	1,100,000	0.79		
6	J. B. Cocoshell (Pvt) Ltd	1,065,000	0.76		
7	Hatton National Bank PLC / Weththinge Jinadasa	940,721	0.67		
8	Sampath Bank PLC / Mr. Abishek Sithampalam	767,756	0.55		
9	Asian Guild Financial Services (Pvt) Ltd	609,121	0.44	609,121	0.44
10	Bank of Ceylon A/C Ceybank Century Growth Fund	606,325	0.43	192,953	0.14
11	Zagra Investment Consultants (Pvt) Ltd	594,200	0.43	594,200	0.43
12	Mr. B. C. Tay	505,948	0.36	505,948	0.36
13	Mrs. P. M. Tissera	431,500	0.31	314,000	0.22
14	Mr. S. S. C. Fernando	328,147	0.23		
15	Mr. A. Van Oosterbrugge	321,400	0.23	321,400	0.23
16	People's Leasing & Finance PLC / Mr. R R S Ananda	222,277	0.16		
17	Mrs. M. Y. Amerasinghe	215,000	0.15	215,000	0.15
18	The Finance Company PLC A/C No 1	204,000	0.15	204,000	0.15
19	Mr. K D A G Kulatunga	200,000	0.14		
20	Mr. H G D R D K Jayawardana	190,332	0.14		
	Total Shares held by the Top 20 Holders	120,041,680	85.93		
	Balance Shares held by other Shareholders	19,646,618			
	Total Shares	**139,688,298**		**139,688,298**	
	Total Shareholders	6,424		5,499	

DIRECTORS' SHAREHOLDINGS

Name of The Director	No. of Shares 31.12.2025	No. of Shares 31.12.2024
Mr. Ramesh Jayasekara	-	-
Ms. Gillian Edwards	-	-
Mr. Najill Farouk	-	-
Mr. Tilan Wijeyesekera	-	-
Mr. Ranil Dissanayake	-	N/A
Mr. Piyal Hennayake	N/A	-
Ms. Champika Dodanwela	N/A	-

DECADE AT A GLANCE

Statement of Profit and Loss and Other Comprehensive Income	2025	2024	2023	2022
Total Income	416,651,389	404,795,558	393,801,335	391,369,019
Rent Income	380,280,644	397,130,557	387,108,865	386,643,233
Other Income	36,370,745	7,665,001	6,692,470	4,725,786
	416,651,389	404,795,558	393,801,335	391,369,019
Operating Expenses	(147,253,285)	(133,855,270)	(124,528,552)	(99,575,933)
Changess In Fair Values of Investment Properties	67,463,541	112,682,080	76,538,615	162,396,632
Operating Profit	**336,861,645**	**383,622,368**	**345,811,397**	**454,189,718**
Net Finance Income	66,671,396	59,255,948	99,456,666	73,382,978
Profit Before Tax	**403,533,041**	**442,878,316**	**445,268,063**	**527,572,696**
Tax	(96,365,451)	(92,068,553)	(91,455,101)	(288,617,406)
Profit After Tax	**307,167,590**	**350,809,763**	**353,812,962**	**238,955,290**
Other Comprehensive Income, Net of Tax	(2,892,973)	19,171,748	4,583,385	(16,697,705)
Total Comprehensive Income	**304,274,617**	**369,981,511**	**358,396,347**	**222,257,585**

Statement of Financial Position	2025	2024	2023	2022
Property , Plant and Equipments	9,002,608	2,423,955	3,492,985	4,442,159
Intangible Assets	1,699,428			
Investment Property	6,040,280,982	5,997,825,809	5,865,200,000	5,778,852,256
Other Non Current Assets	448,562,255	436,524,800	241,911,335	28,001,336
Current Asset	300,280,394	182,316,656	439,335,918	551,942,622
Total Assets	**6,799,825,667**	**6,619,091,220**	**6,549,940,238**	**6,363,238,373**
Current Liabilities	182,244,592	174,264,051	181,474,271	196,395,063
Non Current Liabilities	946,200,343	924,063,926	898,891,135	878,106,993
Total Liabilities	**1,128,444,935**	**1,098,327,977**	**1,080,365,406**	**1,074,502,056**
Net Assets	**5,671,380,732**	**5,520,763,243**	**5,469,574,832**	**5,288,736,317**
Capital & Reserves				
Stated Capital	1,644,391,650	1,644,391,650	1,644,391,650	1,644,391,650
Reserves	501,866,575	505,710,695	487,826,715	477,555,778
Retained Earning	3,525,122,507	3,370,660,898	3,337,356,467	3,166,788,889
Shareholders' Fund	**5,671,380,732**	**5,520,763,243**	**5,469,574,832**	**5,288,736,317**
Weighted average number of shares	139,688,298	141,655,677	147,964,860	147,964,860
Earning/(Loss) per share	2.20	2.48	2.39	1.61
Net assets per share	40.60	39.52	36.97	35.74
Dividends proposed per share	1.20	1.10	1.00	1.20
Market Value per share (year end)	30.10	25.00	14.40	11.80
Staff members	18	17	18	20

2021	2020	2019	2018	2017	2016
362,047,081	375,271,293	295,830,807	291,487,386	264,340,560	212,303,331
342,129,247	326,200,845	288,045,355	279,792,491	211,617,984	193,070,430
19,917,834	49,070,448	7,785,452	11,694,895	52,722,576	19,232,901
362,047,081	**375,271,293**	**295,830,807**	**291,487,386**	**264,340,560**	**212,303,331**
(82,400,299)	(86,567,288)	(95,680,533)	(81,289,521)	(85,990,474)	(111,589,688)
13,864,606	15,502,182	27,918,623	73,632,834	5,362,377	262,465,500
293,511,388	**304,206,187**	**228,068,897**	**283,830,699**	**183,712,463**	**363,179,143**
32,252,966	29,617,905	27,732,486	42,052,385	82,088,132	30,726,054
325,764,354	**333,824,092**	**255,801,383**	**325,883,084**	**265,800,595**	**393,905,197**
25,051,977	(73,609,252)	(62,788,737)	(70,846,904)	(24,538,989)	(19,323,798)
350,816,331	**260,214,840**	**193,012,646**	**255,036,180**	**241,261,606**	**374,581,399**
(1,548,946)	10,774,228	12,541,240	(10,976,658)	9,214,832	(617,776)
349,267,385	**270,989,068**	**205,553,886**	**244,059,522**	**250,476,438**	**373,963,623**

2021	2020	2019	2018	2017	2016
5,355,480	2,657,815	3,455,845	3,263,208	4,138,501	4,623,890
5,550,655,550	5,488,880,208	5,415,962,235	5,312,209,457	4,282,356,400	4,240,957,000
200,042,912	203,567,667	191,779,507	143,885,399	-	56,645,890
311,946,297	222,700,886	163,821,550	187,282,426	1,195,444,223	1,024,652,687
6,068,000,239	**5,917,806,576**	**5,775,019,137**	**5,646,640,490**	**5,481,939,124**	**5,326,879,467**
134,859,612	131,617,869	171,847,065	165,726,577	184,701,894	159,515,111
659,511,091	684,268,724	609,479,811	546,365,360	475,668,472	485,298,391
794,370,703	**815,886,593**	**781,326,876**	**712,091,937**	**660,370,366**	**644,813,502**
5,273,629,536	**5,101,919,983**	**4,993,692,261**	**4,934,548,553**	**4,821,568,758**	**4,682,065,965**
1,644,391,650	1,644,391,650	1,644,391,650	1,644,391,650	1,644,391,650	1,644,391,650
495,833,411	496,714,192	486,097,247	469,070,367	523,384,404	513,299,569
3,133,404,475	2,960,814,141	2,863,203,364	2,821,086,536	2,653,792,704	2,524,374,746
5,273,629,536	**5,101,919,983**	**4,993,692,261**	**4,934,548,553**	**4,821,568,758**	**4,682,065,965**
147,964,860	147,964,860	147,964,860	147,964,860	147,964,860	147,964,860
2.37	1.76	1.30	1.72	1.63	2.53
35.64	34.48	33.75	33.35	32.59	31.64
1.40	1.20	1.10	1.00	0.90	0.75
18.00	14.40	11.50	11.00	13.60	14.40
19	20	21	22	26	29

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NOTICE OF MEETING

SEYLAN DEVELOPMENTS PLC – PQ 151

NOTICE IS HEREBY GIVEN THAT THE THIRTY FORTH ANNUAL GENERAL MEETING OF SEYLAN DEVELOPMENTS PLC WILL BE HELD ON 31ST MARCH 2026 AT 2.00 P.M. AT THE ORCHID HALL, BLOCK NO. 02, BANDARANAIKE MEMORIAL INTERNATIONAL CONFERENCE HALL (BMICH) BAUDDHALOKA MAWATHA, COLOMBO 07 FOR THE FOLLOWING PURPOSES:-

AGENDA

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company.
2. To receive and consider the Statement of Audited Accounts for the year ended 31st December 2025 with the Report of the Auditors thereon.
3. To approve the recommended dividend of Rs 1.20 per share as the First & Final dividend for the financial year 2025.
4. To re –elect Mr. A. A. R. Dissanayake as a Director of the Company in terms of Article 26 (2) of the Company's Articles of Association
5. To re-elect Mrs. G. A. M. Edwards, who retires by rotation in terms of Article 26 (6) of the Company's Articles of Association, as a Director of the Company
6. To re-elect Mr. M. N. I. Farouk, who retires by rotation in terms of Article 26 (6) of the Company's Articles of Association, as a Director of the Company
7. To re-appoint the retiring auditors, M/s KPMG, Chartered Accountants until the conclusion of the next Annual General Meeting and to authorize the Directors to determine their remuneration.
8. To authorize the Directors to determine contributions to charities and other donations for the year 2026/2027.

Colombo Stock Exchange: (https://www.cse.lk/ home/market)

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BY ORDER OF THE BOARD OF DIRECTORS OF
SEYLAN DEVELOPMENTS PLC
S S P CORPORATE SERVICES (PRIVATE) LIMITED

SECRETARIES

6th March 2026

FORM OF PROXY

I/We,.....(NIC No.....)

of.....being a

member/members of Seylan Developments PLC hereby appoint Mr/Mrs/Ms.....

.....(NIC No.....)

of..... failing him / her,

Mr. R. J. Jayasekara of Colombo 04	failing him
Mrs. G. A. M. Edwards of Dehiwala	failing her
Mr. M. N. I. Farouk of Colombo 05	failing him
Mr. T. S. Wijeyesekera of Colombo 07	failing him
Mr. A. A. R. Dissanayake of Boralesgamuwa	

as my /our Proxy to represent me/us and vote and speak for me/us on my/our behalf at the Thirty Forth Annual General Meeting of the Company to be held at 2.00 p.m on the 31st March 2026 at the The Orchid Hall Block No. 02, Bandaranaike Memorial International Conference Hall (BMICH) Bauddhaloka Mawatha, Colombo 07 and at any adjournment thereof and to vote at every poll which may be taken in consequence thereof.

Please indicate your preference by placing a "X" against the Resolution Number.

		FOR	AGAINST
1.	To receive and consider the Annual Report of the Board of Directors on the affairs of the Company.	○	○
2.	To receive and consider the Statement of Audited Accounts for the year ended 31st December 2025 with the Report of the Auditors thereon.	○	○
3.	To approve the recommended dividend of Rs1.20 per share as the First & Final dividend for the financial year 2025	○	○
4.	To re –elect Mr. A. A. R. Dissanayake as a Director of the Company in terms of Article 26 (2) of the Company's Articles of Association	○	○
5.	To re-elect Mrs. G. A. M. Edwards, who retires by rotation in terms of Article 26 (6) of the Company's Articles of Association, as a Director of the Company.	○	○
6.	To re-elect Mr. M. N. I. Farouk, who retires by rotation in terms of Article 26 (6) of the Company's Articles of Association, as a Director of the Company.	○	○
7.	To re-appoint the retiring auditors, M/s KPMG, Chartered Accountants until the conclusion of the next Annual General Meeting and to authorize the Directors to determine their remuneration.	○	○
8.	To authorize the Directors to determine contributions to charities and other donations for the year 2026/2027.	○	○

As witness my/our hand/s this ……..……..day of ……..2026

NIC Number / Reg. No

(Signatures)

Please provide the following details:

Name of the Shareholder	:……..……
Email Address of the Shareholder	:……..……
CDS A/C No/ NIC No/Company Reg No	:……..……
Folio No/ No of Shares held	:……..……
Name of the Proxy holder	:……..……
Email Address of the Proxy holder	:……..……
Proxy holder's ID No (if not a Director)	:……..……

INSTRUCTIONS FOR COMPLETION OF THE FORM OF PROXY

1. Please complete the Form of Proxy after filling in legibly your full name, NIC number, email address and address and by signing in the space provided.

2. To be valid, this duly perfected Form of Proxy should reach the Registered Office of the Company, Seylan Developments PLC, Level 15, Seylan Towers, No: 90, Galle Road, Colombo 03, (by way of scanning and emailing to seylandplc@sltnet.lk or by post to No.90, Seylan Towers, Colombo 03), not less than 48 hours before the time appointed for holding the meeting.

3. Please indicate clearly how your Proxy is to vote on the Resolutions. If no indication is given, the Proxy in his/her discretion may vote as he/she thinks fit.

4. If the shareholder is a Company or body corporate, a form of Corporate Representation executed under its Common Seal in Accordance with its Articles of Association or Constitution should be submitted.

5. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company, the original POA together with a photocopy of same or a copy certified by a Notary Public must be lodged with the Company along with the Form of Proxy.

6. Any Shareholder/ Proxy attending Annual General Meeting is kindly requested to bring with him/her the National Identity Card or any other form of valid identification and produce same at the time of registration.

CORPORATE INFORMATION

NAME OF THE COMPANY
Seylan Developments PLC

REGISTERED OFFICE
Level 15,
Seylan Towers,
No: 90, Galle Road,
Colombo 3.

BUSINESS ADDRESS
Level 15,
Seylan Towers,
No: 90, Galle Road,
Colombo 3.
Phone: 011-2452697
Fax: 011-2423249
E-mail: seylandplc@sltnet.lk
Web: www.seylandevelopments.com

BOARD OF DIRECTORS
Mr. Ramesh Jayasekara
Non-Executive Director

Ms. Gillian Edwards
Independent Non-Executive Director

Mr. Najill Farouk
Independent Non-Executive Director

Mr. Tilan Wijeyesekera
Independent Non-Executive Director

Mr. Ranil Dissanayake
(Appointed on 26.11.2025)
Non-Executive Director

Mr. Piyal Hennayake
(Resigned with effect from 10.01.2025)
Independent Non-Executive Director

Ms. Champika Dodanwela
(Resigned with effect from 09.12.2025)
Non-Executive Director

SECRETARIES & REGISTRARS
SSP Corporate Services (Pvt) Ltd,
No. 101, Inner Flower Road,
Colombo 03.

LAWYERS
Mrs. Himalie Manathunga
Attorney-at-Law & Notary Public
Commissioner for Oaths
Seylan Bank PLC, Legal Department

EXTERNAL AUDITORS
M/s KPMG - Chartered Accountants

INTERNAL AUDITORS
M/s Ponnamperuma & Company - Chartered Accountants

TAX CONSULTANT
M/s Amarasekara & Co. - Chartered Accountants

BANKERS
Seylan Bank PLC

ACCOUNTING YEAR
1st January to 31st December

TAX IDENTIFICATION NUMBER
134003650

LEGAL STATUS
Incorporated under the Companies Act No 17 of 1982.
Date of Incorporation – 3rd September 1992.
A Public Limited Liability Company listed on the Colombo Stock Exchange.

The Company was re-registered under the Companies Act No. 7 of 2007 on 22 May 2008 and the Company Registration No. is PQ 151.

PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS
The principal activities of the Company were the developments of the property located at No.90, Galle Road, Colombo 03 and activities relating to property Management.

PARENT ENTERPRISE
The Company's parent undertaking is Seylan Bank PLC.

For any clarification on this Report, please contact;

The Head of Finance,
Seylan Developments PLC,
Level 15, Seylan Towers,
No: 90, Galle Road,
Colombo 03.
Email: nirmala@seylandevelopments.com
Tel: 011-2456596
Fax: 011-2423249

www.seylandevelopments.com