# PGP GLASS CEYLON PLC

## FINANCIAL STATEMENTS
## FOR THE YEAR ENDED
## 31 MARCH 2026

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

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

# INDEPENDENT AUDITOR'S REPORT

## TO THE SHAREHOLDERS OF PGP GLASS CEYLON PLC

### Report on the Audit of Financial Statements

### Opinion

We have audited the Financial Statements of PGP Glass Ceylon PLC ("the Company"), which comprise the statements of financial position as at 31 March 2026, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and note to the Financial Statements, including material accounting policies and other explanatory information.

In our opinion, the Financial Statements of the Company give a true and fair view of the financial position of the Company as at 31 March 2026, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards ("SLAuSs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report. We are independent of the 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 Company Financial Statements of the current period. These matters were addressed in the context of our audit of the Company 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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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
Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA

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

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**Key audit matters**

| **Revenue recognition** | |
|---|---|
| *Refer to the accounting policies in "Note 2.6.3 to the Financial Statements; Revenue from contract with customers:", and "Note 3.1. to the Financial Statements: Revenue"* | |
| **Risk Description** | **Our responses** |
| The principal activity of the Company was the manufacturing and sale of glass bottles.<br><br>The Company recognized revenue from the sale of glass bottles in the amount of Rs. 19,348,052,657 /- for the year ended 31 March 2026.<br><br>Under Auditing Standards, we are required to consider that the fraud risk from revenue recognition is a significant risk. We identified revenue recognition as a key audit matter because of its significance to the Financial Statements. We focused on whether transactions have been recorded in the period in which the Company becomes entitled to record revenue in accordance with SLFRS 15. | Our audit procedures included:<br><br>• Obtaining an understanding and assessing the design, implementation and operating effectiveness of key controls over the revenue recognition and measurement.<br>• Evaluating the integrity of the general IT control environment and testing the operating effectiveness of key IT application controls over revenue.<br>• Comparing revenue transactions recorded during the current year, on a sample basis, with invoices with customer acknowledgement and credit notes, to assess whether the related revenue was recognized in accordance with the Company's revenue recognition accounting policies.<br>• Comparing, on a sample basis, specific revenue transactions recorded before and after the financial year end date with the underlying invoices with customer acknowledgement to assess whether the related revenue had been recognized in the correct financial period. |

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| **Carrying value of Inventories** | |
|---|---|
| *Refer to the accounting policies in "Note 2.6.16 to the Financial Statements: Inventories", "Note 2.4 to the Financial Statements: Significant Accounting Judgments and Estimates and assumptions" and "Note 10 to the Financial Statements: Inventories"* | |
| **Risk Description** | **Our responses** |
| The Inventory balance comprise of raw materials, packing materials, finished goods, work in progress, consumables and spares, which forms a significant part of the Company's current assets, amounting to Rs. 3,266,578,777 /- as at 31 March 2026.<br><br>Carrying value of inventories is identified as a Key Audit matter because establishing a provision for slow-moving, obsolete and damaged inventory and valuation of inventories involve significant judgments and assumptions exercised by the management. | Our audit procedures included:<br><br>• Obtaining an understanding and assessing the design, implementation and operating effectiveness of management's key internal controls over the supply chain and testing selected key controls over recognition and measurement of inventory and inventory provisioning.<br><br>• On sample basis, testing the net realizable value by comparing the actual cost with relevant market data.<br><br>• Attending stock counts as at the year-end. In addition, assessing the effectiveness of the physical count controls in operation at each count location to identify damaged stocks, and expired stocks that are written off in a timely manner and evaluating the results of the other counts performed by the management throughout the period to assess the existence of inventory.<br><br>• Gaining an understanding of the movements in the inventory for the year and assess the adequacy of the provision for nonmoving and slow-moving inventory.<br><br>• Assessing whether the Company's accounting policies had been consistently applied and the adequacy of the Company's disclosures in respect of the judgment and estimation made in respect of inventory provisioning. |

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**Other Information**

Board of Directors is responsible for the other information. These Financial Statements do not comprise other information.

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

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

Management is responsible for the preparation of the Financial Statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as the 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, the 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 the management either intend to liquidate the Company or to cease operations, or have 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management 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.
- 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 charge 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 3707.

**Chartered Accountants**

Colombo, Sri Lanka

21 May 2026

**PGP GLASS CEYLON PLC**
**STATEMENT OF PROFIT OR LOSS**

| | Note | Year Ended 31 March 2026 Rs. | Year Ended 31 March 2025 Rs. |
|---|---|---|---|
| Revenue | 3.1 | 19,348,052,657 | 19,529,102,215 |
| Cost of sales | | (13,225,042,554) | (13,013,614,023) |
| **Gross profit** | | **6,123,010,103** | **6,515,488,192** |
| Other operating income | 4.1 | 86,309,404 | 74,430,266 |
| Selling and distribution expenses | | (545,037,978) | (543,840,019) |
| Administrative expenses | | (824,698,947) | (877,833,761) |
| **Operating profit** | | **4,839,582,582** | **5,168,244,678** |
| Finance costs | 4.3 | (12,871,546) | (4,101,894) |
| Finance income | 4.2 | 312,469,457 | 67,325,665 |
| **Profit before tax** | 4.4 | **5,139,180,493** | **5,231,468,449** |
| Income tax expense | 5.1 | (1,092,869,334) | (1,073,985,167) |
| **Profit for the year** | | **4,046,311,159** | **4,157,483,282** |
| Earnings per share - Basic/Diluted | 6 | 4.26 | 4.38 |

The accounting policies and notes on pages 11 through 49 form an integral part of the Financial Statements.

**PGP GLASS CEYLON PLC**
**STATEMENT OF OTHER COMPREHENSIVE INCOME**

| | Year Ended | |
|---|---|---|
| | **31 March 2026** | **31 March 2025** |
| | **Rs.** | **Rs.** |
| Profit for the period | 4,046,311,159 | 4,157,483,282 |
| **Other comprehensive income** | | |
| ***Other comprehensive income not to be reclassified to profit or loss in subsequent periods:*** | | |
| Actuarial loss on defined benefit plans **(Note 15.1)** | (64,157,890) | (88,500,746) |
| Income tax effect on defined benefit obligations **(Note 5.2)** | 12,831,578 | 17,700,149 |
| Gain on financial investments - fair value through other comprehensive income **(Note 14.3)** | 1,355,884 | 1,271,656 |
| **Net other comprehensive income not to be reclassified to profit or loss in subsequent period** | (49,970,428) | (69,528,941) |
| **Other comprehensive income for the period- net of tax** | **(49,970,428)** | **(69,528,941)** |
| **Total comprehensive income for the period - net of tax** | **3,996,340,731** | **4,087,954,341** |

The accounting policies and notes on pages 11 through 49 form an integral part of the Financial Statements.

PGP GLASS CEYLON PLC
STATEMENT OF FINANCIAL POSITION

| ASSETS | Note | As at 31 March 2026 Rs. | As at 31 March 2025 Rs. |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 7 | 8,824,285,192 | 5,426,885,833 |
| Right of use assets | 8.1 | 33,961,633 | 36,760,713 |
| Financial investments | 9.1 | 6,697,150 | 5,148,668 |
| Other receivables | 11 | 7,350,000 | 4,239,583 |
| **Total non-current assets** | | **8,872,293,975** | **5,473,034,797** |
| **Current assets** | | | |
| Inventories | 10 | 3,266,578,777 | 4,049,277,490 |
| Trade and other receivables | 11 | 3,046,812,002 | 3,932,333,170 |
| Prepayments | | 68,242,352 | 26,807,842 |
| Cash and short term deposits | 12 | 5,792,830,042 | 2,885,388,507 |
| **Total current assets** | | **12,174,463,173** | **10,893,807,009** |
| **Total assets** | | **21,046,757,148** | **16,366,841,806** |
| **EQUITY AND LIABILITIES** | | | |
| **Capital and reserves** | | | |
| Stated capital | 13 | 1,526,407,485 | 1,526,407,485 |
| Reserves | 14 | 106,645,733 | 105,289,849 |
| Retained earnings | | 13,146,934,894 | 11,295,777,809 |
| **Total equity** | | **14,779,988,112** | **12,927,475,143** |
| **Non-current liabilities** | | | |
| Lease liability | 8.2 | 6,622,942 | 11,504,001 |
| Interest bearing loans and borrowings | 9.2 | 1,425,000,000 | - |
| Deferred tax liabilities | 5.5 | 602,829,748 | 538,833,866 |
| Employee benefit liability | 15.1 | 452,747,034 | 332,434,597 |
| **Total non-current liabilities** | | **2,487,199,724** | **882,772,464** |
| **Current liabilities** | | | |
| Lease liability | 8.2 | 6,185,352 | 6,308,665 |
| Trade and other payables | 16 | 2,115,022,325 | 1,803,798,352 |
| Dividends payable | 17 | 173,624,604 | 134,404,849 |
| Interest bearing loans and borrowings | 9.2 | 850,180,089 | - |
| Income tax payable | | 509,643,780 | 577,002,712 |
| Bank overdraft | 12.3 | 124,913,162 | 35,079,621 |
| **Total current liabilities** | | **3,779,569,312** | **2,556,594,199** |
| **Total liabilities** | | **6,266,769,036** | **3,439,366,663** |
| **Total equity and liabilities** | | **21,046,757,148** | **16,366,841,806** |

These Financial Statements have been prepared in compliance with the requirements of the Companies Act No.07 of 2007.

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**Financial Controller**

The Board of Directors is responsible for the preparation and presentation on these Financial Statements in accordance with Sri Lanka Accounting Standards.

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

.....
**Director**

.....
**Director**

The accounting policies and notes on pages 11 through 49 form an integral part of the Financial Statements.

21 May 2026
Colombo

| | Stated capital | Fair value reserve | Revaluation reserves | Retained earnings | Total |
|---|---|---|---|---|---|
| | Rs. | Rs. | Rs. | Rs. | Rs. |
| **As at 01 April 2024** | **1,526,407,485** | **2,610,258** | **101,407,935** | **9,437,966,062** | **11,068,391,740** |
| **Total comprehensive income for the Period** | | | | | |
| Profit for the period | - | - | - | 4,157,483,282 | 4,157,483,282 |
| Other comprehensive income | - | 1,271,656 | - | (70,800,597) | (69,528,941) |
| Total comprehensive income | - | 1,271,656 | - | 4,086,682,685 | 4,087,954,341 |
| Dividend Paid-Final Dividend | - | - | - | (1,472,633,424) | (1,472,633,424) |
| Dividend paid-Interim Dividend | - | - | - | (760,068,864) | (760,068,864) |
| Unclaimed dividend write back | - | - | - | 3,831,350 | 3,831,350 |
| **As at 31 March 2025** | **1,526,407,485** | **3,881,914** | **101,407,935** | **11,295,777,809** | **12,927,475,143** |
| Profit for the period | - | - | - | 4,046,311,159 | 4,046,311,159 |
| Other comprehensive income | - | 1,355,884 | - | (51,326,312) | (49,970,428) |
| Total comprehensive income | - | 1,355,884 | - | 3,994,984,847 | 3,996,340,731 |
| Dividend paid | - | - | - | (2,147,194,541) | (2,147,194,541) |
| Unclaimed dividend write back | - | - | - | 3,366,779 | 3,366,779 |
| **As at 31 March 2026** | **1,526,407,485** | **5,237,798** | **101,407,935** | **13,146,934,894** | **14,779,988,112** |

The accounting policies and notes on pages 11 through 49 form an integral part of the Financial Statements.

| | Note | Year Ended 31 March 2026 Rs. | 31 March 2025 Rs. |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before tax | | **5,139,180,493** | **5,231,468,449** |
| **Non-cash adjustment to reconcile profit before tax to net cash flows:** | | | |
| Depreciation of property, plant and equipment | 7.2 | 893,375,543 | 709,603,723 |
| Provision for employee benefit liability | 15.1 | 62,356,220 | 42,414,488 |
| Provision for obsolete and slow moving inventory | 10.1 | (60,335,259) | 248,034,704 |
| Provision for impairment on trade receivable | 11.2 | 9,576,590 | 12,855,999 |
| Right of use asset - Depreciation | 8.1 | 2,799,080 | 2,799,081 |
| Script dividend income from quoted investment | 4.2 | (192,598) | (446,607) |
| Finance costs | 4.3 | 12,871,546 | 4,101,894 |
| Finance income | 4.2 | (312,276,859) | (66,879,058) |
| Gain on sale of property, plant and equipment | 4.1 | (15,836,857) | (505,973) |
| **Operating profit before working capital changes** | | **5,731,517,899** | **6,183,446,700** |
| **Working capital adjustments:** | | | |
| (Increase)/ decrease in inventories | | 843,033,972 | 510,102,598 |
| (Increase)/ decrease in trade and other receivables and prepayments | | 831,399,650 | 209,050,838 |
| Increase/ (decrease) in trade and other payables | | (408,685,958) | (121,974,208) |
| **Cash generated from operations** | | **6,997,265,563** | **6,780,625,928** |
| Income tax paid | | (1,056,462,959) | (1,087,057,973) |
| Employee benefit liability costs paid | 15.1 | (6,201,673) | (14,460,954) |
| Interest paid | | (12,871,546) | (4,101,894) |
| **Net cash flow generated from operating activities** | | **5,921,729,385** | **5,675,005,107** |
| **Cash flows from investing activities** | | | |
| Acquisition of property, plant and equipment | 7.1 | (3,578,003,044) | (755,297,611) |
| Proceeds from sale of property, plant and equipment | | 17,593,690 | 505,973 |
| Finance income | 4.2 | 312,276,859 | 66,879,058 |
| Loans and advances granted to company officers during the period | | (25,434,167) | (17,203,439) |
| Repayment of loans and advances by company officers during the period | | 16,635,750 | 13,078,815 |
| **Net cash flow used in investing activities** | | **(3,256,930,912)** | **(692,037,204)** |
| **Cash flows from financing activities** | | | |
| Borrowings of interest bearing short term loans | 9.3 | - | 250,000,000 |
| Repayments of interest bearing short term loans | 9.3 | - | (250,000,000) |
| Borrowings of interest bearing long term loans | 9.3 | 2,500,000,000 | - |
| Repayments of interest bearing long term loans | 9.3 | (235,000,000) | - |
| Lease rental paid | 8.4 | (7,582,472) | (7,738,976) |
| Dividends paid | 17 | (2,104,608,007) | (2,177,932,662) |
| **Net cash flow generated from /used in financing activities** | | **152,809,521** | **(2,185,671,638)** |
| Net increase in cash and cash equivalents | | 2,817,607,994 | 2,797,296,265 |
| **Cash and cash equivalent at the beginning of the year** | 12 | 2,850,308,886 | 53,012,621 |
| **Cash and cash equivalent at the end of the year** | 12 | **5,667,916,880** | **2,850,308,886** |

The accounting policies and notes on pages 11 through 49 form an integral part of the Financial Statements.

## 1. CORPORATE INFORMATION

### 1.1 REPORTING ENTITY

PGP Glass Ceylon PLC ("Company") is a public limited liability Company (Formerly known as "Piramal Glass Ceylon PLC") incorporated and domiciled in Sri Lanka and listed in the Colombo Stock Exchange. The registered office of the Company and principal place of business is located at No. 148, Maligawa Road, Borupana, Ratmalana and the production facility is located in Horana.

### 1.2 PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS

During the period, the principal activity of the Company was the manufacturing and sale of glass bottles.

### 1.3 PARENT ENTITY AND ULTIMATE PARENT ENTITY

The Company's parent undertaking is PGP Glass Private Limited (Formally known as "Pristine Glass Private Limited") and the ultimate parent is Blackstone Inc. These two companies are Incorporated in Republic of India and United States of America respectively.

### 1.4 DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors is responsible for financial statements of the Company as per Sri Lanka Accounting Standards and the provisions of the Companies Act No 7 of 2007.

### 1.5 DATE OF AUTHORIZATION FOR ISSUE

The financial statements of PGP Glass Ceylon PLC for the year ended 31 March 2026 were authorised for issue in accordance with a resolution of the Board of Directors on 21 May 2026.

## 2. BASIS OF PREPARATION

### 2.1 STATEMENT OF COMPLIANCE

The financial statements of the Company, which comprise the Statement of Financial Position, Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements have been prepared and presented in accordance with Sri Lanka Accounting Standards (SLFRSs and LKRSs) laid down by the Institute of Chartered Accountants of Sri Lanka.

#### 2.1.1 Statement of preparation

The requirements of the Companies Act No. 07 of 2007 and provide appropriate disclosures as required by the Listing rules of the Colombo Stock Exchange (CSE). These Financial Statements except for information on cash flows have been prepared following the accrual basis of accounting.

#### 2.1.2 Basis of measurement

The Financial Statements of the Company have been prepared on the historical cost basis, except for the following items in the Statement of Financial Position:

- Equity instruments fair value through Other Comprehensive Income
- Retirement Benefit obligations.

## 2. BASIS OF PREPARATION (CONTINUED)

### 2.2 FUNCTIONAL AND PRESENTATION CURRENCY

The Financial Statements are presented in Sri Lanka Rupees, which is the Company's functional and presentation currency. There was no change in the Company's presentation and functional currency during the current period.

### 2.3 COMPARATIVE INFORMATION

Presentation and classification of the Financial Statements of the previous period have been amended, where relevant for better presentation and to be comparable with those of current period. These have not resulted any change in results of the Company.

### 2.4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTION

**Estimates and assumptions**

The preparation of Financial Statements of the Company in conformity with Sri Lanka Accounting Standards, requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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

**A. Judgement**

**Going concern**

In determining the basis of preparing the Financial Statements for the year ended 31 March 2026, management has considered all available information, the consequences of current macro economic conditions of the country, climate related risks, other events and conditions. It is the view of the management that there are no material uncertainties that may cast significant doubt on the Company's ability to continue to operate as a going concern due to the improving operating environment, developments to product strategies and actions taken to mitigate the impact of economic crisis.

Further, in determining the going concern, the management performed multiple stress tested scenarios; considering cost management practices, ability to continue operations under current economic crisis, cash reserves, ability to secure additional funding to finance the adverse effects to the cash flows, ability to secure required human resources, expected revenue streams, credit and collection management practices and expense management and curtailment practices including ability to defer non-essential capital expenditure.

Accordingly, the Management has assessed its ability to continue as a going concern and is satisfied that it has adequate resources to continue in the business for the foreseeable future. Further, the Management is not aware of 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 are continued to be prepared on a going concern basis.

## 2.4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTION (CONTINUED)

### B. Assumptions and estimation uncertainties

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Notes 2.6.22 & Note 15 - Employee Benefit Liability
- Note 2.6.11 & Note 7.4 – Depreciation
- Note 2.6.12 – Leases
- Notes 2.6.14 – Impairment losses on trade and other receivables
- Note 2.6.16 – Allowance for Slow moving inventories
- Notes 2.6.21 and 2.6.24 – Provisions, Commitments and Contingencies
- Note 2.6.10 – Taxation

**Measurement of fair values**
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. The Company has an established control framework with respect to the measurement of fair values.

This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Management.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified. Significant valuation issues are reported to the 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 a fair value hierarchy based on the inputs used in the valuation techniques as follows.

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
– Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If 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 categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

## 2.5 USE OF MATERIALITY, OFFSETTING AND ROUNDING

### 2.5.1 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.

Notes to the Financial Statements are presented in systematic manners which ensure the understandability and comparability of Financial Statements of the Company.

Understandability of the Financial Statements is not compromised by observing material information or by aggregating material items that have different nature of functions.

### 2.5.2 Offsetting

Assets and liabilities and income and expenses in the Financial Statements are not set-off unless regained by Sri Lanka Accounting Standards.

### 2.5.3 Rounding

The amounts in the Financial Statements have been rounded off to the nearest rupees, except where otherwise indicated.

### 2.5.4 Current versus non-current classification

The Company presents assets and liabilities in the Statement of Financial Position based on current / non-current classification.

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

All other assets are classified as non-current. A liability is current when it is expected to be settled in the normal operating cycle and is held primarily for the purpose of trading and is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as noncurrent.

## 2.6 MATERIAL ACCOUNTING POLICIES

The Company has consistently applied the following significant accounting policies to all periods presented in the Financial Statements by the Company, except as mentioned otherwise.

## 2.6 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.6.1 Foreign currency translation

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

### 2.6.2 Statement of Cash Flows

The Statement of Cash Flows has been prepared by using the 'Indirect Method' of preparing cash flows in accordance with Sri Lanka Accounting Standards – LKAS 7 on Statement of Cashflows, whereby operating activities, investing activities and financing activities are separately recognised.

Cash and cash equivalents comprise of short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

### 2.6.3 Revenue from contracts with Customers

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred 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, net of trade discounts and sales taxes. The following specific recognition criteria are used for the purpose of recognition of revenue that are in the scope of SLFRS 15.

### 2.6.4 Sale of goods

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

### 2.6.5 Finance income

Finance income comprises of interest income on funds invested. Interest income is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the income statement.

### 2.6.6 Dividends

Revenue is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

## 2.6 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.6.7 Other income

Other income is recognized on an accrual basis.

Net gains and losses on the disposal of property, plant & equipment have been accounted for in the statement of profit or loss, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses. On disposal of revalued property, plant and equipment before the date of transition to SLFRS, amount remaining in revaluation reserve relating to that asset is transferred directly to retained earnings.

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a Company of similar transactions which are not material, are aggregated, reported and presented on a net basis.

### 2.6.8 Expenses

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

For the presentation of the Statement of Profit or Loss the Directors are of the opinion that the function of the expenses method present fairly the elements of the Company's performance, and hence such a presentation method is adopted.

Preliminary and pre-operational expenditure is recognized in the statement of profit or loss. Repairs and renewals are charged to the Statement of Profit or Loss in the period in which the expenditure is incurred.

### 2.6.9 Finance cost

Finance costs comprise interest expense on borrowings and leases, unwinding of discounts on provisions and fair value losses on financial assets at fair value through profit or loss and impairment losses recognized on financial assets (other than trade receivables).

Interest expense is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial liability.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

## 2.6 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.6.10 Taxation

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

IFRIC 23 'Uncertainty over income tax treatments' provides guidance on determining taxable profits, tax bases, unused tax losses, unused tax credits and tax rates, when there in an uncertainty over the income tax treatment. The Company has applied significant judgment in identifying uncertainties over income tax treatments for the period and the Company has determined that there were no uncertainties in tax treatments for the period and the Company has determined that there were no uncertainties in tax treatments that has an impact on the income tax expenses or any disclosures.

***Current income tax***

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period and any adjustment to the tax payable or receivable in respect of previous periods. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

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

***Deferred tax***

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

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

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised, except, when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that enough taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

## 2.6 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in Other Comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**Transfer Pricing Regulation**

The Company is subject to income taxes and other taxes including transfer pricing regulations. The management has taken steps to carry out the required study in respect of transfer pricing regulation and has accordingly used critical judgments and estimates in applying the regulations in aspects including but not limited to estimation of the respective arm's length prices and selection of appropriate pricing mechanism. The current tax charge is subject to such judgments. Differences between estimated income tax charge and actual payable may arise as a result of management's interpretation and application of transfer pricing regulation.

**Social Security Contribution Levy**

With effect from October 1, 2022, Social Security Contribution Levy (SSCL) 2.5% was introduced on liable turnover. SSCL was recognized under selling and distribution to the financial statements.

### 2.6.11 Property, plant and equipment

***Recognition and measurement***

Property, plant and equipment is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing parts of the property, plant and equipment when that cost is incurred, if the recognition criteria are met.

The cost of certain items of property, plant and equipment at 1 April 2011, the Company's date of transition to the Standards, was determined with reference to its fair value at that date.

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

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the period the asset is derecognized.

***Capital work-in-progress***

Capital expenditure incurred in relation to fixed assets which are not completed as at the reporting date are shown as capital work-in-progress and is stated at cost. On completion, the related assets are transferred to property, plant and equipment. Depreciation on such assets commences when the assets are ready for their intended use.

## 2.6 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.6.11 Property, plant and equipment (Continued)

***Subsequent expenditure***

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

***Depreciation***

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in profit or loss. Land is not depreciated.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial period end.

### 2.6.12 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

*A. As a lessee*

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognised a right of use asset and a lease liability at the lease commencement date. The right-of use assets 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 cost incurred and an estimates 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 incentive received.

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

The lease liability is initially measured at the present values 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 sources and makes certain adjustments to reflect the terms of the lease and type of the assets leased.

## 2.6 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.6.12 Leases (Continued)

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

The lease liability is measured at amortised cost using 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, 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 is profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in right-of-use assets and lease liabilities in the Statement of Financial Position separately.

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

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

### 2.6.13 Borrowing costs

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

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

## 2.6 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.6.14 Financial instruments

**Recognition and initial measurement**

Trade receivables are initially recognized when they are originated. All other financial assets are initially recognized 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) is initially measured at fair value plus, for an item not at 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.

**Classification and subsequent measurement**

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 subsequent to their initial 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.

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
- It's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount of 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 payments of principal and interest on the principal amount outstanding.

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

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

## 2.6 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.6.14 Financial instruments (Continued)

**Financial assets – Business model assessment:**

The Company makes an assessment of the objective of the business model in which a financial asset is held at 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 that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets. Financial assets that are held for trading or are managed an whose performance is evaluated on a fair value basis are measured at FVTPL.

**Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest**

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

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

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

## 2.6 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.6.14 Financial instruments (Continued)

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

**Financial assets – Subsequent measurement and gains and losses**

| | |
|---|---|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognizes in profit or loss. |
| Financial assets at amortised cost | These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognizing in profit or loss. Any gain or loss on de-recognition is recognizes in profit or loss. |
| Debt investments at FVOCI | These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognizing in profit or loss. Other net gains and losses are recognizing in OCI. On de-recognition, 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 recognizing 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 recognizing in OCI and are never reclassified to profit or loss. |

**Impairment**

**Non derivative financial assets**

Financial instruments and contract assets Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the 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 90 days past due.

## 2.6 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.6.14 Financial instruments (Continued)

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

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as recognize security (if any is held); or

- The financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

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

**Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (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).

**Credit-impaired financial assets**

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market to a security because of financial difficulties.

***Presentation of allowance for ECL in the statement of financial position***

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

## 2.6 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.6.14 Financial instruments (Continued)

*Write-off*

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures to recovery of amounts due.

### 2.6.15 Financial liabilities

*Initial recognition and measurement*

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

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

*Subsequent measurement*

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

**a) Loans and borrowings**

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

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

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 9.2.

## 2.6 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.6.15 Financial liabilities (Continued)

*Derecognition*

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

### 2.6.16 Inventories

Inventories are valued at the lower of cost and net realizable value, after making do allowances for obsolete and slow-moving items as per Glass Bottles Manufacturing industry norms & practice which complies with the group reporting requirement. Net realisable value is the price at which inventories can be sold in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale.

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

| | | |
|---|---|---|
| Raw Materials | - | At actual cost on weighted average basis |
| Finished Goods & Work-in-Progress | - | At the cost of direct materials, direct labour and an appropriate proportion of fixed and variable production overheads based on normal operating capacity in producing each design. (Standards costing) |
| Consumables & Spares | - | At actual cost on weighted average basis |
| Goods in Transit | - | At actual cost |

### 2.6.17 Stated capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity.

### 2.6.18 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing 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. In determining fair value less costs to sell, recent market transactions are considered, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

## 2.6 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.6.18 Impairment of non-financial assets (Continued)

The Company bases its impairment calculations on detailed budgets and forecasts which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecasts are generally covering a period of six months period. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the third year.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior periods. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

### 2.6.19 Cash and short-term deposits

Cash and short-term deposits are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and short-term deposits consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. six months or less from the date of acquisition are also treated as cash equivalents.

### 2.6.20 Dividend distributions

The Company recognizes a liability to make cash or non-cash distributions to owners of equity when the distribution is authorized and is no longer at the discretion of the Company. A corresponding amount is recognized directly in equity.

### 2.6.21 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, where 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.

### 2.6.22 Employee benefits

#### a) Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

## 2.6 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.6.22 Employee benefits (Continued)

**b) Defined contribution plans – Employees' Provident Fund & Employees' Trust Fund**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available

*a) Employees' Provident Fund*

The Company and employees contribute 12% and 8%, respectively, on the salary of each employee to the Employees' Provident Fund (EPF).

*b) Employees' Trust Fund*

The Company contributes 3% of the salary of each employee to the Employees' Trust Fund (ETF). These obligations come within the scope of a defined contribution plan as per IAS -19 on 'Employee Benefits'. Obligations for contributions to defined contribution plans are recognized in profit or loss as the related service is provided.

*c) Defined benefit obligation – Gratuity*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods.

That benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted.

The calculation is performed annually by a qualified actuary using the Projected Unit Credit (PUC) method as recommended by LKAS 19 – 'Employee Benefits'. When the calculation results in a benefit to the Company, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company.

An economic benefit is available to the Company if it is realisable during the life of the plan, or on settlement of the plan liabilities. When the benefits of a plan are improved, the portions of the increased benefits related to past service by employees are recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The assumptions based on which the results of actuarial valuation was determined, are included in Note 15 – Employee Benefits, to the Financial Statements.

## 2.6 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.6.22 Employee benefits (Continued)

The Company recognises all actuarial gains and losses arising from defined benefit plan immediately in Other Comprehensive income and all expenses related to defined benefit plan in employee benefit expense in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

*d) Lump-sum payments to employees*

Provision has been made in the Financial Statements for lump-sum allowances payable to employees by the collective agreement decided by the management and trade union.

### 2.6.23 Events after the reporting period

All material post reporting period events have been considered and where appropriate adjustments or disclosures have been made in respective notes to the Financial Statements.

### 2.6.24 Commitments and contingencies

All discernible risks are accounted for in determining the amount of all known liabilities.

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Company's control. Commitments and Contingencies are disclosed in Note 19 to the Financial Statements.

### 2.6.25 Standards issued but not yet effective

The following new or amended standards and interpretations have been issued, but not yet effective, as at the reporting date of the Consolidated Financial Statements. These are not expected to result in material impact the Company on adoption.

- **Sri Lanka Accounting Standard – SLFRS 18 on "Presentation and Disclosure in Financial Statements" (SLFRS 18)**

SLFRS 18 is a new accounting standard for presentation and disclosure in Financial Statements with effect from 1 January 2027. SLFRS 18 will replace the Sri Lanka Accounting Standard – LKAS 1 on "Presentation of Financial Statements" and applies to the Company effective from 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 operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit sub totals. 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 Company information in the Financial Statements.

## 2.6 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.6.25 Standards issued but not yet effective (Continued)

In addition, all entities are required to use the operating profit subtotals as the starting point for the Statement of Cashflows when presenting operating cashflows under indirect method.

The Company is still in the process of assessing the impact of the new accounting standards, particularly with respect to the structure of the Company's Income Statement, the Statement of Cashflows and the additional disclosures required for MPMs. The Company is also assessing the impact on how information is grouped in the Financial Statements including items currently labelled as 'other'.

- **Sri Lanka Accounting Standard – SLFRS 19 on "Subsidiaries without Public Accountability" (SLFRS 19)**

SLFRS 19 is a new accounting standard for subsidiaries to apply the recognition, measurement, and presentation requirements of full SLFRS Standards while applying a reduced set of disclosure requirements in Financial Statements with effect from 1 January 2027. The Company does not expect this will result in a material impact on its Consolidated Financial Statements. However, this may have an impact on the separate Financial Statements of the subsidiaries of the Company as appropriate.
Other accounting standards

- **Annual improvements to SLFRS Accounting Standards – Volume 11**

The amendments apply for annual reporting periods beginning on or after 1 January 2026. These changes are not expected to have a significant impact on the Company's Financial Statements

## 3. SEGMENT INFORMATION

For management purposes, the Company is organized into business units based on its customer location and has two reportable segments, namely, local sales and export sales.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. However, financing (including finance costs and finance income) and income taxes are managed on a Company basis and are not allocated to operating segments.

### 3.1 Revenue

| | Year Ended | |
|---|---|---|
| | 31 March 2026 | 31 March 2025 |
| | Rs. | Rs. |
| Revenue from sale of goods (**Note 3.2**) | 19,348,052,657 | 19,529,102,215 |
| | **19,348,052,657** | **19,529,102,215** |

### 3.2 Sale of goods

| | | |
|---|---|---|
| **Local sales** | | |
| - In house production | 11,777,084,456 | 12,099,426,498 |
| - Trading | 2,347,703,115 | 714,075,113 |
| **Total local sales** | **14,124,787,571** | **12,813,501,611** |
| **Export sales** | | |
| - In house production | 5,178,135,393 | 6,714,638,364 |
| - Trading | 45,129,693 | 962,240 |
| **Total export sales** | **5,223,265,086** | **6,715,600,604** |
| | **19,348,052,657** | **19,529,102,215** |

## 4. OTHER INCOME/EXPENSES

### 4.1 Other operating income

| | Year Ended | |
|---|---|---|
| | 31 March 2026 | 31 March 2025 |
| | Rs. | Rs. |
| Income from solar power generation | 44,270,947 | 66,540,174 |
| Sundry income | 26,201,600 | 7,384,119 |
| Gain on Sale of Property, Plant and Equipment | 15,836,857 | 505,973 |
| | **86,309,404** | **74,430,266** |

### 4.2 Finance income

| | | |
|---|---|---|
| Interest income | 311,321,416 | 66,267,678 |
| Interest income on loans given to company officers | 955,443 | 611,380 |
| Income from equity investment - Quoted | 192,598 | 446,607 |
| | **312,469,457** | **67,325,665** |

### 4.3 Finance costs

| | | |
|---|---|---|
| Interest expense on overdrafts | 113,357 | 967,715 |
| Interest expense on short term borrowings | - | 444,682 |
| Interest expense on long term borrowings | 10,180,089 | - |
| Interest expense lease liability | 2,578,100 | 2,689,497 |
| | **12,871,546** | **4,101,894** |

## 4. OTHER INCOME/EXPENSES (CONTINUED)

### 4.4 Profit before tax

| | Year Ended | |
|---|---|---|
| | 31 March 2026 | 31 March 2025 |
| | Rs. | Rs. |
| **Stated after Charging /(Crediting)** | | |
| Directors' fees and emoluments | 103,285,286 | 104,572,426 |
| Audit fees - Charge for the period | 1,750,000 | 1,512,500 |
| Technical Fee | 338,040,413 | 374,922,128 |
| Depreciation of property, plant and equipment | 893,375,543 | 709,603,723 |
| Personnel costs including the following; | | |
| - Employee benefit plan costs - Gratuity | 62,356,220 | 42,414,486 |
| - Defined contribution plan costs - EPF and ETF | 93,947,470 | 83,305,914 |
| Donations | 1,718,523 | 1,158,365 |
| Exchange (Gain)/Loss | (71,936,120) | 38,183,161 |
| Provision for impairments - Trade receivables | 6,285,542 | 8,552,050 |
| Social security contribution levy | 255,795,180 | 237,709,991 |
| Depreciation of right of use assets | 2,799,080 | 2,799,080 |
| (Reversal)/ Provision for Obsolete and slow moving inventory | (60,335,260) | 248,034,704 |

Technical fee represents the amount payable to PGP Glass Private Limited - India for the technical advises and assistance provided during the period as per the agreement entered into between the two companies. As per the agreement, if the Company achieved positive Profit before Royalty fee, Interest, Depreciation and Tax, the amount payable is 2% of the Net sales value of the locally manufactured products.

## 5. INCOME TAX

The major components of income tax expense for the years ended 31 March 2026 and 31 March 2025 are:

### 5.1 Statement of profit or loss

| | Year Ended | |
|---|---|---|
| | 31 March 2026 | 31 March 2025 |
| | Rs. | Rs. |
| ***Current income tax:*** | | |
| Current tax expense on ordinary activities for the period **(Note 5.3)** | 1,016,251,327 | 1,169,628,843 |
| Over provision of current taxes in respect of prior year -Year 2024/25 | (209,453) | - |
| ***Deferred tax:*** | | |
| Deferred taxation reversal **(Note 5.5)** | 76,827,460 | (95,643,676) |
| **Income tax expense reported in the statement of profit or loss** | **1,092,869,334** | **1,073,985,167** |

In terms of the agreement with the Board of investment of Sri Lanka (BOI), business profit from the manufacturing operation is exempted for a period of 5 years from 10 December 2007. This exemption expired on 9 December 2012. Upon the expiration of above tax exemption period, the Company's profits arising from Manufacturing Operations are taxable at a concessionary rate of 10% for a period of 2 years and at the rate of 20% thereafter. Accordingly tax profits from manufacturing liable for income tax at the rate of 20%.

The Company is liable to income tax on other income and investment income at the rate of 30%

## 5. INCOME TAX (CONTINUED)

| | Year Ended | |
|---|---|---|
| | 31 March 2026 | 31 March 2025 |
| | Rs. | Rs. |
| **5.2 Statement of other comprehensive income** | | |
| Acturial Gain/(Losses) on defined benefit plans | 12,831,578 | 17,700,149 |
| **Income tax charged directly to other comprehensive income** | **12,831,578** | **17,700,149** |

5.3 A Reconciliation between tax expense and the product of accounting profit multiplied by the statutory tax rates for the Year ended 31 March 2026 and 31 March 2025 are as follows:

| | Year Ended | |
|---|---|---|
| | 31 March 2026 | 31 March 2025 |
| | Rs. | Rs. |
| Accounting profit before income tax | 5,139,180,493 | 5,231,468,449 |
| Aggregate disallowed items | 2,167,673,952 | 1,037,794,709 |
| Aggregate allowable expenses | (2,894,562,329) | (661,056,022) |
| **Taxable profit from trade** | **4,412,292,115** | **5,608,207,136** |
| Investment income | 311,128,504 | 66,326,672 |
| Other sources of income | 25,847,128 | 7,082,948 |
| **Taxable income** | **4,749,267,748** | **5,681,616,756** |
| Tax on taxable income at BOI rate at 20% | 816,942,434 | 1,069,712,387 |
| Tax on balance taxable income at normal rate 30% | 199,308,893 | 99,916,456 |
| **Current income tax expense** | **1,016,251,327** | **1,169,628,843** |

**5.4 Reconciliation of effective tax rate**

| | 31 March 2026 | | 31 March 2025 | |
|---|---|---|---|---|
| | % | Rs. | % | Rs. |
| Profit before tax | | 5,139,180,493 | | 5,231,468,449 |
| Tax expense on applicable rate | 20% | 1,027,836,099 | 20% | 1,046,293,690 |
| Aggregate disallowed items | 8% | 433,534,790 | 4% | 207,558,942 |
| Aggregate allowable expenses | -11% | (546,212,250) | -2% | (106,246,674) |
| Tax on investment income | 1.8% | 93,338,551 | 0.4% | 19,898,002 |
| Tax on other sources of income | 0.2% | 7,754,138 | 0.0% | 2,124,884 |
| **Current income tax expense** | | **1,016,251,328** | | **1,169,628,843** |
| Over provision of current taxes in respect of previous years | 0.0% | (209,453) | 0.0% | - |
| Deferred taxation reversal **(Note 5.5)** | 1.5% | 76,827,460 | -1.8% | (95,643,676) |
| **Income tax expense reported in the statement of profit or loss** | **21%** | **1,092,869,335** | **21%** | **1,073,985,167** |

5. INCOME TAX (CONTINUED)

5.5 **Deferred tax**

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

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realised or liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted as at the reporting date.

| | As at 31 March 2026 Rs. | As at 31 March 2025 Rs. |
|---|---|---|
| **Reconciliation of net deferred tax liability** | | |
| Balance as at the beginning of the period | 538,833,866 | 652,177,691 |
| Deferred taxes effect resulting from increase in tax rate charge to statement of profit or loss | | |
| Charged/(Reversal) to statement of profit or loss | 76,827,460 | (95,643,676) |
| Adjustment to revaluation gain due to tax rate changes | | |
| Income tax effect relating to components of other comprehensive income | (12,831,578) | (17,700,149) |
| **Balance as at the end of the period** | **602,829,748** | **538,833,866** |

5.6 **Deferred tax assets, liabilities and deferred income tax relate to the following:**

| | Temporary differences | | Statement of financial position | | Statement of profit or loss and statement of other comprehensive income | |
|---|---|---|---|---|---|---|
| | As at | | As at | | Year ended | |
| | 31 March 2026 | 31 March 2025 | 31 March 2026 | 31 March 2025 | 31 March 2026 | 31 March 2025 |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| **Deferred tax liability** | | | | | | |
| Property, plant and equipment | 3,844,613,968 | 3,457,286,081 | 768,922,794 | 691,457,216 | 77,465,578 | (38,324,909) |
| Tax effect on revaluation reserve | 115,049,703 | 115,049,703 | 23,009,941 | 23,009,941 | - | - |
| ROU assets | 33,961,634 | 36,760,714 | 6,792,327 | 7,352,143 | (559,816) | (559,816) |
| | **3,993,625,305** | **3,609,096,498** | **798,725,062** | **721,819,300** | **76,905,762** | **(38,884,725)** |
| **Deferred tax assets** | | | | | | |
| Lease liabilities | 12,808,292 | 17,812,664 | (2,561,658) | (3,562,533) | 1,000,875 | 1,009,896 |
| Employee benefit liability | 452,747,034 | 332,434,597 | (90,549,407) | (66,486,919) | (24,062,488) | (23,290,856) |
| Provision for impairment - Trade receivables | 45,798,950 | 36,222,360 | (9,159,790) | (7,244,472) | (1,915,318) | (2,571,200) |
| Provision for obsolete and slow moving inventory | 468,122,293 | 528,457,552 | (93,624,459) | (105,691,510) | 12,067,051 | (49,606,940) |
| | **979,476,569** | **914,927,173** | **(195,895,314)** | **(182,985,434)** | **(12,909,880)** | **(74,459,100)** |
| **Deferred income tax income reported in the statement of profit or loss** | | | | | **76,827,460** | **(95,643,676)** |
| **Deferred income tax (income) / expense reported in the statement of other comprehensive income** | | | | | **(12,831,578)** | **(17,700,149)** |
| **Net deferred tax liability reported in the statement of financial position** | | | **602,829,748** | **538,833,866** | | |

5.7 **Impact from the change in corporate income tax rate**
There were no change in the corporate tax rate during the period.

6. EARNINGS PER SHARE

Basic/Diluted Earnings Per Share is calculated by dividing the net profit/loss for the year attributable to equity holders by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding, without a corresponding change in the resources such as a bonus issue.

The following reflects the income and share data used in the Basic/Diluted earnings per share computations:

| | As at 31 March 2026 Rs. | As at 31 March 2025 Rs. |
|---|---|---|
| **Amount used as the numerator:** | | |
| Net earnings attributable to equity shareholders | 4,046,311,159 | 4,157,483,282 |
| **Number of ordinary shares used as the denominator:** | **Number** | **Number** |
| Weighted average number of ordinary shares in issue | 950,086,080 | 950,086,080 |
| Basic earning per share | **Rs.** 4.26 | **Rs.** 4.38 |

There were no potentially dilutive ordinary shares outstanding at any time during the period/previous period, hence diluted earnings per share is equal to the basic earning per share.

## 7. PROPERTY, PLANT AND EQUIPMENT

### 7.1 At Cost

| | Balance as at 01.04.2024 Rs. | Additions during the year Rs. | Transfers during the year Rs. | Disposals during the year Rs. | Balance as at 31.03.2025 Rs. | Balance as at 01.04.2025 Rs. | Additions during the year Rs. | Transfers during the year Rs. | Disposals during the year Rs. | Balance as at 31.03.2026 Rs. |
|---|---|---|---|---|---|---|---|---|---|---|
| Freehold land | 132,870,000 | - | - | - | 132,870,000 | 132,870,000 | - | - | - | 132,870,000 |
| Buildings | 2,357,967,107 | 6,623,328 | 196,165,134 | - | 2,560,755,569 | 2,560,755,569 | 102,290,022 | - | - | 2,663,045,591 |
| Plant and machinery | 5,546,990,768 | 251,765,899 | 499,021,600 | (42,613,760) | 6,255,164,507 | 6,255,164,507 | 1,288,116,705 | - | (10,228,187) | 7,533,053,025 |
| Electrical power installation | 1,041,267,196 | - | 58,888,079 | - | 1,100,155,275 | 1,100,155,275 | 261,941,807 | - | (10,686,235) | 1,351,410,847 |
| Furnace | 1,772,282,871 | 22,598,500 | - | - | 1,794,881,371 | 1,794,881,371 | 1,707,733,477 | 72,023,669 | (1,618,905,175) | 1,955,733,342 |
| Motor vehicles | 48,066,374 | - | 85,500 | - | 48,151,874 | 48,151,874 | - | - | - | 48,151,874 |
| Tools and Implements | 44,056,648 | 6,220,514 | - | - | 50,277,162 | 50,277,162 | 588,341 | - | - | 50,865,503 |
| Office equipment | 341,929,065 | 15,543,823 | 2,361,229 | (47,519,497) | 312,314,620 | 312,314,620 | 31,412,849 | 8,017,362 | - | 351,744,831 |
| Gas station | 59,547,111 | - | - | - | 59,547,111 | 59,547,111 | - | - | - | 59,547,111 |
| Solar power generation | 410,175,402 | 34,599,607 | - | - | 444,775,009 | 444,775,009 | - | - | - | 444,775,009 |
| Commercial moulds | 943,426,387 | 117,515,923 | - | (64,293,545) | 996,648,765 | 996,648,765 | 128,242,214 | 7,463,937 | (107,802,613) | 1,024,552,303 |
| | **12,698,578,929** | **454,867,594** | **756,521,542** | **(154,426,802)** | **13,755,541,263** | **13,755,541,263** | **3,520,325,415** | **87,504,968** | **(1,747,622,210)** | **15,615,749,436** |
| **In the course of construction** | | | | | | | | | | |
| Capital work-in-progress | 234,054,754 | 603,872,828 | (756,521,542) | - | 81,406,040 | 81,406,040 | 772,206,320 | (87,504,968) | - | 766,107,392 |
| | **234,054,754** | **603,872,828** | **(756,521,542)** | - | **81,406,040** | **81,406,040** | **772,206,320** | **(87,504,968)** | - | **766,107,392** |
| **Total gross amount** | **12,932,633,683** | **1,058,740,422** | - | **(154,426,802)** | **13,836,947,303** | **13,836,947,303** | **4,292,531,735** | - | **(1,747,622,210)** | **16,381,856,828** |

### 7.2 Depreciation

| | Balance as at 01.04.2024 Rs. | Charge for the year Rs. | Transfers during the year Rs. | Disposals during the year Rs. | Balance as at 31.03.2025 Rs. | Balance as at 01.04.2025 Rs. | Charge for the year Rs. | Transfers during the year Rs. | Disposals during the year Rs. | Balance as at 31.03.2026 Rs. |
|---|---|---|---|---|---|---|---|---|---|---|
| Buildings | 742,960,993 | 61,142,363 | - | - | 804,103,356 | 804,103,356 | 64,059,002 | - | - | 868,162,358 |
| Plant and machinery | 3,820,404,958 | 268,761,348 | - | (42,613,760) | 4,046,552,546 | 4,046,552,546 | 310,029,212 | - | (8,471,354) | 4,348,110,404 |
| Electrical power installation | 710,269,314 | 42,848,934 | - | - | 753,118,248 | 753,118,248 | 44,161,285 | - | (10,686,235) | 786,593,298 |
| Furnace | 1,465,899,186 | 141,429,609 | - | - | 1,607,328,795 | 1,607,328,795 | 259,422,701 | - | (1,618,905,175) | 247,846,321 |
| Motor vehicles | 38,796,503 | 1,749,365 | - | - | 40,545,868 | 40,545,868 | 1,720,111 | - | - | 42,265,979 |
| Tools and Implements | 36,411,035 | 2,146,516 | - | - | 38,557,551 | 38,557,551 | 2,452,779 | - | - | 41,010,330 |
| Office equipment | 228,427,349 | 29,192,301 | - | (47,519,497) | 210,100,153 | 210,100,153 | 30,417,072 | - | - | 240,517,225 |
| Gas station | 11,394,663 | 1,488,678 | - | - | 12,883,341 | 12,883,341 | 1,488,678 | - | - | 14,372,019 |
| Solar power generation | 148,066,097 | 24,601,153 | - | - | 172,667,250 | 172,667,250 | 26,458,383 | - | - | 199,125,633 |
| Commercial moulds | 652,254,451 | 136,243,456 | - | (64,293,545) | 724,204,362 | 724,204,362 | 153,166,320 | - | (107,802,613) | 769,568,069 |
| | **7,854,884,549** | **709,603,723** | - | **(154,426,802)** | **8,410,061,470** | **8,410,061,470** | **893,375,543** | - | **(1,745,865,377)** | **7,557,571,636** |
| **Total depreciation** | **7,854,884,549** | **709,603,723** | - | **(154,426,802)** | **8,410,061,470** | **8,410,061,470** | **893,375,543** | - | **(1,745,865,377)** | **7,557,571,636** |

## 7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### 7.3 Net book values

| Assets | As at 31 March 2026 Rs. | As at 31 March 2025 Rs. |
|---|---|---|
| Freehold land | 132,870,000 | 132,870,000 |
| Buildings | 1,794,883,233 | 1,756,652,213 |
| Plant and machinery | 3,184,942,621 | 2,208,611,961 |
| Electrical power installation | 564,817,549 | 347,037,027 |
| Furnace | 1,707,887,021 | 187,552,576 |
| Motor vehicles | 5,885,895 | 7,606,006 |
| Tools and implements | 9,855,173 | 11,719,611 |
| Office equipment | 111,227,606 | 102,214,467 |
| Gas station | 45,175,092 | 46,663,770 |
| Solar power generation | 245,649,376 | 272,107,759 |
| Commercial moulds | 254,984,234 | 272,444,403 |
| | **8,058,177,800** | **5,345,479,793** |
| **In the course of construction** | | |
| Capital work-in-progress | 766,107,392 | 81,406,040 |
| **Total carrying amount of property, plant and equipment** | **8,824,285,192** | **5,426,885,833** |

### 7.4 The rates of depreciation is estimated as follows; (Straight line basis)

| | | | |
|---|---|---|---|
| Buildings | | 2.5% on cost | 2.5% on cost |
| Plant and machinery | | 7.5% on cost | 7.5% on cost |
| Electrical power installation | | 5% on cost | 5% on cost |
| Furnace | - Steel | 7.5% on cost | 7.5% on cost |
| | - Refectories | 12.5% on cost | 12.5% on cost |
| | - Refectories | 16.6% on cost | 16.6% on cost |
| Motor vehicles | | 15% on cost | 15% on cost |
| Tools and implements | | 10% on cost | 10% on cost |
| Office equipment - Furniture | | 10% on cost | 10% on cost |
| | - IT related equipment | 12.5% & 25% on cost | 12.5% & 25% on cost |
| | - Laptops | 33 1/3% on cost | 33 1/3% on cost |
| Gas station | | 2.5% on cost | 2.5% on cost |
| Solar power generation | | 5% & 7.5% on cost | 5% & 7.5% on cost |
| Commercial moulds | | 50% to 25% on cost | 50% to 25% on cost |

### 7.5 Fully depreciated assets

Property, plant and equipment includes fully depreciated assets having a gross carrying amount of Rs.5,010,066,235/- (As at 31 March 2025 Rs.4,608,647,429/- ).

7.6 During the 4th quarter of the financial year, a cold repair project was undertaken to refurbish the furnace and related machinery, with the objective of ensuring the generation of future economic benefits. This initiative involved a total investment of LKR 4.8 Bn. Consequently, the existing furnace, which had a gross carrying amount of LKR 1,618,905,175 was dismantled and removed.

### 7.7 Capitalised borrowing costs

The project was financed partially through LKR 2.5 Bn term loan from Hatton National Bank PLC & internal accurals funds. The interest cost incurred during the project period has been recognised as part of capital expendure which is amounting to LKR 42,456,034/-

### 7.8 Capital work-in-progress

Capital work-in-progress included the capital assets which mainly consists of construction of building and plant, machinery and equipment which are kept until available for use.

During the year, assets under construction amounting to Rs. 87,504,968/- were completed and transferred to the respective asset categories under Property, Plant and Equipment in accordance with LKAS 16.

### 7.9 Temporarily idle property, plant and equipment

There were no temporarily idle property, plant and equipment as at reporting date.

## 8. SLFRS 16 - LEASES

### 8.1 Right of use asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability (present value of future lease payments discounted using the Company's incremental borrowing rate) adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The movement of right of use lease assets of the company is as follows;

| At gross value | Balance as at 1 April 2025 | Additions | Advance payment for leases | Balance as at 31 March 2026 |
|---|---|---|---|---|
| | Rs. | Rs. | Rs. | Rs. |
| Land and Building - Factory 152 | 52,124,137 | - | - | 52,124,137 |
| Land and Building - Factory 15 | 13,856,497 | - | - | 13,856,497 |
| Land and Building - Factory 17 | 125,257 | - | - | 125,257 |
| | **66,105,891** | - | - | **66,105,891** |

| Depreciation | Balance as at 1 April 2025 | Charge during the period | De-Recognition | Balance as at 31 March 2026 |
|---|---|---|---|---|
| | Rs. | Rs. | Rs. | Rs. |
| Land and Building - Factory 152 | 25,472,888 | 2,365,159 | - | 27,838,047 |
| Land and Building - Factory 15 | 3,848,690 | 431,268 | - | 4,279,958 |
| Land and Building - Factory 17 | 23,600 | 2,653 | - | 26,253 |
| | **29,345,178** | **2,799,080** | - | **32,144,258** |

| Net book values | As at 31 March 2026 | As at 31 March 2025 |
|---|---|---|
| | Rs. | Rs. |
| Land and Building - Factory 152 | 24,286,090 | 26,651,249 |
| Land and Building - Factory 15 | 9,576,539 | 10,007,807 |
| Land and Building - Factory 17 | 99,004 | 101,657 |
| | **33,961,633** | **36,760,713** |

## 8. SLFRS 16 - LEASES (CONTINUED)

### 8.1 Right of use asset (Continued)

The Rates of Amortization is Estimated as follows: (Straight line basis)

| | | |
|---|---|---|
| Land and Building - Factory 152 | 30 years | 30 years |
| Land and Building - Factory 15 | 35 years | 35 years |
| Land and Building - Factory 17 | 50 years | 50 years |

### 8.2 Lease liability and Lease creditor

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 can not be readily determined, the company's incremental borrowing rate. The movement of Lease creditor for the year is as follows;

| | Balance as at 1 April 2024 | Interest expense recognised in statement of profit or loss | Repayment | Balance as at March 2025 | Balance as at 1 April 2025 | Interest expense recognised in statement of profit or loss | Repayment | Balance as at March 2026 |
|---|---|---|---|---|---|---|---|---|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Land and Building - Factory 152 | 17,634,998 | 2,092,678 | (6,374,668) | 13,353,008 | 13,353,008 | 1,987,949 | (6,245,992) | 9,094,965 |
| Land and Building - Factory 15 | 5,178,086 | 591,193 | (1,352,615) | 4,416,664 | 4,416,664 | 584,541 | (1,325,434) | 3,675,771 |
| Land and Building - Factory 17 | 49,061 | 5,626 | (11,693) | 42,994 | 42,994 | 5,610 | (11,046) | 37,558 |
| | 22,862,145 | 2,689,497 | (7,738,976) | 17,812,666 | 17,812,666 | 2,578,100 | (7,582,472) | 12,808,294 |

| | As at 31 March 2026 | | | As at 31 March 2025 | | |
|---|---|---|---|---|---|---|
| | Amount repayable within 1 year | Amount repayable after 1 year | Total | Amount repayable within 1 year | Amount repayable after 1 year | Total |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Land and Building - Factory 152 | 4,943,468 | 4,151,497 | 9,094,965 | 5,059,403 | 8,293,605 | 13,353,008 |
| Land and Building - Factory 15 | 1,230,541 | 2,445,230 | 3,675,771 | 1,237,905 | 3,178,759 | 4,416,664 |
| Land and Building - Factory 17 | 11,343 | 26,215 | 37,558 | 11,357 | 31,637 | 42,994 |
| | 6,185,352 | 6,622,942 | 12,808,294 | 6,308,665 | 11,504,001 | 17,812,666 |

### 8.3 Amount recognised in statement of profit or loss

| | 31 March 2026 | 31 March 2025 |
|---|---|---|
| Amortisation of leased assets | 2,799,080 | 2,799,081 |
| Interest on lease liabilities | 2,578,100 | 2,689,497 |

### 8.4 Amount recognised in statement of cash flows

| | | |
|---|---|---|
| Capital repayment for lease | 7,582,472 | 7,738,976 |
| Interest on lease liabilities | 2,578,100 | 2,689,497 |

## 9. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

### 9.1 Financial investments

| | As at 31 March 2026 | | As at 31 March 2025 | |
|---|---|---|---|---|
| | No. of Shares | Rs. | No. of Shares | Rs. |
| **Quoted investments** | | | | |
| DFCC Bank PLC | 44,698 | 6,157,150 | 43,478 | 4,608,668 |
| **Unquoted investments** | | | | |
| Centre for Technical Excellence in Ceramics- CENTEC Limited | 54,000 | 540,000 | 54,000 | 540,000 |
| **Total investments** | **98,698** | **6,697,150** | **97,478** | **5,148,668** |

The Company designated the investments shown above as equity securities at FVOCI because these equity securities represents investments the Company intended to hold for the long term for strategic purpose.

No strategic investments were disposed during year ended 31 March 2026 and there were no transfers of any cumulative gain or loss within equity relation to these investments.

### 9.2 Interest Bearing Loans and Borrowings

| | As at 31 March 2026 | | | As at 31 March 2025 | | |
|---|---|---|---|---|---|---|
| | Amount Repayable Within 1 Year Rs. | Amount Repayable After 1 Year Rs. | Total Rs. | Amount Repayable Within 1 Year Rs. | Amount Repayable After 1 Year Rs. | Total Rs. |
| Long Term Loan (9.3) | 850,180,089 | 1,425,000,000 | 2,275,180,089 | - | - | - |
| Short Term Loans (9.3) | - | - | - | - | - | - |
| | 850,180,089 | 1,425,000,000 | **2,275,180,089** | - | - | - |

### 9.3 Interest bearing loans and borrowings

| | Balance as at 01.04.2024 | New Loans Obtained | Repayments | Accrued Interest | Balance as at 31.03.2026 |
|---|---|---|---|---|---|
| Short Term Loans | - | 250,000,000 | (250,000,000) | | |
| | - | **250,000,000** | **(250,000,000)** | - | - |

| | Balance as at 01.04.2025 | New Loans Obtained | Repayments | Accrued Interest | Balance as at 31.03.2026 |
|---|---|---|---|---|---|
| Long Term Loan (9.4) | - | 2,500,000,000 | (235,000,000) | 10,180,089 | 2,275,180,089 |
| | - | **2,500,000,000** | **(235,000,000)** | **10,180,089** | **2,275,180,089** |

### 9.4 Long term loans

| **Term loan facility - LKR 2,500 Mn** | Hatton National Bank PLC Rs. | Total Rs. |
|---|---|---|
| **As at 01 April 2025** | - | - |
| New loans obtained | 2,500,000,000 | 2,500,000,000 |
| Repayments | (235,000,000) | (235,000,000) |
| Accrued Interest | 10,180,089 | 10,180,089 |
| **As at 31 March 2026** | **2,275,180,089** | **2,275,180,089** |

Interest rate :9.65% p.a (Fixed Rate)

Repayment terms : To be repaid in 34 equal monthly Installment of LKR 70 Mn each & final installment of LKR 95 Mn

Tenor :03 Years
Security :Clean

## 9. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

### 9.4 Fair values

Management assessed that cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

### 9.4.1 Fair value hierarchy

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

For all financial instruments where fair values are determined by referring to externally quoted prices or observable pricing inputs to models, independent price determination or validation is obtained. In an active market, direct observation of a trade price may not be possible. In these circumstances, the company uses alternative market information to validate the financial instrument's fair value, with greater weight given to information that is considered to be more relevant and reliable.

Fair value are determined according to the following hierarchy.

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2: Other valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: Valuation techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 March, the company held the following financial instruments carried at fair value on the statement of financial position.

| Assets measured at fair value | Level 1 | | Level 2 | | Level 3 | | Total | |
|---|---|---|---|---|---|---|---|---|
| As at 31 March | 31 March 2026 Rs. | 31 March 2025 Rs. | 31 March 2026 Rs. | 31 March 2025 Rs. | 31 March 2026 Rs. | 31 March 2025 Rs. | 31 March 2026 Rs. | 31 March 2025 Rs. |
| **Equity instruments at FVTOCI** | | | | | | | | |
| Quoted equity shares | 6,157,150 | 4,608,668 | - | - | - | - | 6,157,150 | 4,608,668 |
| Unquoted shares | - | - | - | - | 540,000 | 540,000 | 540,000 | 540,000 |
| | 6,157,150 | 4,608,668 | - | - | 540,000 | 540,000 | 6,697,150 | 5,148,668 |

As at 31 March 2026, the Company held the above financial instruments carried at fair value on the statement of financial position. Carrying value of the unquoted shares do not significantly different from the fair value of the investment.

**Financial assets and liabilities by categories**

| | Financial assets by categories | | | | | | Financial liabilities by categories | |
|---|---|---|---|---|---|---|---|---|
| | Measured at Amortised cost | | Fair Value through Profit/Loss | | Fair Value through OCI | | Measured at Amortised cost | |
| | 31 March 2026 | 31 March 2025 | 31 March 2026 | 31 March 2025 | 31 March 2026 | 31 March 2025 | 31 March 2026 | 31 March 2025 |
| *Financial assets* | | | | | | | | |
| Financial Investments | - | - | - | - | 6,697,150 | 5,148,668 | - | - |
| Trade and other receivables | 2,675,660,432 | 3,814,664,295 | - | - | - | - | - | - |
| Prepayment | 68,242,352 | 26,807,842 | - | - | - | - | - | - |
| Cash and short term deposits | 5,792,830,042 | 2,885,388,507 | - | - | - | - | - | - |
| | 8,536,732,826 | 6,726,860,644 | - | - | 6,697,150 | 5,148,668 | - | - |
| *Financial liabilities* | | | | | | | | |
| Lease liabilities | - | - | - | - | - | - | 12,808,294 | 17,812,666 |
| Interest bearing loans and borrowings | - | - | - | - | - | - | 2,275,180,089 | - |
| Trade and other payables | - | - | - | - | - | - | 1,859,388,049 | 1,626,236,472 |
| Bank overdraft | - | - | - | - | - | - | 124,913,162 | 35,079,621 |
| | - | - | - | - | - | - | 4,272,289,594 | 1,679,128,759 |

## 10. INVENTORIES

| | As at 31 March 2026 Rs. | As at 31 March 2025 Rs. |
|---|---|---|
| Raw materials and packing materials | 1,297,109,962 | 1,107,751,889 |
| Work in progress | 21,863,070 | 27,163,253 |
| Finished goods | 726,778,115 | 1,754,292,672 |
| Consumables and spares | 1,635,745,287 | 1,688,527,228 |
| Stock in transit | 53,204,636 | - |
| Less: Obsolete and slow moving inventory (Note 10.1) | (468,122,293) | (528,457,552) |
| | 3,266,578,777 | 4,049,277,490 |

### 10.1 Provision for inventory

| | As at 31 March 2026 Rs. | As at 31 March 2025 Rs. |
|---|---|---|
| **Balance as at beginning of the year** | 528,457,552 | 280,422,848 |
| Provision during the year | (60,335,259) | 248,034,704 |
| **Balance as at end of the year** | 468,122,293 | 528,457,552 |

## 11. TRADE AND OTHER RECEIVABLES

| | | As at 31 March 2026 Rs. | As at 31 March 2025 Rs. |
|---|---|---|---|
| Trade receivables | - Related party (**Note - 11.1**) | 82,511,218 | 361,638,800 |
| Trade receivables | - Others | 2,615,676,614 | 3,474,774,722 |
| Less : Provision for impairments (**Note - 11.2**) | | (45,798,950) | (36,222,360) |
| | | **2,652,388,882** | **3,800,191,162** |
| Advances, deposits and others | | 378,501,570 | 121,908,458 |
| Loans to company officers | - Current | 15,921,550 | 10,233,550 |
| | - Non current | 7,350,000 | 4,239,583 |
| | | **3,054,162,002** | **3,936,572,753** |
| Total current | | 3,046,812,002 | 3,932,333,170 |
| Total non - current | | 7,350,000 | 4,239,583 |
| | | **3,054,162,002** | **3,936,572,753** |

Trade receivables are non-interest bearing and are generally on terms up to 45 days for domestic customers and export sales are generally on terms up to 90 days depending on the circumstances.

### 11.1 Trade Receivables includes amounts due from related parties as follows.

| | | As at 31 March 2026 Rs. | As at 31 March 2025 Rs. |
|---|---|---|---|
| | **Relationship** | | |
| PGP Glass USA Inc | Fellow subsidiary | 82,511,218 | 361,638,800 |
| | | **82,511,218** | **361,638,800** |

### 11.2 Provision for impairments

| | As at 31 March 2026 Rs. | As at 31 March 2025 Rs. |
|---|---|---|
| **Balance as at the beginning of the period** | (36,222,360) | (23,366,361) |
| Provision for bad and doubtful debts | (6,285,542) | (8,552,050) |
| Written off during the year | (3,291,048) | (4,303,949) |
| **Balance as at the end of the period** | **(45,798,950)** | **(36,222,360)** |

## 12. CASH AND SHORT TERM DEPOSITS

| | As at 31 March 2026 Rs. | As at 31 March 2025 Rs. |
|---|---|---|
| **12.1 Favorable cash and cash equivalent balances** | | |
| Cash at bank | 496,413,997 | 525,655,049 |
| Cash on hand | 6,663,287 | 7,293,806 |
| | **503,077,284** | **532,948,855** |
| **12.2 Short term deposits** | | |
| Fixed deposit -less than 90 days | 4,950,000,000 | 2,000,000,000 |
| Money market funds | 339,752,758 | 352,439,652 |
| | **5,289,752,758** | **2,352,439,652** |
| **Favorable cash and cash equivalent balances in the statement of financial position** | **5,792,830,042** | **2,885,388,507** |
| **12.3 Unfavorable cash and cash equivalent balances** | | |
| Bank overdraft | (124,913,162) | (35,079,621) |
| **Cash and cash equivalents for the purpose of cash flow statement** | **5,667,916,880** | **2,850,308,886** |

| 13. STATED CAPITAL | As at 31 March 2026 Number | As at 31 March 2025 Number | As at 31 March 2026 Rs. | As at 31 March 2025 Rs. |
|---|---|---|---|---|
| 13.1 Ordinary shares | 950,086,080 | 950,086,080 | 1,526,407,485 | 1,526,407,485 |

**13.2 Rights, preference and restrictions of classes of capital**

The holders of ordinary shares confer their right to receive dividends as declared from time to time and are entitled to one vote per share at a meeting of the company. All shares rank equally with regard to the company's residual assets.

| 14. OTHER RESERVES | As at 31 March 2026 Rs. | As at 31 March 2025 Rs. |
|---|---|---|
| Revaluation reserve (**Note 14.1**) | 101,407,935 | 101,407,935 |
| Fair value reserve (**Note 14.3**) | 5,237,798 | 3,881,914 |
| | **106,645,733** | **105,289,849** |

**14.1 Revaluation reserve**

| | | |
|---|---|---|
| Balance as at beginning of the year | 101,407,935 | 101,407,935 |
| **Balance as at the end of the year** | **101,407,935** | **101,407,935** |

**14.2** Revaluation reserve consists of net surplus resulting from the revaluation of property, plant and equipment before the date of transition to SLFRS in relation to assets still in use.

**14.3 Fair value reserve**

| | As at 31 March 2026 Rs. | As at 31 March 2025 Rs. |
|---|---|---|
| Balance as at beginning of the year | 3,881,914 | 2,610,258 |
| Gain on financial investments - Fair value through other comprehensive income | 1,355,884 | 1,271,656 |
| **Balance as at the end of the year** | **5,237,798** | **3,881,914** |

*Fair value reserves consists of net gain reserves from valuation of financial investments.*

**15. EMPLOYEE BENEFIT LIABILITY**

| 15.1 Defined benefit obligation<br>Changes of the defined benefit obligation are as follows: | As at 31 March 2026 Rs. | As at 31 March 2025 Rs. |
|---|---|---|
| **Balance at the beginning of the year** | 332,434,597 | 215,980,317 |
| ***Included in profit or loss*** | | |
| Interest cost | 36,567,805 | 25,917,640 |
| Current service cost | 25,788,415 | 16,496,848 |
| ***Included in other comprehensive income*** | | |
| Actuarial losses on obligation | 64,157,890 | 88,500,746 |
| Benefits paid during the period | (6,201,673) | (14,460,954) |
| **Balance at the end of the year** | **452,747,034** | **332,434,597** |

**15.2** M/S Actuarial and Management Consultants (Private) Limited, Actuaries carried out an actuarial valuation for defined benefit plan for the year ended 31 March 2026. The actuarial valuation involves making assumptions about discount rate, average expected future working lives, salary escalation rate, promotion rates and mortality rates. The key assumptions used by the actuary include the following.

| | 31 March 2026 | 31 March 2025 |
|---|---|---|
| Method of actuarial valuation: | Projected unit credit method | Projected unit credit method |
| Discount rate: | 10.00% | 11.00% |
| Retirement age: | 60 Years | 60 Years |
| Salary escalation rate | | |
| Non executive | 11% | 10% |
| Executive | 10% | 11% |
| Attrition rate: | | |
| Non executive | 3% | 3% |
| Executive | 8% | 8% |
| Expected future working life (No of Years) | | |
| Non executive | 14.17 | 14.59 |
| Executive | 8.52 | 8.72 |
| Weighted Average Duration of Defined Benefit Obligation (Years) | 8 | 8 |
| Mortality table: | A 1967-70 Mortality Table for Assured Lives | A 1967-70 Mortality Table for Assured Lives |

A long-term treasury bond rate of 10.00% p.a. (2025 - 11.00% p.a.) has been used to discount future liabilities taking into consideration the remaining working life of eligible employees.

## 15. EMPLOYEE BENEFIT LIABILITY (Contd...)

### 15.3 Sensitivity of assumptions employed in actuarial valuation

The following table demonstrates the sensitivity to a reasonable possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement, in respect of the period ended 31 March 2026.

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

A one percentage point change in the assumed rate of increase in salary escalation rate would have the following effects:

| | | Increase Rs. | Decrease Rs. |
|---|---|---|---|
| **2026** | Effect on the defined benefit obligation | 37,612,901 | (33,249,484) |
| **2025** | Effect on the defined benefit obligation | 27,157,395 | (24,155,030) |

A one percentage point change in the assumed discount rate would have the following effects:

| | | Increase Rs. | Decrease Rs. |
|---|---|---|---|
| **2025** | Effect on the defined benefit obligation | (31,303,072) | 36,057,283 |
| **2024** | Effect on the defined benefit obligation | (22,533,048) | 25,738,775 |

15.4 The expected maturity analysis of discounted retirement obligation is as follows:

| | As at 31 March 2026 Rs. | As at 31 March 2025 Rs. |
|---|---|---|
| Within the next 12 months | 73,280,381 | 16,934,375 |
| Between 1 and 6 years | 155,861,469 | 141,949,289 |
| Between 6 and 10 years | 82,191,804 | 70,717,611 |
| Beyond 10 years | 141,413,380 | 102,833,322 |
| | **452,747,034** | **332,434,597** |

## 16. TRADE AND OTHER PAYABLES

| | | As at 31 March 2026 Rs. | As at 31 March 2025 Rs. |
|---|---|---|---|
| Trade payable | - Related party (**Note 16.1**) | 358,910,490 | 108,527,996 |
| | - Others | 864,045,496 | 855,148,832 |
| Other payables | - Related party (**Note 16.2**) | 140,117,990 | 124,836,235 |
| | - Capital Expenditure | 187,361,046 | 59,560,013 |
| Sundry creditors including accrued expenses | | 564,587,303 | 655,725,276 |
| | | **2,115,022,325** | **1,803,798,352** |

Trade payables are non-interest bearing and are normally settled on 30-90 day terms.

### 16.1 Trade payables to related party

| | Relationship | | |
|---|---|---|---|
| PGP Glass (Private) Limited - India | Parent company | 358,910,490 | 108,527,996 |
| | | **358,910,490** | **108,527,996** |

### 16.2 Other payables - Related party

| | Relationship | | |
|---|---|---|---|
| PGP Glass Private Limited - India | Parent company | 140,117,990 | 124,836,235 |
| | | **140,117,990** | **124,836,235** |

## 17. DIVIDENDS PAID AND PAYABLE

| | As at 31 March 2026 Rs. | As at 31 March 2025 Rs. |
|---|---|---|
| As at the beginning of the year | 134,404,849 | 83,466,573 |
| Dividends declared during the year ( **Note 17.1**) | 2,147,194,541 | 2,232,702,288 |
| Dividends paid during the year | (2,104,608,007) | (2,177,932,662) |
| Written back of unclaimed dividends | (3,366,779) | (3,831,350) |
| **As at the end of the year** | **173,624,604** | **134,404,849** |

### 17.1 Declared and paid during the year

| Equity dividends on ordinary shares | | |
|---|---|---|
| - Final dividend per share for 2023/24 - Rs.1.55 | - | 1,472,633,424 |
| - Interim dividend per share for 2024/25 - Rs.0.80 | - | 760,068,864 |
| - Final dividend per share for 2024/25 - Rs. 2.26 | 2,147,194,541 | - |
| | **2,147,194,541** | **2,232,702,288** |

## 18. RELATED PARTY DISCLOSURES

During the period the Company has entered into transactions with the following related parties. The material transactions have been disclosed below.

### 18.1 Transaction with group companies

| | | Year Ended | |
|---|---|---|---|
| | | 31 March 2026 | 31 March 2025 |
| | | Rs. | Rs. |
| **Name of Company** | **Relationship** | | |
| PGP Glass (Private) Limited - India | Parent company | | |
| **Nature of transaction** | | | |
| Purchasing of bottles | | 922,163,349 | 274,893,199 |
| Purchasing of bottles and lids - In transit | | 53,204,636 | - |
| Purchasing of lids | | 4,219,435 | 672,750 |
| Purchase of capital items | | 10,990,015 | 2,266,440 |
| Technical fees | | 338,040,413 | 374,922,128 |
| Maintenance cost for ERP and Network systems | | 119,062,610 | 43,738,408 |
| | | **1,447,680,458** | **696,492,925** |
| **Name of Company** | **Relationship** | | |
| PGP Glass USA Inc | Fellow subsidiary | | |
| **Nature of transaction** | | | |
| Sale of bottles | | 1,027,352,572 | 1,801,598,634 |
| Purchase of raw material | | - | 3,030,000 |
| | | **1,027,352,572** | **1,804,628,634** |
| **Name of Company** | **Relationship** | | |
| Ansa Decoglass Pvt Ltd | Fellow subsidiary | | |
| **Nature of transaction** | | | |
| Purchase of raw material | | - | 69,592 |
| | | - | **69,592** |

The amounts payable to the above related parties as at 31 March 2026 and 31 March 2025 are disclosed in Notes 16.1 and 16.2 and amounts receivable from the above related parties as at 31 March 2026 and 31 March 2025 are disclosed in Note 11.1.

The transactions with related parties are made on ordinary course of business.

## 18. RELATED PARTY DISCLOSURES (CONTINUED)

### 18.2 Transactions with Directors and Key management personnel

| | Year Ended | |
|---|---|---|
| | 31 March 2026 | 31 March 2025 |
| | Rs. | Rs. |
| Short term employee benefits | 103,285,286 | 104,572,426 |
| **Total Compensation paid to Key Management Personnel** | **103,285,286** | **104,572,426** |

* Key Management personnel include the Board of Directors and the Chief Operating Officer of the company.

## 19. COMMITMENTS AND CONTINGENCIES

### 19.1 Capital Expenditure Commitments

The Company has commitments for acquisition of property, plant and equipment incidental to the ordinary course of business as at 31 March 2026 are as follows:

| | As at 31 March 2026 Rs. Mn | As at 31 March 2025 Rs. Mn |
|---|---|---|
| Contracted but not provided | 617 | 51 |
| Authorized by the Board, but not Contracted | 524 | 68 |
| | **1,141** | **119** |

### 19.2 Contingent Liabilities

There are no significant contingent liabilities as at the reporting date.

## 20. ASSETS PLEDGED

There are no any assets pledged as securities for liabilities as at the reporting date.

## 21. EVENTS OCCURRING AFTER THE REPORTING DATE

There are no events which require adjustment to, or disclosure in the Financial Statements except for the followings;
The Directors declared a final dividend of Rs. 2.98 per share for the year ended 31 March 2026 on 21 May 2026.

## 22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### 22.1 Introduction

Risk is inherent in company's business activities, but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The Board of Directors of the company places special consideration on the management of such risks. The company is mainly exposed to;

**a.** Market risk
**b.** Commodity price risk
**c.** Interest rate risk
**d.** Exchange rate risk
**e.** Liquidity risk
**f.** Equity price risk
**g.** Credit risk

### 22.1.1 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, and financial investments.

Financial risk management is carried out by PGP Glass Ceylon PLC Finance Division under policies approved by the Board which set out the principles and procedures with respect to risk tolerance, delegated authority levels, internal controls, management of foreign currency, interest rate and counterparty credit exposures and the reporting of exposures.

The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the entity's financial performance.

### 22.1.2 Commodity price risk

The Entity is affected by the availability and price of certain commodities. The main impact for PGP Glass Ceylon PLC is through energy and Imported Raw Material. The imported Raw material price risk is mitigated through long term agreements and central purchasing done by PGP Global supply chain team. The energy cost consists of LPG, Furnace oil and Electricity.

In managing the commodity price risk part of the cost increases are passed on to the customer through the annual price increases.

## 22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### 22.1.3 Interest rate risk

Interest rate risk is the risk that the entity's financial position will be adversely affected by movements in floating interest.

**Exposure to inherent rate risk**
The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

| | As at 31 March 2026 Rs. | As at 31 March 2025 Rs. |
|---|---|---|
| *Variable rate instruments* | | |
| Loans and borrowings - Short term loan | - | - |
| Loans and borrowings - Long term loan | 2,275,180,089 | - |

The sensitivity of the income statement is the effect of the assumed changes in interest rate on the profit or loss for the year is as follows.

| | Increase/(decrease) in Interest Rate | Effect on Statement of Profit or Loss Rs. | Effect on Statement of Financial Position Rs. |
|---|---|---|---|
| 2025/26 | 1% | (1,066,678) | (1,066,678) |
| | -1% | 1,066,678 | 1,066,678 |
| 2024/25 | 1% | (143,975) | (143,975) |
| | -1% | 143,975 | 143,975 |

### 22.1.4 Exchange rate risk

Exchange risk arises out of the commercial transactions that the entity enters into outside Sri Lanka. The major part of the foreign transactions is dealt with US Dollars. The company has a natural hedging by way of its operational transactions as the inflow of foreign currency through export sale off sets the import cost and interest.

The Principle exchange rates used by the Company for conversion of foreign currency balances and transactions for the period ended 31 March 2026 are as follows;

| | Average rate | | Closing rate | |
|---|---|---|---|---|
| | 2025/26 | 2024/25 | 2025/26 | 2024/25 |
| USD | 303.80 | 297.87 | 316.00 | 296.00 |
| EUR | 351.66 | 319.74 | 362.03 | 320.00 |
| INR | 3.45 | 3.53 | 3.32 | 3.46 |
| GBP | 407.44 | 380.33 | 416.62 | 383.61 |

The sensitivity of the income statement and statement of financial position is the effect of the assumed changes in exchange rate on the profit or loss and long term foreign currency borrowings for the period is as follows.

| | USD | EUR | INR | GBP |
|---|---|---|---|---|
| Cash and Bank | 1,417,984 | 334 | 32,644 | - |
| Trade Receivables | 2,428,512 | - | - | - |
| Trade Creditors | 2,269,858 | 300,669 | 6,004,307 | 1,418 |

| | Increase/(decrease) in Exchange Rate | Effect on Statement of Profit or Loss Rs. | Effect on Statement of Financial Position Rs. |
|---|---|---|---|
| 2025/26 | 1% | 719,361 | 719,361 |
| | -1% | (719,361) | (719,361) |
| 2024/25 | 1% | 381,832 | 381,832 |
| | -1% | (381,832) | (381,832) |

### 22.1.5 Liquidity risk

Liquidity risk arises from the financial liabilities of the entity and the entity's subsequent ability to meet their obligation to repay their financial liabilities as and when they fall due.

Liquidity risk management involves maintaining available funding and ensuring the entity has access to an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, PGP Glass Ceylon PLC Finance aims to maintain flexibility within the funding structure through the use of bank overdrafts, Short Term loans, Letter of Credit and Guarantees.

## 22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### 22.1.5 Liquidity risk (Continued)

Entity manages this risk via maintaining an undrawn committed liquidity at any given moment that can be drawn upon at short notice to meet any unforeseen circumstance.

The company also regularly performs a comprehensive analysis of all cash inflows and outflows that relate to financial assets and liabilities.

The below table summarises the maturity profile of the Company's financial liabilities as at 31 March 2026.

| | As at 31 March 2026 | Contractual cash flows | | | |
|---|---|---|---|---|---|
| | Carrying value | 1 - 6 Months | 6 - 12 Months | More than one year | Total |
| | Rs. | Rs. | Rs. | Rs. | Rs. |
| Lease liability (Note 8.2) | 12,808,294 | 3,730,561 | - | 41,570,478 | 45,301,039 |
| Trade and other Payables (Note 16) | 2,115,022,325 | 2,032,217,570 | 82,804,755 | - | 2,115,022,325 |
| Bank overdraft (Note 12.3) | 124,913,162 | 124,913,162 | - | - | 124,913,162 |
| Long Term Loans (Note 9.3) | 2,275,180,089 | 521,652,836 | 499,998,500 | 1,547,605,233 | 2,569,256,568 |
| | 4,527,923,870 | 2,682,514,129 | 582,803,255 | 1,589,175,711 | 4,854,493,094 |

### 22.1.6 Equity price risk

The key objectives of the entity when managing capital is to safeguard its ability to continue as a going concern and maintain optimal returns to shareholders and benefits for other stakeholders.

During the past years the management has tried its best to maintain a steady percentage of pay-out as its dividend.

### 22.1.7 Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily for trade receivables).

The company minimizes is credit risk towards its customers by having agreements with customers and having high level scrutiny before converting a cash customer to a credit customer. Also the company adheres to the policy of obtaining guarantees from new customers as the requirement may seem fit.

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

| | As at 31 March 2026 | As at 31 March 2025 |
|---|---|---|
| | Rs. | Rs. |
| Financial investments | 6,697,150 | 5,420,899 |
| Trade and other receivables | 3,046,812,002 | 3,130,722,742 |
| Cash and short term deposits | 5,792,830,042 | 1,287,204,300 |
| | 8,846,339,194 | 4,423,347,941 |

**Trade receivables and expected credit loss assessment**

| | As at 31 March 2026 | | | | As at 31 March 2025 | | | |
|---|---|---|---|---|---|---|---|---|
| | Gross carrying value | Loss allowance | Weighted average loss rate | Credit impaired | Gross carrying value | Loss allowance | Weighted average loss rate | Credit impaired |
| Current (not past due) | 2,401,211,848 | 34,004,840 | 1.42% | No | 3,514,753,626 | 26,186,498 | 0.75% | No |
| 60-120 days past due | 277,086,259 | 56,586 | 0.02% | No | 302,872,793 | - | 0.00% | No |
| 121- 180 days past due | 11,777,593 | - | 0.00% | No | 14,826,362 | - | 0.00% | No |
| 181-365 days past due | (3,625,392) | - | 0.00% | No | (6,075,121) | - | 0.00% | No |
| More than 365 days past due | 11,737,524 | 11,737,524 | 100.00% | Yes | 10,035,862 | 10,035,862 | 100.00% | Yes |
| | **2,698,187,832** | **45,798,950** | | | **3,836,413,522** | **36,222,360** | | |

**Cash at bank**

Company held cash at bank Rs 496,413,997/-at 31 March 2026 and Rs 525,655,049/- as at 31 March 2025 respectively. The cash at bank are held with reputed commercial banks and financial institution counterparties, which are rated AAA and BBB- based on fitch rating.

### 22.2 Capital management

The company monitors the adequacy of capital structure of the company. In determining the capital structure, the Board of Directors is concerned about the controlling interest of the Parent, PGP Glass Private Limited. The objective of the company is to maintain a balance between access to funds and flexibility through borrowed funds (Long term /Project loans, short term loans and bank overdrafts) rather than using equity funding. Access to source of funds is sufficiently available and financing for operational purposes has already been secured.

## 23 Comparative information

The comparative information has been reclassified where ever necessary to confirm with the current years classification in order to provide a better presentation.