Heritage, Reimagined

DANKOTUWA PORCELAIN PLC ANNUAL REPORT 2025 | 2026

Some traditions are preserved in museums. Others live on in the hands of those who continue to shape them.

For over four decades, Dankotuwa Porcelain has transformed artistry into enduring expressions of elegance, creating pieces that outlast trends and become part of family stories passed from one generation to the next. Every pattern, every flourish of gold, and every carefully crafted detail carries the imprint of a heritage built on uncompromising quality and craftsmanship.

In 2025/26, that heritage was not merely preserved, it was reimagined. Amid global uncertainty, rising material costs, and shifting market dynamics, we chose authenticity over compromise, continuing to adorn our collections with real gold while expanding our presence across international and local markets. Growth in exports, showrooms, retail channels, and strategic new markets reaffirmed the enduring appeal of a brand rooted in excellence.

As we introduce new collections, expand into emerging regions, embrace digital innovation, and strengthen sustainable practices, we remain guided by the same philosophy that has defined Dankotuwa for generations. True heritage does not stand still. It evolves with purpose, adapts with confidence, and continues to inspire. This is the story of a legacy renewed for tomorrow while remaining timeless forever.

Heritage, Reimagined

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"While challenges remain, the progress achieved reflects the resilience of our business, the strength of our brands, and provides a solid foundation for restoring sustainable growth."

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FEEDBACK AND ENQUIRIES

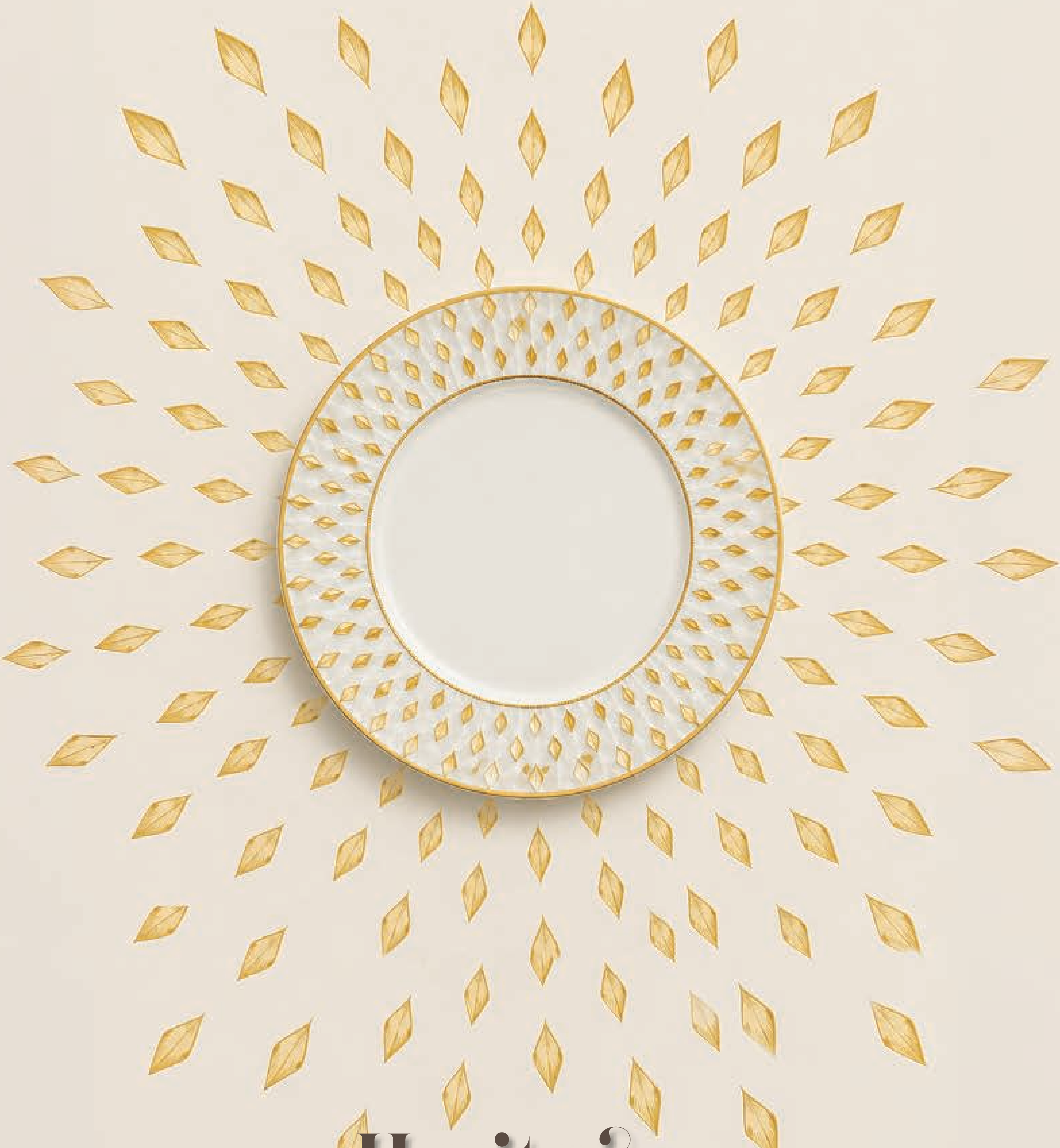
Feedback and constructive criticism of this Annual Report will be greatly appreciated as it will enable us to improve subsequent reports. We kindly request our readers and stakeholders to forward their feedback and any enquiries to:

The Chief Financial Officer,
Dankotuwa Porcelain PLC
Kurunegala Road, Dankotuwa
Tel - 94 31 5500500
Email - info@dankotuwa.com

Digital View

www

The Annual Report is available on the CSE official website, https://www.cse.lk/company-profile?symbol=DPL.N0000



Heritage, Reimagined

OUR PURPOSE

"Enhance people's lifestyles"

OUR VISION

"Enhance People's Lifestyles Through Exquisitely Crafted Porcelain Products"

OUR MISSION

"To Be Asia's Leading Manufacturer and Marketer of Porcelain Tableware"

CORPORATE VALUES

1. CREATIVE AND INNOVATIVE

We take a human-centred approach to challenge assumptions, redefine problems, design and create innovative products and solutions.

2. INTEGRITY AND TRUST

We are open and honest. We are ethical and transparent in all our interactions.

3. GREAT ATTITUDE

We have a positive outlook. We trust and respect each other.
We see challenges as opportunities.

4. PERSEVERANCE

We constantly push our limits. We are hyper focused on quality and efficiency in all aspect of what we do. We never give up and continuously look for solutions.

5. COMMITTED AND ACCOUNTABLE

Together we are a team of diverse individuals who are committed and accountable to all our stakeholders.

6. LEARNING AND GROWING TOGETHER

We believe that every moment is unique and an opportunity to improve ourselves. We learn from our mistakes and continuously evolve.

ABOUT DANKOTUWA PORCELAIN

ESTABLISHMENT AND EARLY YEARS

Recognized globally for its exquisite craftsmanship and finely designed porcelain tableware, Dankotuwa Porcelain PLC (DPL) traces its origins back to 1984. The Company emerged during a transformative period in Sri Lanka's economic history, benefiting from the Open Economic Policy of the 1980s, which unlocked new opportunities in both local and international markets.

By the late 1980s, DPL underwent a significant transformation by investing in specialized employee training and adopting internationally acclaimed Japanese management practices. This strategic evolution enabled the Company to enhance operational efficiency while earning recognition for its timeless and contemporary tableware collections.

PUBLIC LISTING AND EXPANSION

In 1994, DPL became a publicly listed entity on the Colombo Stock Exchange, strengthening its market position and boosting stakeholder confidence. A major milestone followed in 2014 with the acquisition of Royal Fernwood Porcelain Limited, expanding its capabilities to produce more vibrant and modern designs that align with evolving consumer preferences.

PRODUCT RANGE AND MANUFACTURING EXCELLENCE

Today, Dankotuwa Porcelain stands as a premium luxury brand known for its commitment to quality and innovation. Its portfolio has expanded beyond traditional tableware to include lifestyle products such as steam inhalers, porcelain water bottles, self-watering planters, and bathroom accessories.

With advanced manufacturing capabilities, the Company not only serves the local market but also produces high-quality tableware for leading international brands and retailers, reinforcing its global presence.

ACCOLADES AND MARKET PRESENCE

DPL's dedication to excellence has earned it numerous prestigious awards, including the Best Exporter Award from the Sri Lanka Export Development Board (EDB) (Presidential Export Award - 2023/24 - Sectoral Award - Ceramics & Porcelain Based Products). This recognition highlights the Company's significant contribution to Sri Lanka's export economy.

Its products, celebrated for their pristine whiteness and elegant designs, are available through five exclusive showrooms in Colombo and surrounding areas, as well as a nationwide distribution network of over 400 dealers.

COMMITMENT TO QUALITY AND SUSTAINABILITY

Quality remains at the core of DPL's operations. The Company maintains strict supervision of raw materials and implements rigorous quality assurance processes at every stage of production. This commitment has earned DPL global recognition and multiple international certifications for quality, safety, and design excellence.

Equally important is the Company's dedication to environmental sustainability, with ongoing initiatives focused on reducing environmental impact and promoting responsible manufacturing practices.

The production process begins with careful selection and testing of raw materials such as quartz, feldspar, kaolin, pottery stone, talc, and dolomite. These materials are then transformed, glazed, and fired, followed by the application of artistic designs. Each stage undergoes meticulous quality checks to ensure superior final products.

CONTINUOUS GROWTH AND GLOBAL REPRESENTATION

Driven by continuous innovation in design and uncompromising quality standards, Dankotuwa Porcelain proudly represents Sri Lanka on the global stage. By staying attuned to changing market trends and customer preferences, the Company consistently delivers products that meet the highest standards of quality, safety, and aesthetic excellence.

AWARDS AND ACCOLADES


NATIONAL BUSINESS EXCELLENCE AWARDS 2025
Presented by
LARGE CATEGORY
WINNER
DANKOTUWA PORCELAIN PLC
NATIONAL BUSINESS EXCELLENCE AWARDS 2025
Presented by
EXCELLENCE IN PERFORMANCE MANAGEMENT
WINNER
DANKOTUWA PORCELAIN PLC
CNCI ACHIEVER OF INDUSTRIAL EXCELLENCE
THE CEYLON NATIONAL CHAMBER OF INDUSTRIES
CNCI
VOICE OF INDUSTRY
2025
Achiever
NCE EXPORT AWARDS 2025
NCE
Sri Lanka
Voice of the exporter
Ceramic, Porcelain, and other Clay Products Sector
Large Category – Bronze
Dankotuwa Porcelain PLC

GROUP STRUCTURE

DANKOTUWA
World-class tableware

DANKOTUWA PORCELAIN PLC

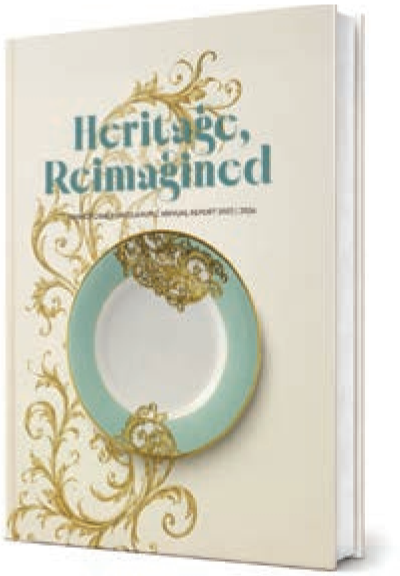
99.6%

ROYAL FERNWOOD PORCELAIN LIMITED

100%

DANKOTUWA SINGAPORE PTE LTD

ABOUT THIS REPORT



We are pleased to present the Annual Report of Dankotuwa Porcelain PLC (DPL) for the financial year 2025/26 created under the theme 'Heritage, Reimagined', and extend a warm welcome to our shareholders and all other readers. This Report provides a comprehensive overview of our operations, performance, and future outlook. It offers more than just financial data, delivering insights into our Group's purpose, impact, and commitment to sustainability. Additionally, this Report serves as an essential resource to support informed decision-making for stakeholders and enables shareholders to evaluate the effectiveness of their investments.

SCOPE & BOUNDARY

This Annual Report outlines key financial and non-financial developments and performance highlights relating to Dankotuwa Porcelain PLC (DPL), Royal Fernwood Porcelain Limited (RFPL) and Dankotuwa Singapore Pte Ltd collectively referred to as "the Group." It encompasses comprehensive information on the Group's business activities and financial results for the period from 1st April 2025 to 31st March 2026. In addition to financial disclosures, the Report provides insights into non-financial and operational aspects of the Group's performance. The Group adheres to an annual reporting cycle.

REPORTING CONTENT & SCOPE

All financial statements presented in this Annual Report are prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). Furthermore, the disclosures contained herein comply with the applicable provisions of the Companies Act No. 7 of 2007 and the listing requirements of the Colombo Stock Exchange. The Report also incorporates relevant disclosures aligned with the Code of Best Practice on Corporate Governance, jointly issued by the Securities and Exchange Commission of Sri Lanka (SEC) and CA Sri Lanka in 2023.

Comprehensive sections on corporate governance, internal controls, and risk management are also included. No restatements have been made to information or data published in previous reporting periods except 2019 figures which is highlighted in the page no 137 in decade at glance. All information and data compiled in this Report were gathered by the relevant departments across the Group, including subsidiary operations. Additionally, inputs were obtained through interviews with members of the Management and Key Executives. The financial data is derived from the Audited Financial Statements and the accompanying Notes, ensuring accuracy and transparency in financial reporting.

TARGET AUDIENCE

This Annual Report is primarily designed to assist our shareholders in making well-informed decisions regarding the organisation's growth, resilience, stability, and long-term sustainability. It also aims to address the information needs of a broader group of stakeholders, including customers, employees, suppliers, business partners, and local communities.

FORWARD-LOOKING STATEMENTS

This Report contains forward-looking statements pertaining to the potential future financial position and operational performance of the Group. These statements inherently involve a degree of risk and uncertainty, as they are based on anticipated events and conditions that may or may not materialize. While these projections are made in good faith, the Group does not undertake any obligation to publicly update or revise such forward-looking statements, whether in response to new information, future developments, or other circumstances.

COMBINED ASSURANCE

External Assurance

The financial statements presented in this Report have been audited by Messrs. Ernst & Young, Chartered Accountants. The auditors have provided their professional assurance and expressed their opinion on the fair and unbiased presentation of the financial statements, as detailed on pages 62 to 64. The Board of Directors and the executive leadership maintain no affiliations or relationships with the auditing firm, thereby ensuring full independence. The external auditors' independence is further confirmed and disclosed on pages 62 to 64.

Internal Assurance

The reporting process and content have been thoroughly reviewed and validated internally by Senior Management, the Internal Audit function, and the Board of Directors (BOD). The Audit Committee has further ensured that the financial statements and related reporting are in full compliance with the Sri Lanka Accounting Standards (SLFRS/LKAS) and the Sri Lanka Financial Reporting Standards.

STATEMENT OF BOARD RESPONSIBILITY

The Board of Directors affirms that this 2025/26 Annual Report serves as a reliable, comprehensive source of information for all stakeholders, including our valued shareholders. This Report has been prepared in full compliance with all applicable statutory requirements and covers all material topics relevant to our operations and outlines the Group's strategic direction. The accuracy, authenticity, and transparency of the financial statements and related disclosures have been thoroughly reviewed and validated by operational leadership and the Company's independent external auditor. In addition, all non-financial disclosures and information included in the Annual Report have been reviewed and validated by operational leadership to ensure their accuracy, completeness, and transparency.

FINANCIAL HIGHLIGHTS

		LKR in '000			
		Group		Company	
As at		31st March 2026	31st March 2025	31st March 2026	31st March 2025
Result for the period - LKR '000					
Revenue - Export		1,638,149	1,808,978	757,076	710,972
- Local		2,337,239	2,041,178	1,385,023	1,206,809
Total Revenue		3,975,388	3,850,156	2,142,099	1,917,781
Gross Profit		975,827	825,054	685,119	427,460
Change in Fair Value Gain of Investment Property		-	-	-	-
Operating Profit		(553,893)	(991,702)	(87,924)	(888,776)
Change in Fair Value Gain/(Loss) of Investment in Subsidiary		-	-	(193,849)	(83,645)
Profit Before Interest & Tax		(510,329)	(947,176)	(220,349)	(915,416)
Net Profit /(Loss) Before Taxation		(801,005)	(1,248,509)	(375,921)	(1,065,286)
Net Profit /(Loss) After Taxation		(610,482)	(869,175)	(282,292)	(727,665)
Net Current Assets / (Liabilities)		(409,260)	253,510	422,670	496,040
FINANCIAL PERFORMANCE - %					
Gross Profit Ratio		24.55	21.43	31.98	22.29
Operating Profit / (Loss) Margin		(13.93)	(25.76)	(4.10)	(46.34)
Net Profit /(Loss) Before Taxation		(20.15)	(32.43)	(17.55)	(55.55)
Net Profit /(Loss) After Taxation		(15.36)	(22.58)	(13.18)	(37.94)
Return on Equity		(30.60)	(37.91)	(11.64)	(28.90)
Return on Capital Employed		(18.26)	(27.00)	(6.68)	(24.60)
Debt to Equity Ratio		145.80	106.57	63.79	48.39
WORKING CAPITAL RATIOS - Days					
Inventory Days		230	238	252	243
Debtor Days (for Total Sales)		91	151	89	197
Payable Days		37	34	32	34
Cash Conversion Cycle		284	356	308	406
LIQUIDITY RATIOS - Times					
Current Asset Ratio		0.90:1	1.07:1	1.19:1	1.25:1
Quick Asset Ratio		0.48:1	0.5:1	0.76:1	0.72:1
Interest Cover		(1.76)	(3.14)	(1.42)	(6.11)
FINANCIAL STABILITY					
Total Assets	LKR '000	6,895,004	7,313,582	5,874,394	5,791,818
Return on Assets	%	(7.40)	(12.95)	(3.75)	(15.80)
Total Liabilities	LKR '000	4,557,681	4,416,138	2,754,552	2,454,001
Shareholders' Funds	LKR '000	2,338,255	2,896,472	3,119,842	3,337,816
Non-Controlling Interest	LKR '000	(932)	972	-	-
Total Debt	LKR '000	3,409,136	3,086,908	1,990,258	1,615,016
Equity/Assets	%	33.91	39.61	53.11	57.63
Net Debt (Cash)/Equity	%	116.36	86.00	44.25	31.58
Debt/Total Assets	%	49.44	42.21	33.88	27.88
SHAREHOLDER INFORMATION					
Shares in Issue	Number 000'	162,553	162,553	162,553	162,553
Earnings per Share	LKR	(3.74)	(5.34)	(1.74)	(4.48)
Net Asset Value per Share	LKR	14.38	17.82	19.19	20.53
Closing Market Price	LKR	15.20	23.10	15.20	23.10
Market Capitalization	LKR '000	2,470,804	3,754,972	2,470,804	3,754,972
Price Earnings Ratio	Times	(4.06)	(4.32)	(8.75)	(5.16)

Governing Stability, Driving Growth

CHAIRMAN'S MESSAGE

"While challenges remain, the progress achieved reflects the resilience of our business, the strength of our brands, and provides a solid foundation for restoring sustainable growth."

Dear Shareholders,

I am pleased to present to you the Annual Report and Audited Financial Statements of Dankotuwa Porcelain PLC Group for the financial year 2025/26.

The year under review marked an important phase in the Group's recovery journey. Following a particularly difficult year in 2024/25, we recorded a meaningful improvement in performance despite continuing challenges in our operating environment. While the Group has yet to return to profitability, the progress achieved during the year reflects the resilience of our business, the strength of our brands, and the commitment of our employees. It also provides a solid foundation for restoring sustainable growth and creating long-term value for our shareholders.

OPERATING ENVIRONMENT

The global economy continued to experience uncertainty during the year, influenced by geopolitical tensions, evolving trade policies, inflationary pressures, and elevated energy costs. These factors affected consumer demand, supply chains, and international trade flows across many sectors, including the ceramics industry. Towards the latter part of the year, heightened tensions in the Middle East resulted in increased oil and energy prices, placing additional pressure on manufacturing and logistics costs worldwide.

Against this backdrop, Sri Lanka continued its gradual economic recovery. Ongoing reform measures, improving macroeconomic stability, strengthening investor confidence, and increased foreign exchange inflows contributed to a more stable business environment. While challenges remain, the country's recovery trajectory provides a more favourable foundation for business growth and investment planning in the years ahead.

PERFORMANCE REVIEW

Group revenue increased by 3% to LKR 3.98 Bn during the financial year, compared with LKR 3.85 Bn in the previous year. Domestic sales performed strongly, growing by 14% and contributing 59% of Group revenue. This encouraging performance reflects the success of initiatives undertaken to strengthen our local market presence and enhance brand accessibility.

International markets remained more challenging. Export revenue declined compared with the previous year due to uncertain global demand conditions and continuing disruptions across key markets. Nevertheless, management continued to strengthen customer relationships and develop new market opportunities to support future growth.

The Group reported a loss after tax of LKR 610 million, a significant improvement from the loss of LKR 869 million recorded in the previous year. Although profitability remained under pressure due to challenging market conditions and inventory provisioning, the overall improvement demonstrates the positive impact of operational efficiency initiatives, cost optimisation programmes, and disciplined management actions undertaken throughout the year.

At company level, Dankotuwa Porcelain PLC recorded turnover growth of 12%, supported by strong growth in both domestic and export sales. Royal Fernwood Porcelain Limited faced a more challenging export environment; however, its domestic business continued to perform strongly, partially offsetting the reduction in export revenue.

OUR PEOPLE

Our employees remain one of the Group's greatest strengths. Throughout the year, we continued investing in employee development, leadership capability, engagement, and well-being. The progress achieved across our management teams in leadership, adaptability, and people management further strengthened our ability to navigate a rapidly changing business environment.

We also remained committed to supporting our employees during times of hardship. Following the impact of Cyclone Ditwah on several regions of Sri Lanka, the Group implemented assistance programmes to provide both immediate relief and longer-term support to affected employees and their families.

GOVERNANCE AND LEADERSHIP

The Board remains committed to maintaining the highest standards of governance, transparency, accountability, and ethical business conduct. During the year, the Group continued to comply with applicable regulatory requirements and corporate governance standards, while further strengthening internal processes and controls.

One compliance-related disclosure concerning a share transaction involving a related party of a Director was not made within the prescribed timeline. The matter was promptly addressed and corrective measures have since been implemented to further strengthen internal reporting and disclosure procedures. The Board remains fully committed to ensuring continued compliance with all regulatory obligations.

The year also saw important leadership changes. Channa Gunawardana stepped down as Chief Executive Officer on 31st March 2026 and continues to serve as an Executive Director of the Company. On behalf of the Board, I sincerely thank Channa for his contribution and leadership during a particularly challenging period for the Group. Miyuru Rajapakshe, who served as Chief Operating Officer during the year under review, assumed the role of Chief Executive Officer with effect from 1 April 2026. We look forward to his leadership as the Group enters its next phase of growth and transformation.

CHAIRMAN'S MESSAGE

LOOKING AHEAD

While the operating environment continues to present challenges, we remain optimistic about the future.

A key priority remains the diversification of our customer portfolio and revenue streams. The Group continues to manage the strategic risks associated with customer concentration while maintaining constructive engagement with a major international customer. Encouraging progress has been made towards resolving the operational issues affecting the relationship, and management remains optimistic about restoring this long-standing partnership.

India continues to represent a significant strategic growth opportunity for the Group. Supported by our established presence in Chennai, favourable trade arrangements, shorter lead times, and strong market potential, India remains central to our long-term international expansion strategy. We also continue to pursue opportunities across Europe and the United States while strengthening our domestic market leadership.

Within Sri Lanka, we will focus on expanding our premium product portfolio, increasing market accessibility, strengthening brand positioning, and driving operational excellence through productivity improvements, innovation, and disciplined cost management.

Our strategic priorities remain clear: restoring profitability, strengthening competitiveness, enhancing operational efficiency, and generating sustainable long-term value for shareholders. While challenges remain, I am confident that the Group possesses the people, capabilities, and determination required to build a stronger and more resilient future.

APPRECIATION

On behalf of the Board of Directors, I extend my sincere appreciation to our management team and employees for their dedication, resilience, and commitment throughout another challenging year. I also thank our customers, business partners, lenders, regulators, and all other stakeholders for their continued support.

Most importantly, I wish to express my gratitude to our shareholders for the confidence and trust you continue to place in the Group. Your support remains a source of encouragement as we continue our journey of recovery and transformation.

Together, we look forward with confidence to the opportunities that lie ahead and to creating sustainable value for all our stakeholders.

(Sgd.)
Ranil Pathirana
Chairman

31st August 2026

CHIEF EXECUTIVE OFFICER'S REVIEW

"The financial year 2025/26 tested our global resilience. While we recorded a meaningful improvement in key fronts, our primary focus was strengthening business fundamentals. Enhanced manufacturing efficiencies drove our gross profit up by 18%, while our domestic business anchored us with an exceptional 14% growth"

Dear Shareholders,

The financial year 2025/26 was a year that tested the resilience, adaptability, and determination of businesses across the globe. Against a backdrop of continued economic uncertainty, rising input costs, geopolitical tensions, and evolving market dynamics, the Dankotuwa Porcelain Group remained focused on strengthening the fundamentals of our businesses and positioning the Group for sustainable long-term growth.

The year under review concluded with a 3% growth in turnover compared to 2024/25 financial year and PAT loss of LKR 610 Mn, compared to a PAT loss of LKR 869 Mn in the previous year. This PAT loss of LKR 610 Mn includes LKR 282 Mn from DPL and LKR 462 Mn from RFPL subject to consolidation adjustments. The main reason for loss of LKR 462 Mn from RFPL is due to provision of LKR 387 Mn for inventory based on the group prudent provisioning policy. While the Group recorded a reduction in losses, challenges relating to its largest customer remain to be fully resolved. The customer has commenced settling its overdue balances. However, the resumption of normal sourcing activities, subject to revised commercial terms, remains to be confirmed. Against this backdrop, the Group continued to maintain a disciplined approach to working capital management while actively pursuing alternative market opportunities to strengthen revenue streams and support a sustainable recovery.

Despite the challenging macroeconomic environment and the numerous pressures faced during the year, I take great pride in the resilience, dedication, and commitment demonstrated by our teams across both companies. Their ability to adapt, maintain operational discipline, and continue driving improvements has enabled the Group to build a stronger foundation for future growth. The progress achieved during the year reflects the collective determination of our people and reinforces our confidence that we are moving in the right direction towards sustainable profitability and long-term value creation.

Navigating a Challenging Operating Environment

The year under review presented several significant challenges that impacted our operations and financial performance. The global business environment remained volatile, with elevated energy prices continuing to place pressure on manufacturing costs. In addition, geopolitical tensions, particularly in the Middle East, affected international trade flows, resulting in delays in shipments and postponement of customer orders, as well as an increase in freight costs.

The Group was also affected by Cyclone Ditwah, which impacted several regions of Sri Lanka during late November and early December 2025. The adverse weather conditions disrupted factory operation, sales operation and, logistics. Furthermore, restricted fuel supply at the latter part of the year, affected the efficient movement of people and products and business development activities, particularly within the domestic market.

Despite these challenges, the Group demonstrated resilience and continued to make meaningful progress in strengthening its operational capabilities.

BUSINESS AND FINANCIAL REVIEW

Financial Performance

During the year under review, the Group recorded revenue of LKR 3.98 Bn, representing a 3% growth compared to the previous year. While export markets remained under pressure, the Group's domestic business demonstrated strong resilience, growing by 14% to LKR 2.34 Bn and contributing 59% of total Group sales.

The growth in domestic sales was supported by strong performance across key channels, including dealer sales, which increased by 17%, B2B sales by 13%, showroom sales by 13%, and special sales by 14%. This performance reflects the strength of our brands, the commitment of our distribution partners, and the effectiveness of our strategy to deepen our presence in the domestic market.

Export sales declined by 9% during the year, reflecting the challenges experienced in international markets. Nevertheless, the Group continued to maintain relationships with existing customers while actively pursuing new opportunities in strategic markets.

At the profitability level, the Group achieved a meaningful improvement in operational performance. Gross profit increased by 18% to LKR 976 Mn, while gross profit margin improved from 21% to 25%. This improvement was achieved through enhanced manufacturing efficiency, better cost management, improved product mix, and continued focus on operational excellence.

Administrative expenses, excluding the impact from inventory provisions, remained well controlled despite inflationary pressures, while distribution costs reduced, excluding the impact from debtor provisions, by 9% during the year. These achievements demonstrate the Group's commitment to disciplined cost management.

Although the Group recorded a loss after tax of LKR 610 Mn for the year, this represents an improvement from the previous year's loss of LKR 869 Mn. This result includes prudent provisions of LKR 561 Mn for inventory, made in accordance with our robust internal policies. Further, we managed to recover net LKR 157 Mn from the receivable which were provided in the 2024/25 financial year, which has impacted positively. The overall net provision impact on the 2025/26 financial performance is a negative LKR 404 Mn. The Group loss (PAT) of LKR 610 Mn includes LKR 282 Mn PAT loss from Dankotuwa Porcelain PLC, LKR 462 Mn PAT loss from Royal Fernwood Porcelain Ltd and the impact from consolidation adjustments.

DPL turnover increased to LKR 2,142 Mn in 2025/26 compared to LKR 1,918 Mn in 2024/25, a notable 12% growth. This comprises LKR 757 Mn from the International Market in 2025/26, compared to LKR 711 Mn, a 6% growth in the last financial year. In terms of National Sales, DPL recorded LKR 1,385 Mn during 2025/26 compared to LKR 1,207 Mn in 2024/25, a 15% growth.

CHIEF EXECUTIVE OFFICER'S REVIEW

Royal Fernwood Porcelain Limited achieved a turnover of LKR 1,835 Mn in 2025/26, representing a 5% decline from LKR 1,934 Mn recorded in 2024/25. This comprised LKR 881 Mn from the International Market in 2025/26 compared to LKR 1,098 Mn in the same period last year, representing a 20% decline mainly due to impact from the US market. The Company recorded LKR 954 Mn in National Sales for 2025/26, compared to LKR 836 Mn in 2024/25, a 14% growth.

Local Market

An analysis of the sales performance of the Group for the year under review demonstrates a strong recovery in the local market, with overall local sales recording growth of 14% compared to the previous year. This encouraging performance was driven by positive contributions across nearly all sales channels, reflecting improving consumer confidence and strengthening market demand.

The Dealer channel recorded a 17% increase compared to the same period in the last financial year. The recovery in the dealer network is particularly encouraging, as it indicates a gradual resurgence in consumer purchasing activity outside of Colombo. The B2B segment, including the hospitality and HoReCa sectors, achieved growth of approximately 13%, while the Hotel ware products continue to account for a significant share of sales within both the dealer and B2B channels.

The Showroom channel recorded a commendable growth of 13% during the year compared to last financial year. While this represents a strong performance, growth could have been even higher had tourist arrivals remained at expected levels during the March new year season. The escalation of conflict in the Middle East and the resulting disruptions to international air travel adversely affected visitor numbers during this period, impacting showroom sales that are closely linked to tourism activity.

Looking ahead, the Group remains optimistic about the growth prospects of the tourism and hospitality sectors. As tourism continues to recover and expand, we expect to benefit from increased demand across our key product categories. We anticipate a return to more normalised growth levels during the 2026/27 financial year and expect to be well positioned to capitalise on opportunities arising from the peak tourist season.

In the domestic market, we are focusing on strengthening our premium positioning through enhanced showroom experience and the introduction of distinctive new product collections which appealing to both our local and global clientele.

International Markets

Internationally, our growth strategy is centred around India, Europe, and the United States. These markets represent significant opportunities for expanding our global footprint and enhancing shareholder value.

India remains one of the Company's most important strategic growth markets and a key pillar of our long-term international expansion strategy. During the year, significant work was put in to support the next phase of accelerated growth across the country. A comprehensive restructuring initiative was launched with the objective of strengthening market penetration, enhancing channel management capabilities, improving operational efficiency, and driving sustainable profitability. As part of this strategy, the Company is adopting a more localised approach to product development, marketing, and distribution, enabling it to better address the diverse preferences and requirements of India's regional markets. Royal Fernwood (RFPL) as a brand is also pursuing opportunities beyond Sri Lanka, with the introduction of the RFPL brand into India identified as an important initiative for the new financial year. This expansion is expected to enhance brand visibility, diversify revenue streams, and support long-term growth

Europe represents the Company's second major strategic growth priority and continues to offer significant opportunities for market expansion over the medium to long term. Evolving trade dynamics within the region, including higher import duties and trade restrictions on porcelain products from certain countries, have contributed to a more favourable competitive environment for manufacturers and suppliers from alternative sourcing destinations. The Company is actively evaluating opportunities to leverage these developments by expanding our customer base, strengthening relationships with existing partners, and increasing market presence across selected European countries.

The United States remains an important market within the Company's export portfolio, notwithstanding recent market challenges. During the year, management intensified efforts to strengthen our presence and rebuild business momentum by actively re-engaging with several long-standing customers and pursuing opportunities with new accounts. Discussions were also initiated to secure project-based business and develop new revenue streams, while efforts continued to enhance customer service levels and deepen strategic partnerships.

Strengthening Operational Excellence

Improving cost efficiency remained a key strategic priority during the year. Across our manufacturing operations, we continued to focus on enhancing productivity, optimising energy consumption, improving kiln efficiency, and strengthening overall operational effectiveness.

Lean manufacturing principles continued to be embedded across our operations, enabling us to identify opportunities for improvement, reduce inefficiencies, and enhance competitiveness. These initiatives are particularly important in the current environment, where energy and labour costs continue to place pressure on manufacturing margins.

Our commitment to research and development also continued, with ongoing efforts to strengthen product quality, improve manufacturing techniques, and introduce innovative designs that meet evolving customer expectations.

At Royal Fernwood Porcelain Limited, a comprehensive programme focused on operational efficiency and cost optimisation has been initiated. These initiatives are aimed at improving productivity and strengthening RFPL's competitive position. In parallel, RFPL is refining its strategic positioning by focusing on its core strengths, particularly colour-glazed products and specialised HoReCa solutions. This clearer differentiation between the Group's manufacturing facilities will enable each business to leverage its respective strengths and market opportunities.

Technology, Innovation and Sustainability

Technology remained a key enabler of our transformation agenda during the year. The successful migration of our Enterprise Resource Planning (ERP) system to a cloud-based platform represents a significant milestone in strengthening our digital infrastructure. This investment will enhance system reliability, scalability, and operational efficiency.

We have also commenced exploring opportunities to integrate Artificial Intelligence into our brand communication and customer engagement activities. While these initiatives remain at an early stage, they represent an important step towards embracing digital innovation.

Sustainability continues to remain embedded within our operational priorities. Initiatives focused on energy management and waste reduction have continued as part of our efforts to improve efficiency and minimise our environmental impact.

While financial constraints limited the implementation of major standalone Corporate Social Responsibility projects during the year, our commitment to supporting our people remained unwavering. Following Cyclone Ditwah, we extended assistance to 133 employees whose homes were fully or partially affected. Support provided included essential supplies, dry rations, drinking water, clean-up assistance, repairs, and support towards rebuilding damaged homes.

Recognition and Achievements

The Group's commitment to excellence was recognised through several prestigious awards during the year.

At the National Business Excellence Awards 2025 organised by the National Chamber of Commerce of Sri Lanka, Dankotuwa Porcelain PLC received the Silver Award for Overall Excellence and was recognised as the winner in the Large Category, Manufacturing – Chemical, Ceramic & Glass Sector, Excellence in Performance Management, and Excellence in Global Market Research categories.

Further recognition was received through the National Chamber of Exporters Awards 2025, where the Company secured the Bronze Award in the Large Category for Ceramic, Porcelain and Other Clay Products. The Ceylon National Chamber of Industries also recognised our achievements with Silver and Bronze Awards at Provincial and National levels under the Extra-Large Manufacturing Category.

These achievements demonstrate the strength of our people, processes, and commitment to continuous improvement.

Looking Ahead

As we move into the 2026/27 financial year, our focus remains firmly centred on strengthening the foundations of our business and restoring sustainable profitability.

We will continue to strengthen our brand through effective communication extended to India and Sri Lankan/ Indian expatriate community living in Australia, Europe and the Middle East.

Further, we will continue to pursue operational excellence, improve cost competitiveness, strengthen our brands, expand our international presence, and invest in innovation. Our strategic priorities are aligned with creating a stronger, more resilient organisation capable of delivering sustainable value over the long term.

While uncertainties remain in the global economic and geopolitical environment, the progress achieved during the past year provides us with confidence. The resilience demonstrated by our employees, the strength of our brands, and the strategic initiatives underway position us well to capture future opportunities.

Appreciation

As I conclude, I extend my sincere appreciation to the dedicated teams at Dankotuwa Porcelain PLC and Royal Fernwood Porcelain Limited, whose resilience, professionalism, and unwavering commitment enabled the Group to navigate another challenging year. Their dedication has been the driving force behind the progress achieved.

I also wish to express my gratitude to our Chairman and the Board of Directors for their guidance, strategic insight, and continued support. I extend special thanks to the former CEO and current Executive Director for his commitment and contribution to bringing the Company to its current position and continued support. I am equally grateful to our shareholders, customers, business partners, suppliers, financial institutions, and all stakeholders for their continued trust and confidence.

The foundations of our businesses are stronger today than they were a year ago. With continued commitment, collaboration, and the support of all our stakeholders, I am confident that Dankotuwa Porcelain PLC and Royal Fernwood Porcelain Limited are well positioned to continue our journey towards sustainable profitability and long-term value creation.

(Sgd.)
Miyuru Rajapakshe
Chief Executive Officer

31st August 2026

BOARD OF DIRECTORS

RANIL PATHIRANA

Chairman/Independent, Non-Executive Director
(Appointed as Chairman w.e.f. 30th October 2023)

Ranil Pathirana has extensive experience in finance and management in financial, apparel and energy sectors and presently serves as a Director of Hirdaramani Apparel Holdings (Private) Limited, Hirdaramani Leisure Holdings (Private) Limited and Hirdaramani Investment Holdings (Private) Limited, which are the holding companies of the Hirdaramani Group. He is also the Managing Director for Hirdaramani International Exports (Pvt) Limited.

Ranil is the Chairman of Windforce PLC and a Non-Executive Director of several other listed companies. He is a Fellow Member of the Chartered Institute of Management Accountants, UK and holds a Bachelor of Commerce Degree from the University of Sri Jayewardenepura.

ROSHAN EGODAGE

Non-Independent, Non-Executive Director
(Appointed w.e.f. 19th October 2023)

Roshan Egodage took over the reins of Commercial Credit in October 2009 following the takeover of the Company by BG Investments (Private) Limited and joined the Board of Commercial Credit in March 2011. As Chief Executive Officer, he has been the driving force behind the Company's stellar success, charting a visionary course of leadership and growth.

Prior to taking over the stewardship of Commercial Credit, Roshan Egodage held several senior management positions in the finance industry including the Deputy Chief Executive Director of The Finance Company PLC in 2006, while serving on the Boards of several groups of companies at the same time.

He has previously been General Manager – Finance, Planning and Administration at Kotagala Plantations PLC and General Manager – Projects and Planning at Agalawatte Plantations PLC.

He currently serves on the Boards of several privately held companies registered in Sri Lanka, Philippines and Singapore. Having earned a BSc. Eng. Degree from the University of Peradeniya and initially embarking on a career in engineering, he then set his sights on a career in business management, earning an MBA from the University of Colombo. He is a Fellow Member of the Chartered Institute of Management Accountants, UK (FCMA), an Associate Member of the Chartered Institute of Marketing, UK (ACIM) and an Associate Member of the Institute of Certified Management Accountants, Sri Lanka (ACMA). He currently serves as the Non-Executive Director of BG Capital (Pvt) Ltd, BG Investments (Pvt) Ltd, Colombo International Nautical & Engineering College (CINEC), K-Seeds Investments (Pvt) Ltd and as an Executive Director / Chief Executive Officer of Commercial Credit and Finance PLC.

SHALIKE KARUNASENA

Independent, Non-Executive Director
(Appointed w.e.f. 22nd October 2021)

Shalike Karunasena has over 25 years of experience in Financial Management, Treasury and Strategy in the fields of Commodities Trading, Plantations/ Agri commodities, Refining & Manufacturing and Leisure/Hospitality with nearly 20 years of Senior Management experience, functioning within the South and Southeast Asian Regions. He is a Fellow of the Chartered Institute of Management Accountants, UK.

Shalike Karunasena presently serves as the Group Chief Financial Officer of the Gardiner Group of Companies.

NATHASHA EGODAGE

Non-Independent, Non-Executive Director
(Appointed w.e.f. 19th October 2023)

Nathasha Egodage brings on board a unique perspective with her background in economics, physics and mathematical modelling. She holds various leadership roles and is dedicated to inspiring leadership in everyone to build a sustainable and equitable future.

Her executive experience equips her with a deep understanding of challenges and opportunities at the Board level. Presently, she serves as the Executive Deputy Chairperson of Ceyline Holdings and also sits on the Boards of Ceyline Holdings (Pvt) Ltd, Suwasevana Hospitals (Pvt) Ltd, Oceaneeds (Pvt) Ltd, Ceyline Maritime Services (Pvt) Ltd, CINEC (Pvt) Ltd, and CMA Ships Lanka (Pvt) Ltd as a Director.

Nathasha Egodage is also a Consultant for APIIT Sri Lanka, supporting student initiatives, new module development and enhancing the campus experience. Her core values are courage and making a difference, and the various corporate hats she wears help her to stay rooted in her values.

Aside from academics, her tenure in academia in the U.S. and U.K. has expanded her understanding of being a feminist and activist.

BOARD OF DIRECTORS

LAKSHITHA RAJENDRAN

Independent, Non-Executive Director
(Appointed w.e.f. 19th October 2023)

Lakshitha Rajendran has over 10 years of experience in the Manufacturing Industry, working with multinational companies. She started her career as a Project Engineer at L'Oreal's manufacturing facility in Kentucky, USA followed by a stint at Sandvik Engineering in Ohio, USA.

She also served as the Head of Engineering and Sustainability at Ceylon Tobacco Company (PLC) where she has used her functional skills to steer sustainable innovation and deliver a positive environmental impact while also developing people, fostering high performing teams and driving business priorities as a part of the Operations Leadership Team. She was integral in driving an industry leading ESG journey at CTC including initiatives to achieve carbon neutrality and becoming the first company in Sri Lanka to achieve Alliance for Water Stewardship (AWS) certification. She is now serving as Factory Manager at British American Tobacco in Indonesia.

She holds a Master of Science in Logistics and Supply Chain Management from Birmingham City University and a Bachelor of Science in Chemical Engineering from the University of Cincinnati, Ohio.

DR. HASULI PERERA

Independent, Non-Executive Director
(Appointed w.e.f. 19th October 2023)

Dr. Hasuli Perera is the Head of Business School and the School of Foundation Studies at the Asia Pacific Institute of Information Technology (APIIT) Sri Lanka, a distinguished higher education institution established in partnership with Staffordshire University, UK. She leads and oversees the operations of the two schools, including their academic programmes, ensuring they align with APIIT's purpose, strategic plan and support the success of APIIT's students and the growth and development of the faculty. She also actively builds networks with businesses, alumni, partner universities, and professional bodies, fostering relationships that provide student internships and career opportunities.

Dr. Perera teaches courses in Human Resource Management, Cross-Cultural Management, Leadership and Strategy, Business Ethics, Organizational Change and Transformation, Business Psychology, and The Future of Work. She holds a Bachelor of Business and Commerce (First Class Honours) and a PhD in Organizational Behaviour from Monash University. Her research focuses on the employee-organization relationship, psychological contracts, expatriate management, and workplace well-being, with publications in highly ranked academic journals such as Human Resource Management and The International Journal of Human Resource Management.

VARDAN ASLIBEKYAN

Independent, Non-Executive Director
(Appointed w.e.f. 19th October 2023)

Vardan Aslibekyan is a highly motivated and result driven leader with extensive experience in the FinTech and Digital Payments industry. As the General Director of MegaPay (Pvt) Ltd., Vardan has been instrumental in establishing Pay&Go as Sri Lanka's largest self-service terminal network. Under his leadership since 2015, Pay&Go has become a dominant force in the payments industry, serving over 2 million active customers and partnering with more than 70 companies. From 2025, Vardan Aslibekyan has been appointed to Board of Directors of Fintech Forum Sri Lanka.

Before his tenure at MegaPay, Vardan made significant contributions to VTB Bank (Armenia) over nearly six years. His roles ranged from Financial Advisor to Chief Specialist in the Retail Sales Unit. He excelled in managing affiliate programs, negotiating contracts, and developing new banking products.

Vardan holds a Master's degree in Management, Business Administration and Management, and a Bachelor's degree in Economics and Management, both from the Armenian State University of Economics.

CHANDANA GAMAGE

Independent, Non-Executive Director
(Appointed w.e.f. 10th June 2024)

Chandana Gamage is an accomplished business leader specialised in Shipping and Logistics with exceptional management capabilities and proven track record of steering large, multinational organisations to their highest levels of success over the past 30 years.

He was an owner's representative & Regional Director for Indian subcontinent, Africa & entire Gulf region for CAI International Inc which is the world's second largest transportation company offering intermodal container leasing and sales, rail leasing and operations, and global logistics services. It is a subsidiary of Mitsubishi HC Capital Inc. one of the world's largest and most diversified financial groups.

Chandana is the only Sri Lankan to ever hold such a wide portfolio of global intermodal container industry with such a wide regional area of influence.

In addition to above, he was the Chairman of Pan Oceanic International which is a joint venture with Pakistan's Baltic Shipping, the largest NVOCC operator in the region and represents the Boards of Pan Oceanic Maritime PTE Ltd Singapore and Pan Oceanic Maritime Pvt Ltd India.

With his vast knowledge and exposure of global shipping and logistics, Chandana was appointed to the Board of Ceylon Shipping Corporation from 2009 to 2015.

He was the Co-owner and Director of Maritime Logistics Colombo, Neon Maritime Private Ltd, Trans Asia Shipping Services Colombo Pvt Ltd, and Pan Global Recruitment Pvt Ltd.

He is currently a Non-Executive Director of Pan Oceanic International (Pvt) Ltd.

Chandana Gamage is an alumnus of Ananda College, Colombo and holds a Master's degree in Maritime Communications.

BOARD OF DIRECTORS

CHANNA GUNAWARDANA

Executive Director
(Appointed w.e.f. 2nd November 2023)

Channa Gunawardana is an accomplished business leader with extensive international experience across Sri Lanka, Maldives, Bangladesh, and Africa. He spent 12 years at the Hirdaramani Group, where he rose to COO of the Knit Cluster, managing 10 manufacturing plants and global buyer operations. He later served as CEO/ Director at Aitken Spence Garments before becoming CEO of Dankotuwa Porcelain PLC in 2019.

He has been recognized with prestigious honours, including the Hall of Fame for Leadership Excellence (2022) and Best Manufacturing CEO of the Year (2022).

Academically, he is a Fellow of CIMA (UK), a Fellow of CA Sri Lanka, and holds an MBA (University of Southern Queensland, Australia), along with a First-Class degree from University of Sri Jayewardenepura. He is currently pursuing a PhD at Management and Science University, Malaysia.

MANAGEMENT TEAM

MIYURU RAJAPAKSHE
Chief Executive Officer

SAROJ RANATHUNGA
Chief Financial Officer – Group

VINOBA SENAVIRATHNE
Chief Operating Officer (Royal Fernwood Porcelain Limited)

CHANNA GOONATILLEKE
Major General (Rtd.)
General Manager Human Resources, Administration, and Commercial Support – Group

ASANKA PERERA
Head of Finance

RAVEEN KULENDRA
General Manager - Operation Supplies and Equipment

MANAGEMENT TEAM

THANUJA WIJERATNE
General Manager – National Sales

INOKA WELIKUMBURE
Head of International Marketing Operations

DIMAL DARMASENA
Senior Manager Operations

PREMARATHNA HETTIARACHCHI
Senior Manager – R&D

PRIYANTHA MEDAGODA
Senior Manager - Printing and Decorated Ware Plant

NUWAN ILLANGASINGHE
Senior Manager – IT and Business Development

Adapting with Strengths

THE GLOBAL AND LOCAL OPERATING ENVIRONMENT

Sri Lanka's porcelain and pottery industry is founded on a centuries-old tradition of craftsmanship that reflects the country's rich cultural heritage, artistic excellence, and enduring manufacturing expertise. Archaeological discoveries across the island provide compelling evidence of an advanced ceramic tradition dating back centuries, demonstrating the remarkable skills of artisans whose techniques have evolved and been refined over generations. Today, this legacy has developed into a globally recognised ceramics industry that successfully combines traditional craftsmanship with modern manufacturing technologies, innovative design, and stringent quality standards. Sri Lanka is blessed with abundant reserves of high-quality ceramic raw materials, including kaolin, ball clay, feldspar, silica quartz, and dolomite, providing manufacturers with a reliable and cost-effective supply of essential inputs. The purity and availability of these natural resources contribute significantly to the production of porcelain and ceramic products that meet demanding international quality requirements. Supported by a strong manufacturing ecosystem, a skilled workforce, and growing investments in technology and product innovation, the industry has strengthened its position in global markets while serving a rapidly expanding domestic consumer base. Sri Lankan porcelainware continues to earn international recognition for its elegance, durability, functionality, and artistic appeal.

GLOBAL INDUSTRY AND MARKET ANALYSIS

Demand for porcelain tableware continues to be boosted by the steady expansion of the hospitality and food service industry. The growth of hotels, restaurants, cafés, catering operations, and institutional dining facilities is driving sustained procurement of durable, high-quality porcelain products for commercial applications. Rising investments in tourism infrastructure and the increasing emphasis on premium guest experiences have further strengthened demand for aesthetically appealing and long-lasting tableware across the hospitality sector. At the retail level, evolving consumer lifestyles and the growing trend towards premium home dining have contributed to increased demand for branded porcelain tableware. Greater interest in home entertaining, gifting occasions, and lifestyle-inspired dining experiences has encouraged consumers to invest in coordinated tableware collections as well as individual statement pieces that combine functionality with contemporary design. In parallel, the rapid expansion of e-commerce retailing has significantly enhanced consumer access to a wider range of porcelain brands and product designs. Enhanced digital shopping experiences, competitive pricing, and convenient home delivery have further accelerated online purchases, enabling manufacturers and retailers to reach broader customer segments.

TOP REGIONAL TRENDS IN THE PORCELAIN TABLEWARE INDUSTRY

North America

The North American tableware market continues to present significant growth opportunities, supported by evolving consumer preferences, demographic shifts, and changing purchasing behaviours. Ongoing efforts by North American buyers to diversify sourcing beyond China, prompted by geopolitical considerations, supply chain resilience strategies, and tariff-related factors, are creating favourable opportunities for high-quality alternative manufacturers capable of delivering consistent quality, design innovation, and reliable supply. The United States remains the region's largest consumer of tableware, followed by Canada and Mexico, driven by a well-established hospitality industry, strong household spending, and expanding food service investments.

Today's design trends in the region increasingly favour modern, minimalist aesthetics complemented by distinctive textures, subtle patterns, and artisanal finishes, while younger consumers, particularly from Gen Z, are showing growing interest in bold designs, lifestyle-oriented brands, and products that reflect personal expression. There is also a noticeable shift towards casual, multifunctional tableware suitable for both everyday use and informal entertaining, accompanied by a gradual reduction in traditional dinner set sizes as consumers prioritise compact living spaces and flexible dining solutions. Additionally, growing health and sustainability considerations continue to encourage a transition from melamine and plastic alternatives to durable porcelain tableware, which is valued for its safety, longevity, and premium appeal. Demand for customised and branded tableware is gaining momentum among the rapidly expanding café, speciality coffee, and restaurant segments, while rental companies are increasing procurement to support the growing events, hospitality, and catering industries. Premium and luxury tableware is also experiencing sustained demand, underpinned by continued investment in hospitality, home décor, and experiential dining. E-commerce remains one of the fastest-growing sales channels, with consumers expecting seamless digital purchasing experiences and fast delivery. Furthermore, the gifting segment continues to expand, driven by weddings, housewarmings, and seasonal celebrations.

Europe

The European tableware market continues to evolve in response to changing consumer lifestyles, demographic trends, and economic conditions, with preferences varying significantly across different parts of the continent due to distinct cultural traditions, dining habits, and design influences. Heritage brands continue to dominate the medium- and premium-end segments, supported by strong consumer appreciation for craftsmanship, quality, and timeless design, while designer-led collections and collaborations remain influential in shaping purchasing decisions. At the same time, the market is witnessing a gradual shift away from formal family dining towards more casual, informal dining occasions, encouraging demand for versatile tableware that can be easily mixed and matched to suit different settings and budgets. Younger consumers increasingly favour smaller dinner sets that complement modern lifestyles and compact living spaces, replacing the traditional large dinner services that were once common in European households in the past. Cost-conscious purchasing behaviour has also contributed to growing demand for stoneware, earthenware, and other alternative materials in certain market segments. However, greater awareness of product quality, food safety, and health considerations continues to sustain demand for high-quality porcelain and certified food-safe tableware. The hospitality sector remains an important growth driver, with the continued expansion of outdoor dining, cafés, and casual restaurants supporting demand for durable tableware. In addition, Europe's ageing population has fuelled rising purchases from retirement homes and assisted living facilities. As witnessed globally, e-commerce continues to gain market share as consumers increasingly embrace online purchasing, supported by improved digital retail platforms, broader product availability, and convenient home delivery.

Asia Pacific

The Asia-Pacific tableware market continues to demonstrate strong growth potential, supported by rising disposable incomes, rapid urbanisation, expanding middle-class populations, and increasing consumer expenditure on lifestyle and homeware products. The region has become an important market for manufacturers offering innovative designs, superior quality, and value-added product offerings.

India remains one of the region's fastest-growing and most promising markets, driven by sustained economic growth, a vibrant hospitality sector, and evolving consumer preferences. While contemporary design trends are gaining momentum, consumers across the region continue to value tableware that reflects cultural heritage, traditional craftsmanship, and architectural influences, resulting in strong demand for collections that blend modern aesthetics with local design elements. Decorative finishes featuring gold, platinum, and coloured embellishments remain particularly popular, especially in premium household, hospitality, and gifting segments. Unlike many Western markets, traditional dinner set compositions continue to enjoy widespread acceptance, reflecting the region's enduring family dining traditions and preference for comprehensive tableware collections. The expansion of tourism and foodservice industries across several Asia-Pacific economies has also strengthened demand from the HoReCa sector, creating opportunities for durable, high-quality institutional tableware. In parallel, the region is witnessing robust growth in e-commerce, enabling greater consumer access to premium and branded products while accelerating digital retail adoption. The gifting culture, driven by a variety of cultural festivals, lavish weddings, and other social celebrations, together with the expanding corporate gifting segment, continues to boost demand for premium tableware.

SRI LANKAN CERAMIC AND PORCELAIN TABLEWARE EXPORT MARKET

Sri Lankan ceramic industry supplies high-quality products to the international market under four major categories of Porcelain Tableware, Ornamental-ware and utility-ware, Tiles (including wall tiles & floor tiles) and Sanitaryware and Bathware.

Sri Lanka manufactures a wide range of body shapes and decoration techniques in tableware, thereby gaining the country a reputation as a country which can deliver high-quality, elegant, contemporary and traditional designs to the world. The country's exquisite porcelain products are in great demand due to a variety of key features including in-glaze, on-glaze and under-glaze decorations, heavy metal-free decorations, ornate and intricate gold decorations, microwave-safe designs in gold or platinum, dishwasher-safe construct, as well as the country's ability to supply high-quality Ivory Porcelain (new bone China) and artistic porcelain dinnerware. All Sri Lankan porcelain products deliver superior characteristics such as a very high level of whiteness, high translucency, high scratch resistance and high thermal shock. Additionally, all Sri Lankan products conform to Food & Drug Administration (FDA) norms and ASTM Standards. Overall, the tableware and kitchenware exports amount to around 65% of the country's total ceramic exports.

GLOBAL ECONOMY

The prolonged conflict between Russia and Ukraine continued to negatively affect global commodity markets and supply chains, particularly in relation to energy, food, and freight costs, resulting in periodic price volatility across many emerging economies. In parallel, escalating geopolitical tensions in the Middle East, including continued regional instability and renewed frictions involving Iran and the United States towards the latter part of the financial year, introduced additional uncertainty to global energy markets and external financing conditions. These risks were further compounded by changes in global trade dynamics, including shifts in tariff policies and the reappearance of protectionist measures in several major economies during 2025, which fuelled uncertainty in global trade and capital flows.

LOCAL ECONOMY

The year 2025 and the first quarter of 2026 witnessed Sri Lanka continue its economic recovery following the unprecedented financial crisis experienced in the preceding years. The recovery was supported by sustained fiscal consolidation, tighter monetary and

THE GLOBAL AND LOCAL OPERATING ENVIRONMENT

financial sector management, progress in sovereign debt restructuring, and the Government's continued commitment to the reform agenda implemented under the International Monetary Fund (IMF) supported Extended Fund Facility (EFF). Supported by the resilience and adaptability of both businesses and households, these measures contributed to a gradual restoration of macroeconomic stability. During this period, inflation moderated significantly from the exceptionally high levels recorded during the crisis, interest rates trended downward, external reserves strengthened, and confidence in the banking and financial system improved. Tourist arrivals and worker remittances also demonstrated an upward trajectory, providing important support to foreign exchange earnings and domestic economic activity. Against this improving domestic backdrop, the Group operated in a more stable business environment, with easing inflationary pressures and improved market sentiment contributing positively to operating conditions.

Nevertheless, the global environment remained challenging and uncertain. For a small, open economy such as Sri Lanka, these external developments represented important downside risks given the country's dependence on international trade, tourism, imported energy, and remittance inflows. Accordingly, while the domestic economy demonstrated encouraging signs of stabilisation and recovery, the operating environment continued to require prudent financial management, careful cost control, and a strong focus on resilience in the face of the unpredictability in global economic and geopolitical developments.

TRADE BALANCE, EXPORTS AND IMPORTS

Sri Lanka's external trade sector recorded a gradual improvement in 2025, bolstered by the continued recovery in economic activity, stronger export earnings, and sustained growth in tourism and worker remittances. However, as domestic demand increased due to enhanced business confidence, merchandise imports increased during the year, driven mainly by higher demand for intermediate goods, machinery and equipment, transport equipment, and fuel required to support industrial production, infrastructure development, and economic recovery. Consumer goods imports also recovered as restrictions introduced during the economic crisis of recent years were further relaxed and purchasing power gradually improved.

The challenging global trading environment, characterised by subdued demand in key export markets, geopolitical tensions, and evolving trade policies, affected merchandise exports, although it continued to show resilience. Overall, export earnings were supported by the continued strong performance of apparel and textiles, tea, rubber-based products, coconut products, spices, gems and jewellery, and information technology and business process management (IT-BPM) services.

While the merchandise trade balance remained in deficit, the external sector strengthened significantly during the year as the trade deficit was increasingly offset by robust inflows from tourism and worker remittances, both of which continued their post-crisis recovery and generated valuable foreign exchange earnings.

EXCHANGE RATE

The Sri Lankan Rupee (LKR) recorded a modest depreciation of approximately 5.6% against the United States Dollar (USD) during 2025, closing the year at around LKR 306 per USD, compared with approximately LKR 297.58 per USD at the beginning of the year. Despite this measured decline, the exchange rate remained considerably more stable than the extreme volatility experienced during the 2022 economic crisis, reflecting the continued improvement in Sri Lanka's macroeconomic fundamentals and the gradual restoration of confidence in the foreign exchange market. Exchange rate movements during the year were influenced by several factors, including ongoing external debt servicing commitments, increased demand for imports as domestic economic activity recovered, and the relative strength of the US Dollar amid elevated global interest rates. These pressures were partly offset by stronger foreign exchange inflows from tourism, worker remittances, and export earnings, together with the continued accumulation of official foreign exchange reserves. The Central Bank of Sri Lanka maintained its market-based exchange rate framework, intervening selectively only to mitigate excessive volatility and ensure orderly market conditions. However, while the depreciation increased the local currency cost of imports, fuel, and foreign currency-denominated liabilities, it also improved the international competitiveness of Sri Lankan exports and the tourism sector, supporting foreign exchange earnings.

INFLATION

Sri Lanka's inflation remained subdued throughout the year 2025 as well as in the first 3 months of 2026. This highlights the continued success of the country's macroeconomic stabilisation programme under the new administration and is in sharp contrast to the dramatic inflationary surge experienced during the height of the 2022 economic crisis. Overall, inflation moderated sharply as tight monetary policy, fiscal consolidation, improved exchange rate stability, and easing global commodity prices took effect. During most of 2025, the Colombo Consumer Price Index (CCPI) recorded low or negative year-on-year inflation, with periods of deflation driven by lower food prices, stable fuel costs, improved domestic agricultural production, and subdued consumer demand.

MANAGEMENT DISCUSSION & ANALYSIS

OPERATING LANDSCAPE

The financial year 2025/26 was characterised by a gradually improving domestic economic environment, although businesses continued to operate amid cost pressures and changing market conditions. For the porcelain and tableware industry, demand continued to be influenced by consumer spending, conditions in export markets, input costs and the evolving competitive landscape.

Against this backdrop, the Group experienced differing performance across its two principal businesses. While Dankotuwa Porcelain PLC recorded encouraging growth in both revenue and gross profitability, Royal Fernwood Porcelain Limited continued to face pressure, particularly in its international markets.

The year therefore reinforced the importance of maintaining a balanced market presence, strengthening domestic opportunities, improving operational efficiency, and maintaining disciplined cost and working capital management.

GROUP PERFORMANCE

The Group's performance during the year reflected the contrasting conditions experienced by its two principal operating companies.

During the year under review, the Group recorded revenue of LKR 3.98 Bn, representing a 3% growth compared to the previous year. While export markets remained under pressure, the Group's domestic business demonstrated strong resilience, growing by 14% to LKR 2.34 Bn and contributing 59% of total Group revenue. The total revenue of LKR 3.98 Bn comprised 54% from Dankotuwa Porcelain PLC and 46% from Royal Fernwood Porcelain Limited.

Dankotuwa Porcelain PLC recorded a 12% increase in revenue to LKR 2.14 Bn, compared with LKR 1.92 Bn in the previous year. Growth was supported by both domestic and international markets, with National Sales increasing by 15% to LKR 1.39 Bn and International Sales increasing by 6% to LKR 757 Mn.

In contrast, Royal Fernwood Porcelain Limited recorded a 5% decline in revenue to LKR 1.83 Bn, primarily driven by a 20% reduction in International Sales, largely attributable to a 26% decline in the US market compared to the previous year. This was partially offset by a 14% increase in National Sales, which reached LKR 954 Mn during the year. The contrasting performance of the two businesses demonstrates the importance of continuing to diversify revenue streams and strengthening the Group's domestic market presence while retaining a strong focus on international opportunities.

DANKOTUWA PORCELAIN PLC – BUSINESS PERFORMANCE

Revenue and Market Performance

Dankotuwa Porcelain PLC delivered encouraging revenue growth during the year, with turnover increasing by 12% to LKR 2.14 Bn from LKR 1.92 Bn in 2024/25. The increase was supported by a 15% growth in national sales and a 6% increase in International Sales.

The domestic market remained the principal contributor to the Company's performance, accounting for 65% of total turnover during the year. The strengthening of the domestic business was supported by growth across several key distribution channels.

Domestic Market

The Company's domestic distribution network continued to demonstrate positive momentum.

The Dealer channel recorded a 12% increase in turnover to LKR 447 Mn, while the showroom channel, the largest contributor to national sales, increased by 16% to LKR 474 Mn. The B2B segment also recorded strong growth of 15%, reaching LKR 354 Mn. Special sales increased to LKR 86 Mn, while e-commerce recorded a 5% increase.

Modern Trade was the only major domestic channel to record a decline, decreasing by 14% during the year.

Overall, the performance of the domestic channels demonstrated the value of the Company's diversified distribution network and provides a solid platform for continued growth.

International Markets

International Sales increased by 6% in Rupee terms to LKR 757 Mn, compared with LKR 711 Mn in the previous year, while increasing by 5% in US Dollar terms.

While international markets continued to present challenges, the increase in export revenue indicates that the Company maintained its market presence and continued to capture opportunities across its international customer base.

Strengthening the export business will remain an important component of the Company's longer-term growth strategy, alongside continued development of the domestic market.

Profitability and Cost Management

The improvement in revenue was accompanied by a significant increase in gross profitability. Gross profit increased to LKR 685 Mn from LKR 427 Mn, while the gross profit margin improved from 22% to 32%.

The improvement was achieved despite continued increases in key operating costs. Labour remained the Company's largest cost component, while fuel and power costs also increased during the year. These pressures underscored the importance of productivity improvements and disciplined cost management.

Selling and distribution expenses, excluding debtor provisions, declined by 13% during the year. In addition, LKR 155 Mn of the debtor provision recognised in

MANAGEMENT DISCUSSION & ANALYSIS

the previous year was reversed following improvements in collections.

Administration expenses increased by 9%, excluding the impact of inventory provisions. Inventory provisioning amounted to LKR 174 Mn during the year, compared with LKR 91 Mn in the previous year.

The improved gross profit and disciplined management of operating expenses contributed to a significant reduction in the Company's overall loss. The loss before tax decreased to LKR 376 Mn from LKR 1.07 Bn, while the loss after tax reduced to LKR 282 Mn from LKR 728 Mn in the previous year. The loss for the year includes a fair value loss of LKR 194 Mn on the investment in the subsidiary, compared with a fair value loss of LKR 84 Mn reported in the previous year.

ROYAL FERNWOOD PORCELAIN LIMITED – BUSINESS PERFORMANCE

Revenue and Market Performance

Royal Fernwood Porcelain Limited experienced a more challenging year, with turnover declining by 5% to LKR 1.84 Bn, compared with LKR 1.93 Bn in 2024/25.

The decline was primarily driven by weaker International market performance, with International Sales decreasing by 20% to LKR 881 Mn. The impact was partly offset by stronger domestic demand, with National Sales increasing by 14% to LKR 954 Mn.

The domestic market therefore accounted for 52% of RFPL's total turnover during the year, compared with 48% from international markets.

Domestic Market

The dealer channel remained the strongest contributor to domestic sales growth, increasing by 21% to LKR 620 Mn. B2B sales increased by 8% to LKR 190 Mn, while special sales also recorded growth. E-commerce, although smaller in absolute terms, increased by 16%.

However, showroom and Modern Trade sales declined by 12% and 17%, respectively.

The performance demonstrates the resilience of the domestic business and highlights the opportunity to further strengthen RFPL's local market presence.

International Markets

The decline in International Sales was the principal factor affecting RFPL's overall revenue performance. Export revenue fell by 20% during the year to LKR 881 Mn, mainly due to a 26% drop in sales to the US Market.

The performance of the international business remains an area requiring continued management attention, particularly in relation to market development, customer retention and the identification of opportunities to rebuild export volumes.

Profitability and Cost Management

RFPL's lower revenue, together with continued increases in labour, fuel and power costs, placed pressure on gross profitability. Gross profit declined to LKR 260 Mn from LKR 384 Mn, reflecting the combined impact of lower sales and higher operating costs.

Despite these pressures, administration expenses, excluding inventory provisions, declined by 15%. However, the Company recognised an inventory provision of LKR 387 Mn, compared with LKR 91 Mn in the previous year, reflecting the impact of lower sales levels and the Company's provisioning policies.

Distribution expenses, excluding debtor provisions, increased marginally to LKR 180 Mn compared with LKR 171 Mn in the previous year. Finance costs decreased to LKR 171 Mn from LKR 177 Mn in the previous year.

Other income amounted to LKR 30 Mn, including LKR 13 Mn relating to an insurance claim arising from the factory flood in the 2023/24 financial year.

As a result, RFPL recorded a loss before tax of LKR 617 Mn, compared with LKR 265 Mn in the previous year. The loss after tax increased to LKR 462 Mn from LKR 198 Mn, mainly due to an increased inventory provision impact of LKR 296 Mn compared to the previous year.

FINANCIAL PERFORMANCE

The Group's financial performance during the year reflected the contrasting operating conditions across DPL and RFPL.

While DPL achieved meaningful improvements in revenue and gross profitability, the Group's overall performance continued to be affected by RFPL's weaker international performance and the provisions recognised during the year.

The improvement in DPL's loss before and after tax is nevertheless encouraging and indicates progress towards strengthening the Group's financial position.

The Group recorded revenue of LKR 3.98 Bn for the financial year 2025/26, reflecting a 3% increase from LKR 3.85 Bn in the previous year. National sales accounted for 59% of Group revenue, while International Sales contributed the remaining 41%.

Within the national market, the dealer channel remained the largest contributor, generating LKR 1.07 Bn, a 17% increase from LKR 909 Mn in the previous year. B2B sales, the second-largest contributor, increased to LKR 544 Mn from LKR 483 Mn. The showroom channel recorded LKR 519 Mn, reflecting a 13% year-on-year growth. Special Sales contributed LKR 161 Mn, while sales from Modern Trade and e-commerce contributed LKR 29 Mn and LKR 16 Mn, respectively.

International Sales amounted to LKR 1.64 Bn, representing a 9% decline compared to the previous year. This was primarily attributable to a 20% reduction in Royal Fernwood Porcelain Limited's International Sales during the year.

Despite the challenging market conditions, the Group achieved a gross profit of LKR 976 Mn, compared to LKR 825 Mn in the previous year, representing a 18% improvement. The gross profit margin also strengthened from 21% to 25%, reflecting improved profitability at the gross margin level.

The improvement in gross profit, together with disciplined management of operating expenses, contributed to a reduction in the Group's overall losses. Profitability was, however, impacted by a prudent inventory provision of LKR 561 Mn, while a net reversal of LKR 157 Mn on trade receivables provided a positive offset. Consequently, the Group recorded a loss before tax of LKR 801 Mn, compared with a loss before tax of LKR 1.25 Bn in 2024/25. The Group's loss after tax also improved to LKR 610 Mn from LKR 869 Mn in the previous year. The Board and management remain focused on improving sustainability of earnings through stronger revenue generation, improved margins, disciplined cost management and more effective working capital utilisation.

STRATEGIC PRIORITIES AND WAY FORWARD

The Group enters the new financial year with a clear focus on strengthening the underlying performance of both businesses.

Strengthening the domestic market will remain a key priority, building on the positive momentum recorded across the dealer, showroom, and B2B channels. The Group will continue to develop its distribution network and strengthen relationships across its key customer segments.

At the same time, international market development will remain critical, particularly for RFPL. Management will continue to focus on rebuilding export volumes and identifying opportunities to strengthen the Group's international customer base.

Operational efficiency and cost management will remain central to improving profitability. Continued attention will be given to labour productivity, energy consumption, manufacturing efficiency, and overhead management.

The Group will also maintain a strong focus on working capital discipline, particularly inventory management and collections. Improving the efficiency with which working capital is utilised will be important in strengthening cash flows and reducing the financial pressures associated with excess inventory.

Ultimately, the objective remains to build a stronger and more sustainable business platform. The progress achieved by DPL during the year provides an encouraging foundation, while the challenges faced by RFPL highlight the areas requiring further attention.

Management remains committed to addressing these challenges while leveraging the Group's established brands, manufacturing capabilities, market relationships, and distribution networks to pursue sustainable growth.

With a continued focus on operational discipline, market development and financial resilience, the Group will seek to strengthen profitability and create sustainable long-term value for its stakeholders.

CORPORATE GOVERNANCE

OUR PLEDGE TO GOOD GOVERNANCE

At Dankotuwa Porcelain PLC (DPL), we are deeply conscious of our responsibilities as a corporate entity and the importance of executing duties with utmost accountability. We make our best efforts to uphold practices of corporate governance across the organisation while being collectively responsible for transparent and ethical operational and business conduct.

On December 10, 2024, the Company transitioned from the Main Board to the Diri Savi Board, following a formal request submitted by the Company. This decision was primarily driven by the Company's inability to maintain the required minimum public holding of 20%. Additionally, the Company's float-adjusted market capitalization fell below LKR 2.5 Bn, necessitating this strategic move.

The Board, which remains at the highest echelon of our governance framework, works collectively to guide the Company towards long-term sustainability and create value for all stakeholders, including Shareholders. Accountability cascades across our corporate culture from strategic leadership to teams engaging in manufacturing activities; moreover, as a manufacturing company with over .1,578 employees and numerous external stakeholders, we are also mindful of our responsibilities towards them, society and the environment.

- ***Changes to Governance Reporting***

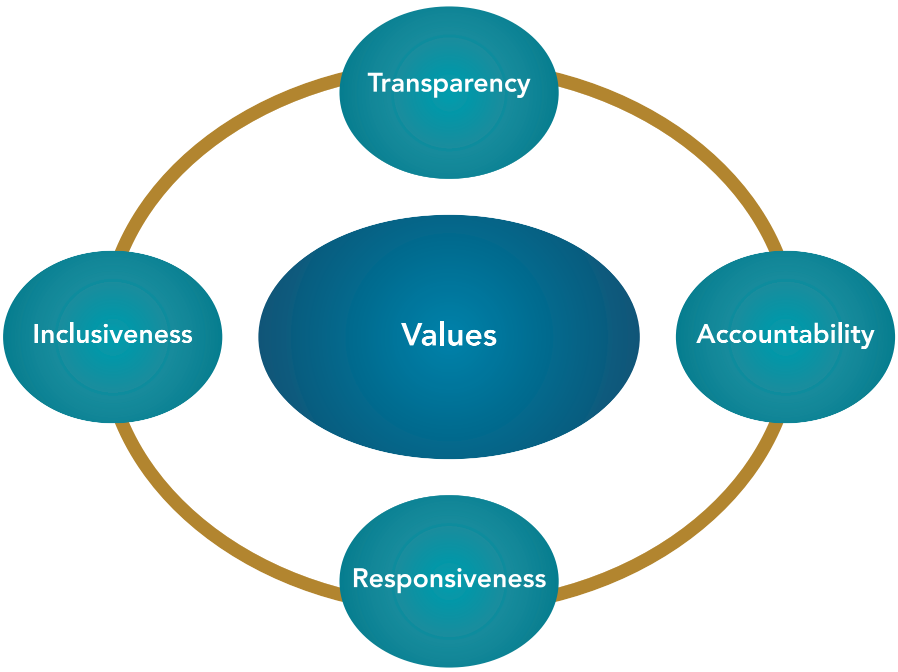
  We have structured this Corporate Governance Report to provide a comprehensive understanding of how corporate governance is practiced at Dankotuwa Porcelain PLC. To enhance the quality and credibility of the governance review, we have also ensured a comprehensive demonstration of our compliance with statutory requirements under the compliance section.

- ***Communication with regulatory authorities***

  The changes to the Group's Board composition have been aptly and timely relayed to the Colombo Stock Exchange. Profiles of new Directors were shared in due time, and are also detailed under the section 'Board of Directors'.

GOVERNANCE FRAMEWORK

The Group's Governance structure plays a pivotal role in preserving commitment to responsible corporate behaviour, operational enhancement, stakeholder engagement, and sustained performance. Despite recent changes to the Board's composition, transparency, accountability, responsiveness, and inclusiveness continue to underpin the structure and overall governance system. It ensures that authority and responsibilities are clearly defined and distributed across the organisation.



This structure promotes efficiency and effectiveness by facilitating timely decision-making, fostering stakeholder trust, and ensuring that the organisation's goals align with the stakeholders' interests. It also focuses on the importance of ethical conduct and adherence to regulations, thereby minimising risks and enhancing the organisation's reputation. In essence, a good governance structure is instrumental in achieving the organisation's mission and vision while upholding its values.

Mechanisms

The Group adheres to several mandatory regulatory frameworks and follows voluntarily adopted mechanisms that support the governance and effective operation of its internal processes and functions.

Regulatory Frameworks

- Continuing Listing Rules of the Colombo Stock Exchange (CSE)
- Companies Act No. 7 of 2007
- Code of Best Practice on Corporate Governance jointly issued by the Securities and Exchange Commission of Sri Lanka (SEC) and CA Sri Lanka

Internal Mechanisms

- Board Committee Terms of Reference
- Governance Charter
- Risk Management Framework/Mitigation protocols
- Standard Operating Procedures (SOPs)

Voluntary Guidelines

- Sustainable Development Goals

THE BOARD

With its rich diversity of experience and knowledge, the recently constituted Board of Directors is well-equipped to guide the Company towards achieving its strategic goals. The Board is dedicated to ensuring transparency, accountability, and fairness in all its dealings. Regular meetings are scheduled, and additional ones are convened as necessary to deliberate on matters of strategic importance. The Board also ensures that all stakeholders, including shareholders, employees, and the community, are considered in their decision-making process. This robust corporate governance framework underpins the Company's commitment to sustainable growth and value creation.

Composition

The Board comprises nine Directors whose profiles are set out on pages 20 to 24 including one Executive Director. There are six Directors serving as Independent, remaining two Directors are Non-Independent, Non-Executive Directors.

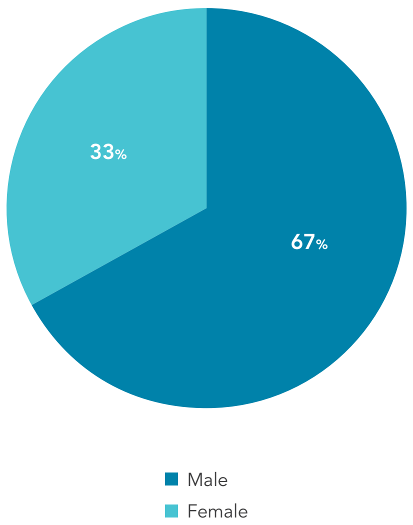
Composition of the Board

There were no appointments during the period from the last annual general meeting to this date.

Name	Directorship
Mr. Ranil Pathirana (Chairman)	Independent, Non-Executive Director
Mr. Channa Gunawardana	Executive Director
Mr. Shalike Karunasena	Independent, Non-Executive Director
Ms. Nathasha Egodage	Non-Independent, Non-Executive Director
Dr. Hasuli Perera	Independent, Non-Executive Director
Ms. Lakshitha Rajendran	Independent, Non-Executive Director
Mr. Roshan Egodage	Non-Independent, Non-Executive Director
Mr. Vardan Aslibekyan	Independent, Non-Executive Director
Mr. Chandana Gamage	Independent, Non-Executive Director
Mr. Revantha Devasurendra (Resigned w.e.f. 04.09.2025)	Non-Independent, Non-Executive Director
Mr. Savanth Sebastian (Resigned w.e.f. 04.09.2025)	Non-Independent, Non-Executive Director

CORPORATE GOVERNANCE

BOARD DIVERSITY



BOARD MEETINGS/ ATTENDANCE

During the year under review, the Board convened on at least once every quarter, with meeting pre-determined and scheduled at the beginning of the calendar year. Guidelines and procedures were communicated well in advance, ensuring that Directors were duly informed about the scheduled meetings. Besides the regular meetings, the Board of Directors gathers as and when necessary for extensive deliberation on strategically important issues. The following chart provides a detailed account of Directors' attendance at Board and Sub-Committee meetings across 2025/26.

The Board approves the dates for the year's meetings in advance, and Directors are promptly informed of any alterations to the schedule. Prior to meetings, the agendas and Board papers are distributed to all Board members. In addition to Board papers, Directors are consistently updated on changes in the economic and industry environment, which could potentially influence the Group's ability to create value and its performance.

Board Meeting – "**BM**"
Remuneration Meeting – "**RM**"
Audit Committee Meeting – "**ACM**"
Related Party Transactions Review Committee Meeting – "**RPTRCM**"
Nominations and Governance Committee Meeting – "**NGCM**"

Directors	Continuation, Appointment or Resignation date	Attendance				
		Board Meetings	Sub-Committees			
			Audit	Remuneration	Related Party Transactions	Nominations and Governance Committee
Mr. Ranil Pathirana (Chairman)	No change	3/4		1/1		
Mr. Channa Gunawardana	No change	4/4				
Mr. Shalike Karunasena	No change	4/4	5/5		4/4	1/1
Ms. Nathasha Egodage	No change	4/4				
Dr. Hasuli Perera	Appointed as member of NGC w.e.f. 04.09.2025	4/4	5/5	1/1		1/1
Ms. Lakshitha Rajendran	No change	3/4	4/5	1/1		
Mr. Roshan Egodage	No change	4/4		1/1		
Mr. Vardan Aslibekyan	No change	4/4			4/4	
Mr. Chandana Gamage	No change	1/4			4/4	0/1
Mr. Revantha Devasurendra	Resigned w.e.f. 04.09.2025	1/2				
Mr. Savanth Sebastian	Resigned w.e.f. 04.09.2025	0/2				

BOARD INDEPENDENCE

The Board of Directors exercises independent judgment on matters pertaining to the Company's corporate strategy, performance, and financial assessment. All Directors are treated equitably at Board Meetings and are encouraged to voice their opinions. The Company's Chief Executive Officer provides the Board of Directors with all information necessary to make informed decisions. When needed, Directors obtain independent advice from legal and accounting experts to gain broader perspectives on significant issues.

All Non-Executive Directors declare their independence in accordance with the requirements mandated by the Listing Rules of CSE. Out of eight Non Executive Directors, Six Directors have declared their independence and are committed to an objective and unbiased approach to Board related matters. They are independent of Management and do not engage in any business or other relationship that could influence or interfere with the exercise of their judgments as Independent Directors.

SUB-COMMITTEES

The Board has established four sub-committees designated to oversee and guide the Group's (Dankotuwa Porcelain PLC and Royal Fernwood Porcelain Ltd) audit, remuneration, related party transactions review and nominations and governance activities.

Sub-committee	Areas of oversight	Composition	Further information
Audit Committee	▶ Financial Reporting ▶ Statutory Compliance ▶ Internal controls and Risk Management ▶ Internal and External Audit	▶ Three Independent Non-Executive Directors	▶ Audit Committee report on pages 49 to 50
Remuneration Committee	▶ Assist the Board on succession planning ▶ Determine the rewards strategy ▶ Make recommendations to the Board on rewards and remuneration of Executive and Non-Executive Directors	▶ Three Independent, Non-Executive Directors and one Non-Independent, Non-Executive Director	▶ Remuneration Committee report on page 51
Related Party Transactions Review Committee	▶ Review related party transactions ▶ Ensure that the interests of shareholders are taken into account when entering into a transaction	▶ Three Independent, Non-Executive Directors	▶ Related Party Transactions Review Committee report on pages from 52 to 53
Nominations and Governance Committee	▶ Board Effectiveness ▶ Governance Oversight ▶ Succession Planning ▶ Performance Evaluation ▶ Board and Sub-Committee Structure	▶ Three Independent, Non-Executive Directors	▶ Nominations and Governance Committee report on page 54

REMUNERATION

The Board Remuneration Committee establishes the remuneration levels of staff across the organisation. It operates objectively to review and establish remuneration levels to attract and retain the best professional individuals for the betterment of the organisation. The Remuneration Committee convenes periodically to review related aspects and discuss such matters, which includes the evaluation of Key Management Personnel (KMP) performances as well as review of succession plans and leadership development.

BOARD REMUNERATION

All Non-Executive Directors receive a fee for their time, commitment and duties performed and based on their role except for two Non-Executive Directors who have refused on their own. They are not entitled to any financial incentives for performance.

DISTRIBUTION OF POWER

The Board of Directors maintains equilibrium in the powers and authority vested in them, which are vital for effective governance and leadership. This balance ensures that no single member or group can dominate decision-making. Moreover, the Board promotes inclusive planning and transparent communication pertaining to the Group's progress, which cascades through the organisation from the executive leadership to managers. This not only maintains a balance

CORPORATE GOVERNANCE

of power but also fosters a sense of responsibility among Board members. The Chairman ensures collective decision-making, where all voices are considered, and no individual or group has undue influence. This balance is critical for the Group's sustained success.

FINANCIAL ACCOUNTABILITY

With the objective of presenting a balanced and objective assessment of the Group's financial position, the Board has adopted a formal process to independently assess the Group's accounting and financial reporting as well as internal controls. These are reviewed and monitored periodically to maintain effectiveness.

The Group's Chief Financial Officer has oversight in communicating the Company's financial statements and reports to the Board and in making a comprehensive and transparent, presentation of the Group's financial position. He also retains oversight and responsibility for the preparation of financial documentation/statements in accordance with relevant standards and regulations.

AUDIT

Shareholder Interactions

In fulfilling its governance duties, the Board adopts an inclusive approach to stakeholder interests, which becomes necessary when meeting the expectations of diverse internal and external stakeholders. The Board interacts with shareholders to understand their expectations and preferences, which can influence the Company's strategic direction. The Board is committed to shareholders' right to information and ensures timely and transparent disclosure of information.

The Annual General Meeting provides a formal and reasonable opportunity for informed shareholders to exchange opinions and concerns and interact with the Board. The new Board will remain committed to fostering open communication and will promote the shareholders' right to exercise voting privileges. Shareholders are provided with the opportunity to raise their concerns on matters outlined in the AGM notice.

In 2025, the AGM was held on the 26th September at 9.30 a.m. with external auditors and key personnel from the executive leadership team. The Management, External Auditors, Company lawyers and members of the Executive Leadership Team attended the most recent AGM. The Executive Leadership Team responded to shareholders' queries on the performance and strategic direction of the Group. Moreover, the Board remain mindful of its relationships with all stakeholders, including the communities where the Group operates, with a strong focus on sustainability.

Share Ownership

As of 31st March 2026, DPL's public float was 34.98% and was held by 6,510 shareholders.

Statement of Compliance under Section 9 of the Listing Rules of the Colombo Stock Exchange (CSE).

Rule Ref	Disclosure Requirement	Compliance Status	Remarks
9.1.3	Statement confirming the extent of compliance with the Corporate Governance Rules	Complied	Please refer page number 34.
9.2	Policies	Complied	The following policies which are mandated by the revised CSE Listing Rules are currently in place; ▸ Policy on the matters relating to the Board of Directors ▸ Policy on Board Committees ▸ Policy on Corporate Governance, Nominations and Re-election ▸ Policy on Remuneration ▸ Policy on Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities ▸ Policy on risk management and internal controls ▸ Policy on relations with Shareholders and Investors ▸ Policy on Environmental, Social and Governance Sustainability ▸ Policy on Control and Management of Company Assets and Shareholder Investments ▸ Policy on Corporate Disclosures ▸ Policy on Whistle-blowing ▸ Policy on Anti-Bribery and Corruption The above policies are available at the Dankotuwa Porcelain PLC, Kurunegala Road, Dankotuwa for perusal. If any further details are required in this regards. Please contact info@dankotuwa.com

Rule Ref	Disclosure Requirement	Compliance Status	Remarks
9.3	Board Committees	Complied	The Company has formed the following Sub-Committees, details of which are set out on pages 49 to 54. 1. Remuneration Committee 2. Audit Committee 3. Related Party Transactions Review Committee 4. Nominations and Governance Committee
9.3.3	Chairperson of Board Sub-Committees	Complied	The Chairperson of the Sub-Committees is not the Chairperson of the Board.
9.4.1	Meeting Procedures	Complied	The Company maintains records of all resolutions passed at General Meetings.
9.4.2	Communication and Relations with shareholders	Complied	The Company has a policy on Relations with Shareholders and Investors.
9.5	Policy on Matters relating to the Board of Directors	Complied	The Company has a policy on matters relating to the Board of Directors
9.6.2	Chairperson and CEO	Complied	The Chairperson and the CEO/Managing Director of the Company is not the same person.
9.6.3	Senior Independent Director	Not Applicable	The Company has not appointed a Senior Independent Director
9.7.1	Fitness of Directors and CEO	Complied	The Company ensures that the Board of Directors fulfils the assessment criteria set out in the Listing Rules of the Colombo Stock Exchange
9.7.4	Fitness of Directors and CEO	Complied	All Directors and the CEO have provided declarations confirming that they satisfy the Fit and Proper Assessment Criteria during the year.
9.7.5	Disclosures in the Annual Report	Complied	All Directors and the CEO met the Fit and Proper Assessment Criteria stipulated in the Listing Rule of the CSE as of 31st March 2026.
9.8.1	Minimum number of Directors	Complied	The Board consists of nine Directors as of 31st March 2026.
9.8.2	Independent Directors	Complied	There are six Independent Directors as per the criteria for minimum number of Independent Directors.
9.8.3	Independent Directors	Complied	All NEDs have submitted their confirmations on Independence as per the criteria set by the Company, which are in line with the applicable regulatory requirements.
9.8.5	Disclosure relating to Directors	Complied	Each Independent Director signed and submitted a declaration confirming their independence. The Board assessed the independence of each Director based on the declarations submitted.
9.9	Alternate Directors	Complied	None of the Directors have appointed Alternate Directors.
9.10.1	Disclosure relating to Directors	Complied	
9.10.2	Disclosure relating to Directors	Complied	No Directors appointed during the year ender review.
9.10.3	Disclosure relating to Directors	Complied	All changes to Board Committees were immediately informed to the Colombo Stock Exchange.
9.10.4	Disclosure relating to Directors	Complied	Corporate Governance on pages 34 to 43 of the Annual Report contains the relevant information.
9.11 – 1-3	Nominations and Governance Committee	Complied	NGC was established with effect from 30th September 2024.
9.11.4	Composition of the Nominations and Governance Committee	Complied	The Nominations and Governance Committee of the Company comprises three Independent Non-Executive Directors.
9.12	Remuneration Committee	Complied	Please refer page 51. The Remuneration Committee of the Company comprises three Independent, Non-Executive Directors and one Non-Independent, Non-Executive Director.

CORPORATE GOVERNANCE

Rule Ref	Disclosure Requirement	Compliance Status	Remarks
9.12.7	Functions of Remuneration Committee	Complied	Refer the Remuneration Committee Report on page 51.
9.12.8	Disclosure in the annual report relating to the remuneration committee	Complied	
9.13	Audit Committee	Complied	Please refer pages 49 to 50. The Audit Committee of the Company comprises three Independent, Non-Executive Directors.
9.13.1	Composition of Audit Committee	Complied	
9.14	Related Party Transactions Review Committee	Complied	Please refer pages 52 to 53. The Related Party Transactions Review Committee currently comprises three Independent, Non-Executive Directors.
9.14.3 – 9.14.8	Related Party Transactions Review Committee ▶ Functions of the above-mentioned Committee ▶ Frequency of Meetings ▶ Immediate Disclosures ▶ Disclosure of Non-Recurrent and Recurrent Related Party Transactions		Please refer page 52.
9.16	Additional Disclosures		
	The following declarations by the Board of Directors to be included in the Annual Report:		
	Declaration by BOD that;		
	▶ Declared all material interests in contracts	Complied	Directors make the required disclosures upon appointment and at the beginning of each financial year.
	▶ Conducted a review of the internal controls covering financial, operational and compliance controls and risk management	Complied	The Audit Committee takes steps to ensure the integrity and effectiveness of the internal control systems through the periodic review and monitoring of such systems.
	▶ Made arrangements to make themselves aware of applicable laws, rules and regulations	Complied	
	▶ Disclosure of any non-compliance with law/regulation and any fines, which are material	Complied	

Statement of Compliance of Company's Act No. 07 of 2007

Section Reference	Requirement	Annual Report Reference
168 (1) (a)	The nature of the business of the Group and the Company together with any change thereof during the accounting period	Page 70.
168 (1) (b)	Signed Financial Statements of the Group and the Company for the accounting period completed	Pages 65 to 129.
168 (1) (c)	Auditors' Report on Financial Statements of the Group and the Company	Pages 62 to 64.
168 (1) (d)	Accounting Policies and any changes made during the accounting period	Pages 70 to 84.
168 (1) (e)	Particulars of the entries made in the Interest Register during the accounting period	Pages 123 to 124.
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Page 117.
168 (1) (g)	Corporate donations made by the Company during the accounting period	Page 58.
168 (1) (h)	Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period	Pages 20 to 24.
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period	Page 59.
168 (1) (j)	Auditors' relationship or any interest with the Company and its subsidiaries	Page 59.
168 (1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board	Page 67.

LIST OF OTHER DIRECTORSHIPS

Name of the Director	Name of the Company	Capacity
Mr. Ranil Pathirana	Windforce PLC	NED
	BPPL Holdings PLC	NED
	Ceylon Hotels Corporation PLC	NED
	Hemas Holdings PLC	NED
	Hirdaramani Apparel Holdings (Private) Limited	ED
	Hirdaramani Investment Holdings (Private) Limited	ED
	Hirdaramani International Exports (Private) Limited	ED
	Hirdaramani (Private) Limited	ED
	H Connect (Private) Limited	ED
	Hirdaramani Clothing (Private) Limited	ED
	Hirdaramani Mercury Apparel (Private) Limited	ED
	Hi Fashion Holdings (Private) Limited	ED
	Ceylon Knit Trend (Private) Limited	ED
	Rosewood (Private) Limited	ED
	Union Residencies (Private) Limited	ED
	H Embellishment (Pvt) Ltd	ED
Mr. Roshan Egodage	BG Capital (Pvt) Ltd	NED
	BG Investments (Pvt) Ltd	NED
	Colombo International Nautical & Engineering College (CINEC)	NED
	K-Seeds Investments (Pvt) Ltd	NED
	Commercial Credit and Finance PLC	ED
Mr. Shalike Karunasena	Sutherland Holdings (Pvt) Ltd.	NED
	Galle Face Hotel - 1994 (Pvt) Ltd	ED
	Ceylon Hotels Corporation PLC	ED
	The Kandy Hotels Company (1938) PLC	ED
	Suisse Hotel (Pvt) Ltd.	ED
	Suisse Hotel Kandy (Pvt) Ltd.	ED
	Blue Ceylon Pharma (Pvt) Ltd.	ED
	Unionco (Pvt) Ltd.	ED
	Galle Face Group Management Services (Pvt) Ltd.	ED
	Studio Clay (Pvt) Ltd.	ED
	Blue Ceylon Investment Holdings (Pvt) Ltd.	ED
	Ceylon Hotel Holdings (Pvt) Ltd.	ED
	Ceylon Hotels Maldives (Pvt) Ltd.	ED
	GFH Management Company (Pvt) Ltd.	ED
	Tissa Resort (Pvt) Ltd.	ED
	CHC Rest Houses (Pvt) Ltd.	ED
	Smart Lottery Solutions (Pvt) Ltd	ED
	Great Western Hotels (Pvt) Ltd.	ED

Name of the Director	Name of the Company	Capacity
	CHC Foods (Pvt) Ltd. – Alternate Director to Mr. Priyantha Maddumage	ED
	United Hotels Company Ltd. – Alternate Director to Mr. Priyantha Maddumage	ED
	Dream Ocean Holidays Pvt Ltd. (Maldives)	ED
Ms. Nathasha Egodage	Ceyline Holdings (Pvt) Ltd	ED
	Suwasevana Hospitals (Pvt) Ltd	NED
	Oceaneeds (Pvt) Ltd	ED
	Ceyline Maritime Services (Pvt) Ltd	ED
	CINEC (Pvt) Ltd	NED
	CMA Ships Lanka (Pvt) Ltd	NED
	Ceyline Shipping Limited	ED
	Ceyline Engineering Services (Private) Limited	ED
	Ceyline Travels (Private) Limited	ED
	Marine Survey and Technologies Services (Private) Limited	ED
	Starlink One (Private) Limited	ED
	Ceyconnect (Private) Limited	ED
	Ceyline Warehousing Solutions (Private) Limited	ED
	Asia Pacific Institute of Information Technology (APIIT)	NED
Ms. Lakshitha Rajendran	-	-
Dr. Hasuli Perera	-	-
Mr. Vardan Aslibekyan	Fintech Forum Sri Lanka	NED
	MegaPay (Pvt) Ltd	ED
	Pay&Go (Pvt) Ltd	ED
Mr. Chandana Gamage	Pan Oceanic International Pvt Ltd	NED
Mr. Channa Gunawardana	Litro Gas Lanka Limited	Chairman
	Litro Gas Terminal Lanka Limited	Chairman
	OKI International School	ED
	Nanaska Pvt Limited	ED

ED - (Executive Director), NED - (Non-Executive Director)

In addition to the above Mr Ranil Pathirana, Ms Nathasha Egodage, Mr Channa Gunawardana and Dr Hasuli Perera hold directorships in the Royal Fernwood Porcelain Limited which is within the Group and not a public listed entity. Mr. Ranil Pathirana has resigned from Royal Fernwood Porcelain Limited with effect from 30th June 2026.

RISK MANAGEMENT

RISK MANAGEMENT REVIEW

During the financial year 2025/26, the Dankotuwa Group operated in a dynamic and challenging environment shaped by economic, political, social, and operational uncertainties. The Group proactively identified and managed these risks through a structured and robust risk management framework. This framework enables systematic identification, evaluation, and mitigation of risks while ensuring alignment with the Group's long-term strategic objectives.

Dankotuwa Porcelain PLC's continued commitment to effective risk management has strengthened its ability to navigate uncertainty, capitalize on emerging opportunities, and safeguard financial stability, particularly as an export-oriented organization. Through ongoing enhancements to its risk management practices, the Group has reinforced its resilience and supported sustainable growth in an increasingly complex global landscape.

RISK GOVERNANCE

The Board of Directors retains ultimate responsibility for ensuring that risks are appropriately identified, assessed, and managed. In discharging this responsibility, the Board is supported by the Audit Committee, which conducts quarterly reviews of the Group's risk profile and internal control systems to assess their adequacy and effectiveness.

The Audit Committee also plays a key role in overseeing the implementation of the risk management framework, ensuring the presence of strong internal controls and policies to mitigate identified risks. Additionally, it facilitates communication of risk management practices across the Group and promotes a culture of risk awareness among employees.

INTEGRATED RISK MANAGEMENT FRAMEWORK

The Dankotuwa Group adopts a comprehensive Integrated Risk Management (IRM) framework that defines risk parameters and standardizes risk management practices across all business units. This framework provides a cohesive yet flexible structure that supports both Group-wide oversight and business-specific risk management.

Strategic risks are continuously monitored at the corporate level, while operational risks are managed at the business unit level by the respective Business Heads in collaboration with the CEO. This dual-level approach ensures both alignment with Group strategy and responsiveness to operational realities.

To address material risks, the Group has implemented mitigation plans that consider the interconnected nature of stakeholders and business processes. Measures have been introduced to enhance resilience against disruptions in production, supply chains, and markets, while maintaining awareness of evolving macroeconomic and social challenges. As a manufacturer and exporter, the Group remains exposed to both internal and external risks that require ongoing vigilance and proactive management.

ENTERPRISE RISK MANAGEMENT

The Group's risk management practices are aligned with the COSO Enterprise Risk Management Framework, ensuring a structured and globally recognized approach to risk governance. This framework supports the effective implementation of the policies, processes, and controls necessary for the successful execution of the IRM strategy.

STRATEGIC AND OPERATIONAL RISKS

Risks within the Group are categorized into strategic, operational, and project-related risks. This classification enables focused risk mitigation and accountability at the appropriate levels.

The Board oversees strategic risks and ensures that appropriate safeguards are in place, while the CEO and management team are responsible for developing mitigation strategies, allocating resources, and establishing timelines for implementation.

Operational risks arise from day-to-day business activities and may result from human error, system failures, or equipment breakdowns. Senior management of Dankotuwa Porcelain PLC and Royal Fernwood Porcelain Limited are responsible for identifying and managing these risks within acceptable tolerance levels.

The Risk Register is regularly updated to reflect both strategic and operational risks, while the Audit Committee reviews key risk indicators, including risk heatmaps, on a quarterly basis.

INTERNAL AUDIT

Internal audits were conducted throughout the year in accordance with the approved audit plan. Regular engagements with internal auditors enabled the identification of control gaps and the implementation of corrective actions to strengthen the Group's internal control environment.

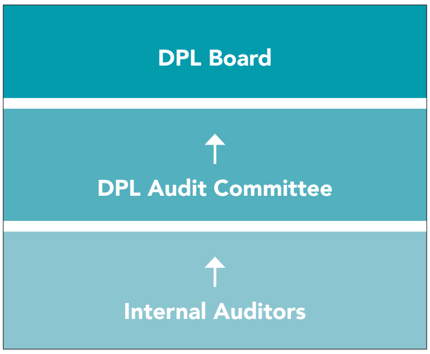
A comprehensive risk analysis was undertaken, focusing on key areas such as sales, inventory, receivables, and production. This analysis was particularly important in light of prevailing macroeconomic challenges, enabling a more accurate assessment of the Group's risk exposure.

The Group maintains a monthly updated risk dashboard to facilitate continuous monitoring. Significant exceptions are promptly escalated, with summaries and corrective actions presented to the Audit Committee on a quarterly basis.

INTERNAL AND STATUTORY AUDITS

The Group engages reputable audit firms to conduct both internal and statutory audits. Internal audits are carried out based on agreed-upon scopes, while statutory audits provide independent assurance on financial reporting. The Audit Committee rigorously reviews the findings of both audits to ensure transparency and accountability.

GOVERNANCE STRUCTURE

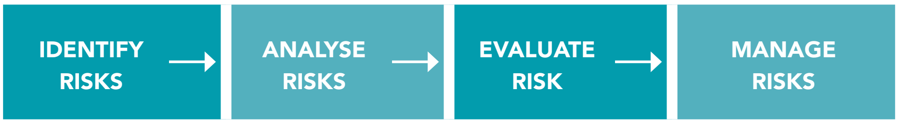


The Group adopts a bottom-up approach to risk management, ensuring that risks are identified at operational levels and escalated appropriately. Overall oversight of the risk management framework remains with the Board of Directors.

AUDIT COMMITTEE

The Audit Committee plays a central role in evaluating the effectiveness of risk management controls. Acting on behalf of the Board, the Committee regularly reviews the Group's risk profile, including strategic, operational, and project-related risks. Through detailed discussions and analysis, the Committee assesses key risks and corresponding mitigation strategies, and provides recommendations and guidance to the Board to support informed decision-making.

RISK MANAGEMENT PROCESS



The Group's risk management system is aligned with its strategic objectives and provides a comprehensive and transparent view of risk exposures through an integrated dashboard.

Risks are systematically identified, analysed, evaluated, and mitigated, with continuous monitoring to ensure the effectiveness of controls. Identified risks are communicated to management, enabling the development of appropriate mitigation strategies under the guidance of the CEO.

The framework integrates risk management with business planning, performance measurement, and operational processes, ensuring a proactive and embedded approach to risk management.

RISK MANAGEMENT STRATEGIES

The year under review presented a range of heightened risks. While not exhaustive, the following represent key risk areas that require focused attention and are expected to remain relevant in the upcoming period:

RISK MANAGEMENT

Material Risk	Impact	Mitigation Plan
Decline in Customer Demand	Loss of Middle Eastern customers and slower purchasing patterns in global markets.	Strengthen collaboration with less-affected markets, such as India, to secure additional orders. Diversify export markets to reduce dependence on individual markets. Strengthen customer retention programs.
Freight Cost Escalation	Ocean freight rates may increase due to war-risk premiums, vessel rerouting, and reduced shipping capacity, potentially placing significant pressure on export margins.	Negotiate long-term freight contracts. Include freight escalation clauses in customer contracts. Diversify shipping lines and freight forwarders.
Shipping Delays and Route Disruptions	Transit times may increase by 1–4 weeks, resulting in delayed deliveries, customer penalties, and increased working capital pressure.	Constant communication with customers and awareness building on increased shipping lead time. Use alternative ports/routes where feasible. Prioritize high-value shipments.
Fuel and Energy Price Volatility	Increases in oil and gas prices may drive higher manufacturing, transportation, packaging, and warehousing costs. The Strait of Hormuz remains a critical energy chokepoint, exposing the Group to potential energy price and supply disruptions.	Invest in energy-efficient equipment and adopt sustainable procurement practices. Implement energy-saving technologies and optimise operational processes. Improve operational efficiency in all areas of production. Increase kiln capacity utilisation through improved production planning. Review product pricing on a quarterly basis.
Intensifying Competition in International Markets	Intensifying competition in international markets may place pressure on product pricing and adversely affect profit margins.	Build a strong value proposition leveraging the Group's established brand heritage to secure international orders. Expand the customer base through an effective international marketing strategy. Explore opportunities to increase capacity allocation for existing customers. Enhance the quality and diversity of the product portfolio. Develop new products to respond to emerging trends in international markets. Strengthen design, R&D and new product development capabilities by increasing internal resources, adopting the latest designing tools, and collaborating with renowned international designers.
High dependency on a single large customer	Dependence on a single customer can make the business vulnerable to changes in the customer's purchasing patterns and business conditions.	Actively seek out new customers to diversify the revenue base. Expand into new geographic markets to diversify market exposure. Build strong relationships and credibility from the outset to foster customer trust and loyalty. Develop a plan to effectively manage potential crises involving major customers, and leverage challenges as opportunities to strengthen relationships.
Decline in export markets due to global economic conditions	Global GDP growth for 2025 was projected at 2.7%.	Target markets that are less affected by adverse global economic conditions. Increase focus on growing international markets. Conduct continuous research into the latest trends in the global porcelain industry. Increase focus on the Indian market and other emerging markets.

Material Risk	Impact	Mitigation Plan
Market slowdown due to reduced consumer disposable income in Sri Lanka	This has an impact on turnover growth and profitability of the Company.	Implement targeted marketing strategies to strengthen the brand visibility of Dankotuwa Porcelain PLC and Royal Fernwood Porcelain Limited. Focus on delivering affordable, value-for money products to expand market reach. Strengthen relationships with dealers.
People Risk	Challenges in attracting, retaining, and developing skilled employees may result in the loss of knowledge and expertise, impacting operational efficiency, business continuity, and the achievement of long-term strategic objectives.	Develop internal talent pipelines and promote internal mobility. Enhance the recruitment process to improve job matching and ensure a better fit for roles within the organization.
Diversity and inclusion - The need to strengthen diversity, equity, and inclusion to create an environment in which all employees can thrive.	Limited diversity of perspectives may hinder innovation, problem-solving, and creative thinking, potentially resulting in missed opportunities and suboptimal solutions. Adverse impacts on organizational culture may affect the Company's employer brand.	Implement diversity and inclusion training programs to raise awareness and sensitivity among employees and leaders. Establish mentorship and sponsorship programs to support the development and career advancement of female employees. Conduct exit interviews to understand the reasons for turnover among female employees and address any systemic issues. Conduct diversity and inclusion/ employee climate surveys to assess employee satisfaction and identify areas for improvement.
High Production Costs	High production costs create challenges in maintaining price competitiveness in the market and may adversely affect the Company's profitability. A key factor contributing to high production cost is the requirement to have more productive and efficient machinery.	Implement a phased three-year CAPEX plan to upgrade and improve production machinery. Improve process efficiency. Enhance supply chain management and optimise workforce utilisation to reduce raw material and payroll costs. Ensure effective execution of the production plan. Reduce product rejection rates. Prioritize larger, repeat orders.
Working Capital Management	This may impact the Group's liquidity and profitability.	Close monitoring and forecasting of cash flows. Building strong relationships with banks. Closely monitor maturity mismatches between current assets and liabilities. Closely monitor inventory levels based on forecasted future sales.
Credit Risk	This may adversely affect the Group's liquidity and profitability.	Introduce more efficient credit verification and granting procedure. Implement a stringent credit policy. Establish effective recovery practices and follow-up procedures.

RISK MANAGEMENT

Material Risk	Impact	Mitigation Plan
Health and Safety	Employee injuries or illnesses may result in lost productivity, legal liabilities, and compliance issues, adversely affecting workplace safety and operational efficiency. The manufacturing sector is particularly exposed to health and safety risks due to the relatively large number of employees operating in a single location.	Implement comprehensive health and safety training programs, covering hazard recognition and emergency preparedness. Deploy safety management systems supported by regular inspections and reporting. Implement stringent health and safety guidelines across all operations, with strict adherence to applicable health and safety requirements. Maintain a high level of employee engagement on health and safety matters.

RISK ENVIRONMENT 2025/26

Despite a challenging macroeconomic environment, the Group demonstrated resilience during the year. While performance was impacted by reduced revenues and overall losses, the focus remained on operational continuity and long-term strategic priorities.

Corrective measures are being actively implemented, and the Group remains cautiously optimistic about gradual recovery. The Risk Management function has played a vital role in supporting business units through timely insights and recommendations, ensuring the continued effectiveness of the Group's risk management framework.

COMPLIANCE

Compliance remains a cornerstone of the Group's risk management and governance framework. The Group is committed to adhering to all applicable laws, regulations, and governance standards, ensuring that compliance risks are effectively mitigated.

A strong culture of compliance is embedded across the organization, supported by structured processes, ethical conduct, and professional integrity. This commitment ensures the sustainable and responsible operation of Dankotuwa Porcelain PLC and its subsidiaries.

REPORT OF THE AUDIT COMMITTEE

I take this opportunity to present to you the Audit Committee (the Committee) Report for 2025/26 outlining the Committee's roles and responsibilities. The Committee continued to review and report to the Board on the Company's financial reporting, internal control and risk management processes, and the performance, independence, and effectiveness of the external auditors.

COMPOSITION

The Audit Committee comprises the following Board members.

Board Member	Board Status
Mr. Shalike Karunasena	Independent, Non-Executive Director - Chairperson
Dr. Hasuli Perera	Independent, Non-Executive Director
Ms. Lakshitha Rajendran	Independent, Non-Executive Director

Brief profiles of the present Committee members are given on pages 20 to 24 of this Report.

The Chairman of the Committee is a Fellow of the Chartered Institute of Management Accountants (UK). The Board is satisfied that the Committee has an appropriate blend of accounting, auditing, legal, and commercial experience to effectively discharge its duties.

The Company Secretary acts as the Secretary to the Committee.

MEETINGS

The Committee met five times during the year under review. The Chief Executive Officer, Finance Officers, and any other member of the management team where necessary, attend Audit Committee meetings by invitation. Their participation facilitated constructive discussions on the Risk Management framework and key issues (including internal audit findings) enabling corrective measures to be agreed upon and implemented expeditiously.

The attendance of the members at these meetings are given below.

Name of the Director	Attendance at meetings
Mr. Shalike Karunasena	5/5
Dr. Hasuli Perera	5/5
Ms. Lakshitha Rajendran	4/5

TERMS OF REFERENCE

The Charter of the Committee, which is approved and adopted by the Board of Directors, defines the terms of reference governing the Audit Committee. The 'Rules on Corporate Governance under the Listing Rules of the Colombo Stock Exchange' and 'Code of Best Practice on Corporate Governance', issued jointly by The Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission, further govern the roles and functions of the Committee.

THE ROLE OF THE AUDIT COMMITTEE

The Audit Committee will assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting, the external audit process and the Company's process for monitoring compliance with laws and regulations, company policies and procedures, and the Code of Conduct.

The Committee continues to ensure that internal audit activities are effectively managed, and add value to the organization by providing objective and relevant assurance, thereby contributing to the effectiveness and efficiency of the governance framework, risk management processes and the overall control environment.

KEY RESPONSIBILITIES OF THE AUDIT COMMITTEE

Financial reporting:

The primary role of the Committee in relation to financial reporting is to monitor the integrity of the Company's financial statements and, where applicable, formal announcements, relating to the Company financial performance.

The Committee reviewed and discussed the Company's quarterly interim financial statements prior to publication. The draft financial statements of Dankotuwa Porcelain PLC for the year ended 31st March 2026 were also reviewed at a meeting of the Audit Committee members, together with the External Auditors, Messrs. Ernst & Young, prior to their release to shareholders and regulatory authorities.

The scope of the review included assessing compliance with relevant disclosure requirements of the Sri Lanka Accounting Standards including new Accounting Standards that came into effect during the year, the appropriateness of accounting policies, material judgement matters, alternative accounting treatments, material audit adjustments, the going concern assumption, financial reporting controls, and compliance with applicable laws and regulations that could impact the integrity of the Company's financial statements, Annual Report, and quarterly financial statements prepared for publication.

REPORT OF THE AUDIT COMMITTEE

Internal control:

The Directors are responsible for maintaining and reviewing the effectiveness of the risk management and internal control systems and for determining the nature and extent of the principal risks they are willing to accept in achieving the Company's strategic objectives. The Committee reviewed the reports issued by the Internal Auditor and the External Auditor, and monitored the implementation of remedial actions arising from the findings. This process assesses the adequacy and effectiveness of internal controls and the processes for managing business risks, ensuring compliance with applicable laws and regulations.

Internal audit:

The establishment and maintenance of appropriate risk management and internal control systems are primarily the responsibility of business management. Management has engaged third-party independent auditors, in addition to the internal resources to assess the adequacy of the design and operating effectiveness of controls, and governance processes across the Group, adopting a risk -based approach.

External audit:

The External Auditor's Letter of Engagement, including the scope of the audit, was reviewed, and discussed by the Committee with the External Auditors and Management prior to the commencement of the audit. The Auditors were also provided with opportunities to discuss and express their views on any matter arising during the audit, while enabling the Committee to obtain assurance that the Management has fully provided all information and explanations requested by the Auditors. The Committee reviewed the opportunities for improvement identified during the audit, as well as the letter of representation issued to the External Auditor, to ensure that the representations made were consistent with the Committee's understanding of the Company's operations and plans.

The Members of the Audit Committee determined that Messrs. Ernst & Young, Chartered Accountants were independent and that no services had been provided that could give rise to a conflict of interest, based on the written representation provided by the External Auditors.

The members of the Audit Committee concurred in recommending to the Board of Directors the reappointment of Messrs. Ernst & Young, Chartered Accountants, as Auditors for the financial year ending 31st March 2027, subject to the approval of the shareholders of Dankotuwa Porcelain PLC at the Annual General Meeting.

The Committee regularly monitors the Company's known and emerging exposures arising from changes in the external regulatory and political environment, including the potential impact on the Company's risk management activities in relation to the adverse macroeconomic factors. The Committee reviewed the risk management actions and going concern assessment undertaken by the Management considering the existing and potential financial impacts and is satisfied that the Company can continue as a going concern and that adequate disclosures have been made in these Financial Statements.

CONCLUSION

The Committee is satisfied that the Company's internal controls, risk management processes, and accounting policies provide reasonable assurance that the affairs of the Company are managed in accordance with Company policies and that Company assets are properly accounted for and adequately safeguarded. Appropriate measures were taken to further strengthen the control environment where gaps were identified. The Committee believes that the Company's accounting policies are appropriate and have been applied consistently.

(Sgd.)
Shalike Karunasena
Chairman
The Audit Committee

31st August 2026

REPORT OF THE REMUNERATION COMMITTEE

The Board Remuneration Committee of Dankotuwa Porcelain PLC is established to make independent and, objective decisions on matters relating to the total remuneration and other terms and conditions of service of all employees, ensuring that these remain competitive and sustainable to attract and retain talent.

COMPOSITION

As at the end of the year, the Committee comprised four Non-Executive Directors, including three Independent Non-Executive Directors and one Non-Independent Non-Executive Director. The Committee was chaired by an Independent Non-Executive Director.

Board Member	Board Status
Dr. Hasuli Perera	Independent, Non-Executive Director - Chairperson
Mr. Ranil Pathirana	Independent, Non-Executive Director
Mr. Roshan Egodage	Non-Independent, Non-Executive Director
Ms. Lakshitha Rajendran	Independent, Non-Executive Director

Brief profiles of the Committee Members are given on pages 20 to 24 of this Report.

REMUNERATION POLICY

The Group's remuneration policy is designed to attract, retain, and motivate appropriately qualified senior executives, while ensuring that remuneration is aligned with individual responsibilities, performance, market conditions, and the short- and long-term objectives of the Group. Non-Executive Directors receive fees based on their Board and Committee responsibilities and do not receive performance-related or incentive payments. No Director participates in decisions concerning their own remuneration.

TERMS OF REFERENCE

The Terms of Reference of the Committee include the following:

- Ensure that the remuneration policy of the Company recognises and addresses the short- and long-term needs of the organisation in relation to performance, talent retention, and rewards considering both internal and external factors
- Recommend a remuneration structure and a reward scheme for all Senior Executives based on performance
- Evaluate the performance of the Senior Executives together with their management development and succession plans
- Make recommendations to the Board on salary increments, bonuses, perquisites, and incentives of all executives
- Review the remuneration policy at least once every two years and update it where necessary

MEETINGS

The Board Remuneration Committee met once during the financial year. Attendance by the Committee Members at this meeting is given below;

Name of the Director	Attendance at Meetings
Dr. Hasuli Perera	1/1
Mr. Ranil Pathirana	1/1
Mr. Roshan Egodage	1/1
Ms. Lakshitha Rajendran	1/1

During the year, the Committee reviewed remuneration adjustments and the remuneration of Senior Executives and submitted its recommendations to the Board.

NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-Executive Directors receive fees for their services on the Board and Board Committees. They do not receive any performance-related or incentive payments. The Directors' emoluments are disclosed in Note 21 to the Financial Statements.

(Sgd.)
Dr. Hasuli Perera
Chairperson
Remuneration Committee

31st August 2026

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

PURPOSE OF THE COMMITTEE

The purpose of the Related Party Transactions Review Committee (the Committee) is to assist the Board in fulfilling its oversight responsibilities to ensure that the interests of shareholders as a whole are taken in to account when entering into related party transactions (RPTs) and to prevent Directors, Key Management Personal, and substantial shareholders from taking advantage of their positions.

COMPOSITION

As at the year-end, the Committee comprised three members: one independent Non-Executive Director and two Non-Executive Directors. The Committee was chaired by an Independent Non-Executive Director.

Board Member	Board Status
Mr. Vardan Aslibekyan	Independent, Non-Executive Director - Chairperson
Mr. Shalike Karunasena	Independent, Non-Executive Director
Mr. Chandana Gamage	Independent, Non-Executive Director

Charter of the Related Party Transactions Review Committee

The Charter of the Related Party Transactions Review Committee clearly sets out the purpose, membership, authority and duties and responsibilities of the Committee. In order to discharge its duties and responsibilities effectively and efficiently, the Committee has been authorized to;

- Receive regular reports from Management and be provided with any information required relating to the Committee's responsibilities.
- Establish policies and procedures providing general pre-approvals for certain types of related party transactions.
- Review and evaluate the terms, conditions, and advisability of any related party transaction.
- Determine whether the relevant related party transaction is fair and in the best interest of the Company and its shareholders as a whole.
- Recommend to the Board what action, if any, is required to be taken by the Board in respect of any related party transaction.
- Obtain advice and assistance from legal, technical, financial, and other advisers, whether from within or outside the Company, as deemed necessary by the Committee to carry out its duties.

Meetings

The Committee meets quarterly to discharge its duties. A total of four meetings were held during the financial year. The attendance of Committee members at each meeting during the financial year is set out below.

Name of the Director	Attendance at meetings
Mr. Vardan Aslibekyan	4/4
Mr. Shalike Karunasena	4/4
Mr. Chandana Gamage	4/4

The Chief Executive Officer and the Chief Financial Officer attended the Related Party Transactions Review Committee Meetings by invitation.

Policies & Procedures

Declarations are obtained from each Director and Key Management Personnel of the Company to identify parties related to them. Based on the information provided in these declarations, related party transactions are identified using information maintained by the Company.

All forecasted recurrent RPTs are submitted by Management to the Committee on a quarterly basis for consideration and review. Non-recurrent RPTs are also reviewed and approved by the Committee prior to the transaction being entered into or, where the transaction is expressly conditional upon such review, prior to its completion. The Committee's recommendations are then communicated to the Board for consideration.

The Committee is satisfied that all RPTs entered into during the financial year were reviewed by the Committee and that its observations were communicated to the Board. Details of the related party transactions entered into during the financial year are disclosed in Note 27 to the Financial Statements, on pages 123 to 124 of this Annual Report.

Declaration

In its review process, the Committee recognized the adequacy and quality of the information provided to its members by the Management during the year and confirms that the RPTs were conducted on an arm`s length basis.

The declaration by the Board of Directors on compliance with the rules pertaining to related party transactions appears in the Report of the Board of Directors on the Affairs of the Company on pages 56 to 59 of the Annual Report.

(Sgd.)
Vardan Aslibekyan
Chairman
Related Party Transactions Review Committee

31st August 2026

REPORT OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

The Nomination Committee assesses whether the balance of skills, experience, knowledge and independence is appropriate to enable the Board to operate effectively. It also evaluates the diversity required in the best interest of the Company and ensures that the composition of the Board enables the required level of diversity.

COMPOSITION OF THE COMMITTEE

The Nomination Committee comprises the following Board members.

Board Member	Board Status	Remarks
Mr. Shalike Karunasena	Independent, Non-Executive Director - Chairperson	
Mr. Chandana Gamage	Independent, Non-Executive Director	
Mr. Savanth Sebastian	Non-Independent, Non-Executive Director	Resigned with effect from 4th September 2025
Dr. Hasuli Perera	Independent, Non-Executive Director	Appointment is effective from 04th September 2025

Brief profiles of the present Committee members are given on pages 20 to 24 of this Report

REGULATIONS/RULES RELEVANT TO THE FUNCTIONS OF THE COMMITTEE

The Nomination Committee was formed in line with the Best Practices on Corporate Governance

FUNCTIONS

The functions of the Nomination Committee include:

- Regularly reviewing the structure, size, composition and competencies of the Board, the requirement of additional/new expertise and the succession arrangements for retiring Directors and making recommendations to the Board regarding any changes
- Considering appointments to the Board and providing advice and recommendations to the Board on such appointments
- Ensuring that Directors are fit and proper persons to hold office in accordance with the criteria set out in the relevant statutes
- Evaluating and recommending the appointment, promotion, transfer and redesignation of the Chief Executive Officer and Executive Directors.
- Recommending Directors who are retiring by rotation for re-election by the shareholders.
- Overseeing and reviewing the Board's succession plan and recommending requirements for new expertise.
- Considering whether a Director is able to and has been adequately carrying out his or her duties as a Director, taking into consideration the number of Listed Company Boards on which the Director serves and other principal commitments.
- Considering and examining such matters as the Committee considers appropriate.
- Making recommendations on other related matters referred to the Committee by the Board of Directors.

MEETINGS

Name of the Director	Attendance at Meetings
Mr. Shalike Karunasena	1/1
Mr. Chandana Gamage	0/1
Mr. Savanth Sebastian	-
Dr. Hasuli Perera	1/1

ACTIVITIES DURING THE YEAR

The Committee met once during the year under review. The Committee met to deliberate on the re-election of Directors retiring at the forthcoming Annual General Meeting, as well as to make recommendations regarding the extension of Directors' terms beyond the age limit of 70 years.

The Committee also focuses on succession planning for Key Management Personnel, reviews and recommends suitable candidates for the replacement of retiring Directors and considers the appointment of new Directors. Additionally, the Committee reviews the structure and composition of the Board, including the need for additional expertise, and to discusses succession arrangements for retiring Directors to ensure sustained governance and leadership. During the year, the Committee reviewed the skills, experience, knowledge and other competencies of previous Chief Operating Officer (COO) and recommended to the Board his appointment as Chief Executive Officer (CEO) following the stepping down of the former CEO. Accordingly, the new CEO assumed duties with effect from 1st April 2026.

POLICIES AND PROCEDURES

The Nomination Committee operates in accordance with the terms of reference as approved by the Board. As per the said terms of reference, the Committee shall consist of not less than three members, the majority of whom shall be Non-Executive Directors. The Committee shall meet at least once in a financial year and additional meetings may be convened at any time at the discretion of the Chairman or at the request of a member in consultation with the Chairman.

(Sgd.)
Shalike Karunasena
Chairman
Nominations and Governance Committee

31st August 2026

Cultivating Value, Delivering Results

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

The Board of Directors of Dankotuwa Porcelain PLC takes pleasure in presenting its Report on the Affairs of the Company together with the Financial Statements for the year ended 31st March 2026, conforming to the requirements of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards. The report also includes certain disclosures required to be made under the Listing Rules of the Colombo Stock Exchange and is guided by the recommended best practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the Colombo Stock Exchange.

CORPORATE PROFILE

Dankotuwa Porcelain PLC is a public quoted company with limited liability incorporated in Sri Lanka under the provisions of Companies Act No. 17 of 1982 as a Private Limited Company on 06 January 1984 and converted to a Public Company by a special resolution on 08 July 1994. Pursuant to the requirements of the new Companies Act No. 7 of 2007, the Company was re-registered on 17 September 2007 and bears registration number PQ 79.

PRINCIPAL ACTIVITIES OF THE COMPANY AND REVIEW OF PERFORMANCE DURING THE YEAR

The principal activity of the Company is the manufacturing and marketing of porcelain tableware targeted to export and domestic markets. A review of the operations of the Company during the twelve-month period and the results of those operations are set out on pages 70 to 129 of this Annual Report.

GROUP STRUCTURE

The Group Structure is set out on page 8 of this Annual Report.

REVIEW OF PERFORMANCE

A review of the Company and its subsidiaries performance during the financial year, together with the future outlook, is provided in the Chairman's Message, CEO's Message and Management Review on pages 12 to 14, pages 16 to 19, and pages 31 to 33 of this Annual Report.

FINANCIAL STATEMENTS

The Financial Statements of the Company for the year ended 31st March 2026 are duly certified by the Chief Financial Officer, approved by the Board of Directors, and signed on behalf of the Board by two Directors in compliance with the Companies Act No. 07 of 2007. The Financial Statements are set out on pages 65 to 129 of this Annual Report.

	Group		Company	
	2025/2026 LKR'000	**2024/2025 LKR '000**	**2025/2026 LKR '000**	**2024/2025 LKR '000**
Revenue	**3,975,388**	3,850,156	**2,142,099**	1,917,781
Profit/(Loss) Before Tax	**(801,005)**	(1,248,509)	**(375,921)**	(1,065,286)
Income Tax Reversal/ (Expense)	**190,522**	379,334	**93,629**	337,621
Profit/(Loss) After Tax	**(610,482)**	(869,175)	**(282,292)**	(727,665)

ACCOUNTING POLICIES AND CHANGES

The Accounting Policies adopted in the preparation of the Financial Statements are provided on pages 70 to 84 as required by Section 168 (1) (d) of the Companies Act No. 07 of 2007.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the Financial Statements of the Company and the Group, which reflect a true and fair view of the financial position and performance of the Company and the Group.

BOARD OF DIRECTORS

The names of the Directors who held office during the financial year and as at date are given below;

1. Mr. Ranil Pathirana - Independent, Non-Executive Director
2. Mr. Shalike Karunasena - Independent, Non-Executive Director
3. Mr. Roshan Egodage - Non-Independent, Non-Executive Director
4. Mr. Chandana Gamage - Independent, Non-Executive Director
5. Mr. Revantha Devasurendra - Non-Independent, Non-Executive Director (Resigned w.e.f. 04.09.2025)
6. Mr. Savanth Sebastian - Non-Independent, Non-Executive Director (Resigned w.e.f. 04.09.2025)
7. Ms. Nathasha Egodage - Non-Independent, Non-Executive Director
8. Ms. Lakshitha Rajendran - Independent, Non-Executive Director

9. Dr. Hasuli Perera - Independent, Non- Executive Director
10. Mr. Vardan Aslibekyan - Independent, Non-Executive Director
11. Mr. Channa Gunawardana - Executive Director

In accordance with the provisions of Article 24(6) of the Articles of Association, Dr. Hasuli Perera, Mr. Vardan Aslibekyan and Mr. Chandana Gamage retire by rotation and, being eligible, offer themselves for re-election. The Board unanimously supports their re-election.

BOARD SUB COMMITTEES

The Board, while assuming overall responsibility and accountability for the management of the Company, has appointed four (04) Board Sub-Committees; the Audit Committee, Related Party Transactions Review Committee, Remuneration Committee, and Nominations and Governance Committee, to ensure oversight and control over certain affairs of the Company.

The Board-approved Terms of Reference for these Sub Committees conform to the recommendations of various regulatory bodies, including the Institute of Chartered Accountants of Sri Lanka, the Securities and Exchange Commission of Sri Lanka, and the Colombo Stock Exchange.

INTERESTS REGISTER

Directors' Interest in Transactions

The Directors have made general disclosures as provided for in Section 192 (2) of the Companies Act No. 07 of 2007. Accordingly, details of contracts in which the Directors have an interest are disclosed in Note 27 to the Financial Statements on pages 123 to 124.

DIRECTORS' REMUNERATION

The Directors' remuneration is disclosed in Note 21 to the Financial Statements on page 117.

DIRECTORS' INTEREST IN SHARES

The Directors of the Company who have an interest in the shares of the Company have disclosed their shareholdings in accordance with Section 200 of the Companies Act No. 07 of 2007.

Details pertaining to Directors' direct and indirect shareholdings are given below;

Name of the Director	No of shares
Mr. Ranil Pathirana	200,000
Mr. Shalike Karunasena	Nil
Mr. Roshan Egodage	Nil
Ms. Nathasha Egodage	Nil
Dr. Hasuli Perera	Nil
Mr. Vardan Aslibekyan	Nil
Ms. Lakshitha Rajendran	Nil
Mr. Channa Gunawardana	11,930
Mr. Chandana Gamage	Nil
Mr. Revantha Devasurendra	Resigned w.e.f. 04.09.2025
Mr. Savanth Sebastian	Resigned w.e.f. 04.09.2025

CORPORATE GOVERNANCE

The Board is committed to maintaining high standards of governance, through by which the Company is directed and managed. Risks are identified and controlled, and effective accountability is ensured. The Board of Directors is of the view that it has put in place the necessary resources and processes to ensure that the Company is substantially compliant with the Code of Best Practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the Colombo Stock Exchange. The Corporate Governance Report is set out on pages 34 to 43 of this Annual Report.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board of Directors, with the involvement of the Internal Audit function, has taken steps to ensure, and has obtained reasonable assurance, that an effective and comprehensive system of internal controls is in place covering the financial, operational, and compliance controls required to conduct the business in an orderly manner, safeguard the Company's and Group's assets, and ensure as far as possible, the accuracy and reliability of the financial records.

The Board is satisfied with the effectiveness of the system of internal controls that was in place during the year under review. The "Report of the Audit Committee" is set out on pages 49 to 50 and forms an integral part of this report.

The Directors periodically review and evaluate the risks that are faced by the Company. The various risks faced by the Company and specific measures taken to manage these risks in managing risks are detailed under the "Risk Management" on pages 44 to 48 of this Annual Report.

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

DONATIONS

The Group and the Company did not make any donations during the year under review.

TAXATION

The Company's liability to taxation has been computed in accordance with the provisions of the Inland Revenue Act. No. 10 of 2006 and subsequent amendments thereto. Details are disclosed in Note 22 to the Financial Statements on pages 118 to 121 of this Annual Report.

PROPERTY, PLANT AND EQUIPMENT

Capital expenditure during the year under review on Property, Plant and Equipment by the Company and the Group amounted to LKR 18,056,805 and LKR 56,508,609 respectively. The value of owner occupied area of the investment property is LKR 769,945,602 and is disclosed separately under Note 7 – Investment Property to the Financial Statements on page 95 of this Annual Report.

EMPLOYMENT

The Company's and the Group's headcount as at 31st March 2026 was 755 and 1,578 respectively. There were no material issues relating to employees or industrial relations during the year under review.

EMPLOYEE SHARE OWNERSHIP PLANS

The Company did not have any employee share ownership/option plans during the year under review.

STATED CAPITAL

The stated capital of the Company as at 31st March 2026 was LKR 1,402,101,647/- represented by 162,552,920 fully paid ordinary shares.

NUMBER OF SHAREHOLDERS

There were 6,513 registered shareholders as at 31st March 2026.

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

The distribution of shareholdings is shown on page 132 of this Annual Report.

SHARE INFORMATION

Information relating to ratios and market price information disclosures required to be disclosed under Section 7.6 (xi) of the Listing Rules of the Colombo Stock Exchange is set out on page 132 of this Annual Report.

SUBSTANTIAL SHAREHOLDINGS AND OTHER SHARE INFORMATION

The names of the twenty largest shareholders, the number of shares held, and their respective percentages are provided on page 133 of this Annual Report.

The disclosures required under Section 7.6 (iv) of the Listing Rules of the Colombo Stock Exchange are set out on page 134 of this Annual Report.

EQUITABLE TREATMENT OF SHAREHOLDERS

The Company has made all endeavours to ensure that all shareholders are treated equitably.

RELATED PARTY TRANSACTIONS

Non-Recurrent Related Party Transactions

There were no non-recurrent Related Party Transactions of which the aggregate value exceeded 10% of the Equity and 5% of the Total Assets of the Company during the year ended 31st March 2026, requiring specific disclosure in the Annual Report in terms of Section 9.3.2 of the Listing Rules and the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka.

Recurrent Related Party Transactions

There were no recurrent Related Party Transactions which in aggregate exceeded 10% of the consolidated revenue of the Group as per latest Audited Financial Statements which require specific disclosures in the Annual Report in terms of Section 9.3.2 of the Listing Rules of the CSE and the Code of Best Practice on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka.

The identified Related Parties as well as the Related Party Transactions undertaken during the year are set out in Note 27 to the Financial Statements on pages 123 to 124 of this Annual Report.

The members of the Board and the Chief Executive Officer have been identified as "Key Management Personnel" of the Company. There were no Related Party Transactions by the Key Management Personnel with the Company.

As required by the Listing Rules, the Board confirms that the Company has complied with all requirements as per Section 9 of the Listing Rules.

STATUTORY PAYMENTS

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

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No circumstances have arisen since the balance sheet date which would require adjustments to or disclosure in the accounts as disclosed in the Note 26 to the Financial Statements.

GOING CONCERN

The Board is satisfied that the Company will have adequate resources to continue its operations into the foreseeable future. Therefore, the Company has continued to adopt the going-concern basis in preparing the Financial Statements.

INDEPENDENT AUDITORS' REPORT, REMUNERATION AND APPOINTMENT

The Financial Statements of the Company for the twelve months ended 31st March 2026 have been audited by M/s. Ernst & Young, Chartered Accountants and the Independent Auditors' Report thereon is given on pages 62 to 64 of this Annual Report as required by the Section 168 (1) (C) of the Companies Act No. 07 of 2007.

A sum of LKR 2,796,098 and LKR 4,216,590 respectively for the Company and The Group were paid/ payable to them as audit fee during the period under review. Based on the declaration from M/s. Ernst & Young, Chartered Accountants and as far as the Directors are aware, the Auditors do not have any relationship or interest in the Company other than that disclosed herein.

In accordance with the Companies Act No. 07 of 2007 a resolution proposing the reappointment of M/s Ernst & Young, Chartered Accountants as Auditors to the Company will be tabled at the forthcoming Annual General Meeting of the Company.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on 25th September 2026. The notice of the Annual General Meeting appears on page 144 of this Annual Report.

ACKNOWLEDGEMENT OF THE CONTENTS OF THE ANNUAL REPORT

As required by the Companies Act No. 07 of 2007, the Board of Directors hereby acknowledge the contents of this Annual Report.

This Annual Report is signed for and on behalf of the Board of Directors.

(Sgd.)
Mr. Ranil Pathirana
Chairman

31st August 2026

(Sgd.)
Nexia Corporate Consultants (Private) Limited
Secretaries

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

This Statement sets out the responsibilities of the Board of Directors in relation to the Financial Statements of the Company. The responsibility of the Auditors, in relation to the Financial Statements, is set out in the Independent Auditors' Report on pages 62 to 64.

The Companies Act No. 7 of 2007 requires the Directors to prepare and present Financial Statements for each financial year, giving a true and fair view of the state of affairs of the Company as at end of the financial year and the profit or loss of the Company for the financial year and place them before a general meeting of shareholders. The Financial Statements comprise of the Statement of Financial Position as at 31st March 2026, the Statements of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flows for the year ended and Accounting Policies and Notes thereto.

Accordingly, the Board of Directors confirms that the Financial Statements of the Company give a true and fair view of the:

- Financial position of the Company as at 31st March 2026; and
- Financial performance of the Company for the financial year ended 31st March 2026.

The Directors are required to ensure that, in preparing these Financial Statements:

- The appropriate accounting policies have been selected and applied in a consistent manner and material departures, if any, have been disclosed and explained;
- Financial Statements are presented in accordance with Sri Lanka Accounting Standards (SLFRSs/ LKASs) and all applicable standards as relevant, have been followed;
- Judgments and estimates have been made which are reasonable and prudent;
- Provides the information required by and otherwise comply with the Companies Act No.07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

The Directors are also required to ensure that the Company has adequate resources to continue in operation to justify applying the going concern basis in preparing these Financial Statements.

The Directors have a responsibility to ensure that the Company maintains sufficient accounting records to disclose, with reasonable accuracy, the financial position of the Company and to that Financial Statements presented comply with the requirements of the Companies Act No.07 of 2007. The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and in this regard to give proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting fraud and other irregularities.

The Directors are required to prepare the Financial Statements and to provide the Auditors with every opportunity to take whatever steps and undertake whatever inspections they may consider to be appropriate, to enable them to form their audit opinion in accordance with Sri Lanka Auditing Standards (SLAuS).

The Financial Statements were audited by Ernst and Young, the Independent External Auditors. To ensure complete independence, the Independent External Auditors have full and free access to the members of the Audit Committee to discuss any matter of substance.

The Board of Directors accepts responsibility for the integrity and objectivity of the Financial Statements presented.

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and all other known statutory dues as were due and payable by the Company as at the balance sheet date have been paid or, where relevant provided for, except as specified in Note 24.2 to the Financial Statements covering contingent liability.

(Sgd.)

Mr. Ranil Pathirana

Chairman

31st August 2026

INDEPENDENT AUDITORS' REPORT

Shape the future
with confidence

Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel: +94 11 246 3500
Fax: +94 11 768 7869
Email: eysl@lk.ey.com
ey.com

TO THE SHAREHOLDERS OF DANKOTUWA PORCELAIN PLC

Report on the Audit of the Financial Statements

OPINION

We have audited the Financial Statements of Dankotuwa Porcelain PLC (the "Company"), and the consolidated Financial Statements of the Company and its subsidiaries (the "Group"), which comprise the statement of financial position as at 31st March 2026, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying Financial Statements of the Company and Group give a true and fair view of the financial position of the Company and Group as at 31st 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 (SLAuS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Financial Statements.

Key audit matter	How our audit addressed the key audit matter
Existence and carrying value of Trade Receivables	
As at 31st March 2026, the carrying value of trade receivables amounted to Rs. 952 Mn net of a provision for impairment of Rs. 359 Mn, as disclosed in Notes 11, 2.3.11 and 2.2 to the financial statements. This was a key audit matter due to: ▸ the materiality of the reported trade receivable balance which represents 14% of the Group's total assets as of the reporting date; and ▸ the degree of management judgements and assumptions associated with evaluating the recoverability of the trade receivable balance as disclosed in 11, 2.3.11 and 2.2 to the financial statements.	Our audit procedures included the following key procedures: ▸ Tested the existence of trade receivables through confirmations, and where appropriate, examined cash receipts and other supporting documentation. ▸ Obtained an understanding of and evaluated the process used by the management to assess impairment of trade receivables ▸ Tested the aged analysis of trade receivables by referring to the source documents ▸ Tested the calculation of the provision for impairment and evaluated the reasonableness of the judgements and assumptions used by the management in determining the provision. ▸ We also evaluated adequacy of the disclosure of Notes 11, 2.3.11 and 2.2 to the financial statements.
Assessment of fair value of land and buildings	
Property, plant & equipment, and investment property include land and buildings carried at fair value. The fair value of land and buildings were determined by an external valuer engaged by the Group. This was a key audit matter due to: ▸ The materiality of the reported land and buildings which amounted to LKR 3 Bn representing 43% of the Group's total assets as of the reporting date; and ▸ The degree of assumptions, judgements and estimation uncertainties associated with fair valuation of land and buildings using market approach and depreciated replacement cost approach. Key areas of significant judgments, estimates and assumptions used in assessing the fair value of land and buildings, as disclosed in Notes 2.3.9, 2.3.10, 5 and 7 to the financial statements, included judgements involved in ascertaining the appropriate valuation techniques and estimates such as: ▸ Estimate of per perch value of the land ▸ Estimate of the per square foot value of the buildings	Our audit procedures included the following key procedures: ▸ Assessed the competence, capability and objectivity of the external valuer engaged by the Group. ▸ Read the external valuer's report and understood the key estimates made and the valuation approaches taken by the valuer in determining the valuation of each property. ▸ Assessed the reasonableness of the significant assumptions, judgements and estimate made by the valuer such as per perch value, per square foot value and valuation techniques as relevant in assessing the fair value of each property. We have also assessed the adequacy of the disclosures made in Notes 5 and 7 to the financial statements.

OTHER INFORMATION INCLUDED IN THE GROUP'S 2026 ANNUAL REPORT

Other information consists of the information included in the Annual Report, other than the Financial Statements and our auditor's report thereon. Management is responsible for the 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.

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

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

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

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

INDEPENDENT AUDITORS' REPORT

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 Sri Lanka Auditing Standards, 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 internal controls of the Company and Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work perform for the purposes of the group audit. We remain solvely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

CA Sri Lanka membership number of the engagement partner responsible for signing this Independent Auditors' Report is 4184.

Ernst & Young

31st August 2026
Colombo

STATEMENT OF PROFIT OR LOSS

		Group		Company	
Year ended 31st March		2026	2025	2026	2025
	Note	LKR	LKR	LKR	LKR
Revenue	4	3,975,387,967	3,850,156,209	2,142,098,645	1,917,781,431
Cost of Sales		(2,999,560,537)	(3,025,102,119)	(1,456,979,632)	(1,490,321,215)
Gross Profit		975,827,430	825,054,090	685,119,013	427,460,216
Other Income	19	12,570,399	7,242,918	13,519,507	8,013,284
Selling and Distribution Expenses		(469,408,655)	(1,132,239,074)	(293,511,989)	(939,773,725)
Administrative Expenses		(1,072,882,011)	(691,760,182)	(493,050,260)	(384,475,653)
Fair Value Gain from Investment Property	7	-	-	-	-
Operating Loss		(553,892,837)	(991,702,248)	(87,923,729)	(888,775,878)
Finance Cost	20	(290,675,395)	(301,333,219)	(155,572,041)	(149,870,248)
Finance Income	20	43,563,534	44,526,644	61,423,369	57,004,745
Change in Fair Value of Investment in Subsidiary	9	-	-	(193,848,600)	(83,644,724)
Loss Before Tax	21	(801,004,697)	(1,248,508,823)	(375,921,001)	(1,065,286,105)
Income Tax Reversal	22	190,522,345	379,333,857	93,628,554	337,621,421
Loss for the Year		(610,482,352)	(869,174,966)	(282,292,447)	(727,664,684)
Attributable to:					
Equity Holders of the Parent		(608,634,226)	(868,381,499)		
Non-Controlling Interest		(1,848,126)	(793,467)		
		(610,482,352)	(869,174,966)		
Basic/Diluted Earnings/(Loss) Per Share	23	(3.74)	(5.34)	(1.74)	(4.48)

Figures in brackets indicate deductions

The accounting policies and Notes on pages 70 through 129 form an integral part of the Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

		Group		Company	
Year ended 31st March		**2026**	**2025**	**2026**	**2025**
	Note	**LKR**	**LKR**	**LKR**	**LKR**
Loss for the Year		(610,482,352)	(869,174,966)	(282,292,447)	(727,664,684)
Other Comprehensive Income					
Other Comprehensive Income / (Loss) to be reclassified to Profit or Loss in subsequent periods					
Translation of Foreign Operations	13	(1,208,952)	(1,204,964)	(1,208,952)	(1,204,964)
Net Other Comprehensive Loss to be reclassified to Profit or Loss in subsequent periods		(1,208,952)	(1,204,964)	(1,208,952)	(1,204,964)
Other Comprehensive Income / (Loss) not to be reclassified to Profit or Loss in subsequent periods					
Actuarial Loss	15	(18,065,750)	(22,548,592)	(15,141,621)	(17,526,138)
Tax impact on Actuarial Loss	22	5,419,725	6,764,578	4,542,486	5,257,841
Revaluation of Land and Buildings		123,740,521	112,731,113	93,734,944	49,379,020
Tax impact on Revaluation Gain	22	(59,524,580)	(17,691,018)	(17,608,599)	(4,853,702)
Net Other Comprehensive Income not to be reclassified to Profit or Loss in subsequent periods		51,569,917	79,256,081	65,527,210	32,257,022
Other Comprehensive Income for the Year-Net of Tax		50,360,965	78,051,117	64,318,257	31,052,057
Total Comprehensive Loss - Net of Tax		(560,121,387)	(791,123,849)	(217,974,190)	(696,612,627)
Attributable to:					
Equity Holders of the Parent		(558,217,431)	(790,518,378)		
Non-Controlling Interest		(1,903,956)	(605,471)		
		(560,121,387)	(791,123,849)		

Figures in brackets indicate deductions

The accounting policies and Notes on pages 70 through 129 form an integral part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION

		Group		Company	
As at 31st March		**2026**	**2025**	**2026**	**2025**
	Note	**LKR**	**LKR**	**LKR**	**LKR**
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	5	2,497,769,313	2,395,059,418	1,598,158,915	1,513,453,146
Right to Use Asset	6	13,411,634	33,289,214	13,411,634	33,289,214
Investment Property	7	769,945,602	769,945,602	629,700,002	629,700,002
Intangible Assets	8	79,658,588	50,843,922	51,129,084	20,897,179
Investment in Subsidiaries	9	-	-	926,753,187	1,120,601,787
		3,360,785,137	3,249,138,156	3,219,152,822	3,317,941,328
Current Assets					
Inventories	10	1,636,669,734	2,140,753,571	954,309,908	1,054,172,186
Trade and Other Receivables	11	1,206,720,268	1,327,861,892	659,121,821	705,341,213
Income Tax Receivable		2,569,929	-	2,569,929	-
Loan Receivable	11	-	-	429,475,295	153,262,781
Cash and Short-Term Deposits	16	688,258,557	595,828,458	609,764,031	561,100,130
		3,534,218,488	4,064,443,921	2,655,240,984	2,473,876,311
Total Assets		6,895,003,625	7,313,582,077	5,874,393,806	5,791,817,638
EQUITY AND LIABILITIES					
Equity					
Stated Capital	12	1,402,101,647	1,402,101,647	1,402,101,647	1,402,101,647
Other Components of Equity	13	1,762,046,232	1,698,991,602	1,292,836,108	1,217,918,715
Retained Earnings / (Losses)		(825,893,358)	(204,621,295)	424,904,240	717,795,822
Equity Attributable to Equity Holders of the Parent		2,338,254,521	2,896,471,954	3,119,841,995	3,337,816,184
Non-Controlling Interest	9	(931,595)	972,360	-	-
Total Equity		2,337,322,926	2,897,444,314	3,119,841,995	3,337,816,184
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	14	235,000,000	118,610,704	126,000,000	16,610,706
Lease Liability	18	-	15,290,789	-	15,290,789
Retirement Benefit Liability	15	335,752,760	287,210,866	265,931,147	229,427,741
Deferred Tax Liability	22	43,449,381	184,090,579	130,049,730	214,835,878
		614,202,141	605,202,938	521,980,877	476,165,114
Current Liabilities					
Interest Bearing Loans and Borrowings	14	3,161,314,615	2,937,609,202	1,851,436,820	1,567,717,436
Lease Liability	18	12,821,200	15,397,268	12,821,200	15,397,268
Trade and Other Payables	17	769,342,743	851,629,557	368,312,914	388,422,838
Income Tax Liabilities		-	6,298,798	-	6,298,798
		3,943,478,558	3,810,934,825	2,232,570,934	1,977,836,340
Total Equity and Liabilities		6,895,003,625	7,313,582,077	5,874,393,806	5,791,817,638

Figures in brackets indicate deductions

These Financial Statements are in compliance with the requirements of the Companies Act No: 07 of 2007.

(Sgd.)
Saroj Ranathunga
Chief Financial Officer - Porcelain Cluster

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

(Sgd.)
Ranil Pathirana
Chairman

(Sgd.)
Shalike Karunasena
Director

The accounting policies and Notes on pages 70 through 129 form an integral part of the Financial Statements.

31st August 2026
Colombo

STATEMENT OF CHANGES IN EQUITY

Group	Attributable to Equity holders of the Parent						
Year ended 31st March	Stated Capital	Revaluation Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total	Non-Controlling Interest	Total Equity
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Balance as at 01 April 2024	1,402,101,647	1,607,983,837	(2,827,366)	683,560,408	3,690,818,526	17,072,893	3,707,891,419
Loss for the Year	-	-	-	(868,381,499)	(868,381,499)	(793,467)	(869,174,966)
Change in Non-Controlling Interest	-	-	-	(3,828,194)	(3,828,194)	(15,495,062)	(19,323,256)
Other Comprehensive Income/(Loss)	-	95,040,095	(1,204,964)	(15,972,010)	77,863,121	187,996	78,051,117
Total Comprehensive Income/(Loss)	-	95,040,095	(1,204,964)	(888,181,703)	(794,346,572)	(16,100,533)	(810,447,105)
Balance as at 31st March 2025	1,402,101,647	1,703,023,932	(4,032,330)	(204,621,295)	2,896,471,954	972,360	2,897,444,314
Loss for the Year	-	-	-	(608,634,226)	(608,634,226)	(1,848,126)	(610,482,352)
Other Comprehensive Income/(Loss)	-	64,263,583	(1,208,952)	(12,637,837)	50,416,794	(55,829)	50,360,965
Total Comprehensive Income/(Loss)	-	64,263,583	(1,208,952)	(621,272,063)	(558,217,432)	(1,903,956)	(560,121,387)
Balance as at 31st March 2026	1,402,101,647	1,767,287,515	(5,241,283)	(825,893,358)	2,338,254,521	(931,595)	2,337,322,926

Company						
Year ended 31st March	Stated Capital	Revaluation Reserve	Foreign Currency Translation Reserve	Amalgamation Reserve	Retained Earnings	Total Equity
	LKR	LKR	LKR	LKR	LKR	LKR
Balance as at 01 April 2024	1,402,101,647	1,300,787,448	(2,827,366)	(123,361,720)	1,457,728,802	4,034,428,811
Loss for the Year	-	-	-	-	(727,664,684)	(727,664,684)
Other Comprehensive Income/(Loss)	-	44,525,318	(1,204,964)	-	(12,268,296)	31,052,057
Total Comprehensive Income/(Loss)	-	44,525,318	(1,204,964)	-	(739,932,980)	(696,612,627)
Balance as at 31st March 2025	1,402,101,647	1,345,312,766	(4,032,331)	(123,361,720)	717,795,822	3,337,816,184
Loss for the Year	-	-	-	-	(282,292,447)	(282,292,447)
Other Comprehensive Income/(Loss)	-	76,126,344	(1,208,952)	-	(10,599,135)	64,318,257
Total Comprehensive Income/(Loss)	-	76,126,344	(1,208,952)	-	(292,891,582)	(217,974,190)
Balance as at 31st March 2026	1,402,101,647	1,421,439,110	(5,241,283)	(123,361,720)	424,904,240	3,119,841,995

Figures in brackets indicate deductions

The accounting policies and Notes on pages 70 through 129 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

		Group		Company	
Year ended 31st March		**2026**	**2025**	**2026**	**2025**
	Note	**LKR**	**LKR**	**LKR**	**LKR**
Cash Flows from / (Used in) Operating Activities					
(Loss) Before Tax		(801,004,697)	(1,248,508,823)	(375,921,001)	(1,065,286,105)
Adjustments for					
Depreciation	5	114,881,751	122,050,209	64,428,491	63,893,477
Amortization of Right to Use Assets	6.1	19,877,580	20,194,360	19,877,580	20,194,360
Change in Fair Value of Investment in Subsidiary	9.1	-	-	193,848,600	83,644,724
Amortization of Intangible Assets	8.1	5,484,185	8,308,881	4,066,946	6,891,643
Provision for Defined Benefit Plans	15.1	52,669,558	47,681,755	39,719,506	36,447,231
Interest Income	20.1	(43,563,534)	(44,526,644)	(61,423,369)	(57,004,745)
Finance Cost	20.2	290,675,394	301,333,217	155,572,041	149,870,248
Provision for Bad Debts	11.3	(156,729,720)	448,967,481	(154,680,380)	427,458,463
Inventory Write-off	10.1	(3,743,548)	(18,618,128)	-	-
Unrealized Foreign Exchange Difference		9,431,085	23,537,362	1,207,135	(6,400,035)
Provision /(Reversal) for Slow Moving Inventories	10.1	560,929,608	182,017,851	174,039,992	91,347,113
Operating Profit/ (Loss) before Working Capital Changes		48,907,663	(157,562,476)	60,735,543	(247,738,665)
(Increase) / Decrease in Inventories		(90,164,086)	(496,115,684)	(111,239,577)	(216,448,357)
(Increase) / Decrease in Trade and Other Receivables		277,871,343	563,005,758	200,899,772	485,900,523
Increase / (Decrease) in Trade and Other Payables		(82,286,808)	74,303,831	(20,109,925)	(30,715,727)
Cash generated from Operations		154,328,113	(16,368,571)	130,285,814	(9,002,226)
Defined Benefit Plan Cost Paid	15	(22,193,414)	(24,445,000)	(18,357,721)	(21,323,916)
Finance Cost Paid		(282,732,729)	(295,677,546)	(147,629,371)	(149,870,248)
Income Tax Paid		(13,092,434)	(162,560,500)	(13,092,434)	(162,560,500)
Net Cash from Operating Activities		(163,690,465)	(499,051,617)	(48,793,712)	(342,756,890)
Cash Flows from / (Used in) Investing Activities					
Interest Income		43,563,534	44,526,644	43,210,855	43,911,684
Acquisition of Computer Software		(34,298,851)	-	(34,298,851)	(3,493,175)
Acquisition of Property, Plant and Equipment		(56,508,609)	(26,254,581)	(18,056,805)	(14,748,610)
Net Cash Flows from / (Used in) Investing Activities		(47,243,926)	18,272,062	(9,144,801)	25,669,898
Cash Flows from / (Used in) Financing Activities					
Repayment of Leases	18	(22,651,283)	(22,393,604)	(22,651,283)	(22,393,604)
Investment in Subsidiary	9.1	-	(19,323,324)	-	(19,323,324)
Proceeds from Interest Bearing Loans and Borrowings	14	4,249,138,652	3,488,387,652	2,525,291,042	1,792,003,502
Repayment of Interest Bearing Loans and Borrowings	14	(3,988,598,384)	(3,151,600,147)	(2,244,822,292)	(1,378,998,696)
Loan given to Subsidiaries	11.6	-	-	(308,000,000)	(69,684,255)
Loan Receipts from Subsidiaries		-	-	50,000,000	-
Net Cash Flows from / (Used in) Financing Activities		237,888,985	295,070,577	(182,533)	301,603,624
Net Increase / (Decrease) in Cash and Cash Equivalents		26,954,595	(185,708,978)	(58,121,046)	(15,483,368)
Cash and Cash Equivalents at the Beginning of the Year	16	(472,833,131)	(287,124,153)	(115,811,589)	(100,328,221)
Cash and Cash Equivalents at the End of the Year	16	(445,878,536)	(472,833,131)	(173,932,635)	(115,811,589)

Figures in brackets indicate deductions

The accounting policies and Notes on pages 70 through 129 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1. Reporting Entity

Dankotuwa Porcelain PLC ("the Company") is a Public Listed Company incorporated and domiciled in Sri Lanka, and is listed on the Colombo Stock Exchange. The registered office of the Company is located at No.01, Alfred House Avenue, Colombo 03, Sri Lanka and the principal place of business is situated at Dankotuwa.

The Company has its own branch operated in Chennai, India.

1.2. Consolidated Financial Statements

The financial statements for the year ended 31st March 2026, comprise "the Company" referring to Dankotuwa Porcelain PLC as the holding Company and "the Group" referring to the companies whose accounts have been consolidated therein.

1.3. Date of Authorisation for Issue

The Consolidated Financial Statements of Dankotuwa Porcelain PLC, for the year ended 31st March 2026 was authorized for issue in accordance with a resolution of the Board of Directors on 31st August 2026.

1.4. Directors' Responsibility Statement

The Board of Directors take the responsibility for the preparation and presentation of these financial statements as per the provisions of the Companies Act No.07 of 2007 and the Sri Lanka Accounting Standards comprising LKASs and SLFRs (hereafter "SLFRS").

1.5. Parent Enterprise and Ultimate Parent Enterprise

The Company's immediate parent entity is Ceyline Investment (Pvt) Ltd, and the ultimate parent undertaking is BG International (Pvt) Ltd. Ceyline Investment (Pvt) Ltd and BG International (Pvt) Ltd are incorporated and domiciled in Sri Lanka.

1.6. Principal Activities and Nature of Operations

Holding Company - Dankotuwa Porcelain PLC

Principal activities and Nature of Operations of the Company is manufacturing and selling porcelain tableware to the export and domestic markets.

Subsidiaries

Royal Fernwood Porcelain Limited

The principal activity of the Company is manufacturing and selling porcelain tableware to export and domestic markets.

DPL Singapore PTE Ltd

The principal activities of the Company are those of general wholesale trading (including general importers and exporters). There have been no significant changes in the nature of these activities during the financial year. However, the Company was dormant during the financial year.

2. BASIS OF PREPARATION

2.1.

2.1.1. Statement of Compliance

The consolidated Financial Statements (Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows together with Accounting Policies and Notes) as at 2026 are prepared in accordance with Sri Lanka Accounting Standards comprising of SLFRSs and LKASs (hereafter referred as SLFRSs), as laid down by the Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No. 07 of 2007.

2.1.2. Basis of Measurement

The consolidated financial statements have been prepared on accrual basis and under the historical cost convention except for, land and buildings, investment property and fair value through profit or loss financial assets that have been measured at fair value.

2.1.3. Materiality & Aggregation

In compliance with LKAS 01 on Presentation of Consolidated Financial Statements, each material class of similar items is presented separately in the Consolidated Financial Statements. Items of dissimilar nature or functions too are presented separately, if they are material.

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the Income Statement unless required or permitted by any accounting standard or interpretation as specifically disclosed in the accounting policies.

2.1.4. Presentation and Functional Currency

The consolidated financial statements are presented in Sri Lankan Rupees, the Group's functional and presentation currency, which is the primary economic environment in which the Holding Company operates. Each entity in the Group uses the currency of the primary economic environment in which they operate as their functional currency.

2.1.5. Comparative Information

The presentation and classification of the financial statements of the previous years have been amended, where relevant for better presentation and to be comparable with those of the current year and those which had to be changed as a result of application of the new SLFRS. These balances do not affect previously reported profit or equity.

2.1.6. Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31st March 2026. Control over an investee is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee. There are no subsidiaries that have been consolidated with equity control equal to or less than 50%.

Subsidiaries that are consolidated have been listed in Note 9 to these financial statements.

The Group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, Liabilities, Income and Expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or Loss and each component of other comprehensive income (OCI) are attribute to the equity holders of the parent of the Group and to the Non-Controlling Interests, even if this results in the non-controlling interests having a deficit balance. The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company, which is 12 months ending 31st March, using consistent accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in the income statement. Any investment retained is recognised at fair value.

The total profits and losses for the year of the Company and of its subsidiaries included in consolidation are shown in the consolidated income statement and consolidated statement of comprehensive income and all assets and liabilities of the Company and of its subsidiaries included in consolidation are shown in the consolidated statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

Non-controlling interest which represents the portion of profit or loss and net assets not held by the Group, are shown as a component of profit for the year in the consolidated income statement and statement of comprehensive income and as a component of equity in the consolidated statement of financial position, separately from equity attributable to the shareholders of the parent.

The consolidated statement of cash flows includes the cash flows of the Company and its subsidiaries.

Business combinations and goodwill on acquisitions

Business combinations are accounted for using the acquisition method of accounting. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree at the fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expense.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is premeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date.

Contingent consideration which is deemed to be an asset or liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value either in profit or loss or as a change to other comprehensive income (OCI). If the contingent consideration is not within the scope of SLFRS 9, it is measured in accordance with the appropriate SLFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units ("CGU") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion the cash-generating unit retained.

2.2. Significant Accounting Judgments, Estimates and Assumptions

The preparation of Financial Statements of the Group requires the application of certain critical accounting judgements, estimates and assumptions relative to the future. Further, it requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

I. Taxation

The Group is subject to income tax and other taxes including VAT. Significant judgment was required to determine the total provision for current, deferred and other taxes due to the uncertainties that exists with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these financial statements.

Uncertainties also exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

Where the final tax outcome of such matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax amounts in the period in which the determination is made.

II. Useful lifetime of the Property, Plant and Equipment

The Group reviews the useful lives and methods of depreciation of assets at each reporting date. Judgement of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

III. Going Concern

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

IV. Defined Benefit Plans

The cost of defined benefit plan (Gratuity) is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates. Due to the complexity of the valuation, the underlying assumptions and their long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of Sri Lanka Government Bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases are based on expected future inflation rates and expected future salary increase rate of the Group.

Details of the key assumptions used in estimating the defined benefit plan (Gratuity) liability are disclosed in Note 15.

V. Provision for Slow moving inventories

A provision for slow moving inventories is recognized based on the best estimates available to management on their future usability. As Management uses historical information as the basis to determine the future usability and recoverability, actual future losses on inventories could vary from the provision made in these financial statements.

VI. Impairment of Financial Assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

VII. Impairment of Non-Financial Assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the assets or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

NOTES TO THE FINANCIAL STATEMENTS

VIII. Valuation of Property, Plant and Equipment

The Group measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income and in the statement of equity. The Group engaged independent valuation experts to determine fair value of land and buildings as of 31st March 2026.

The valuer has used valuation techniques such as market values and discounted cash flow methods where there was a lack of comparable market data available based on the nature of the property.

The methods used to determine the fair value of Land and Building, are further explained in Note 5.5.

The methods used to determine the fair value of the investment property are further explained in Note 7.1.

IX. Fair value of Financial Instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible. Where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

X. Cash flow Hedge

The hedging type is designated as cash flow hedge since the Group is expecting to hedge the variability arise from exchange rate risk, where the USD term loan, USD packing credit loans and USD import loan can be identified as the hedging instrument, the USD revenue can be identified as the hedge item and exchange rate risk can be identified as the hedged risk". Accordingly, the Group is expecting to hedge the variability in the cash flows corresponding to the repayment of the term loan capital, packing credit loans and import loan capital attributable to changes in exchange rates over the period. This involves key estimation such as forecasted USD revenue and hedge effectiveness.

XI. Investment in Subsidiary

Investment in Subsidiary are those entries that controlled by the Company. Investment in subsidiary are accounted at fair value through profit or loss in accordance with SLFRS 09. They are initially recognised at fair value. Subsequent to initial recognition, the fair value gains or losses are recognized in the statement of profit or loss in the statements until the date on which the control is lost.

The Group engaged independent valuation specialist to determine the fair value of investment in subsidiaries during the year.

Details of the key assumptions used in the estimates are contained in Note 09.

2.3. Material Accounting Policy Information

2.3.1. Changes in Significant Accounting Policies

Accounting policies have been applied consistently for all periods presented in the Financial Statements by the Group and the Company.

2.3.2. Foreign Currency Translation

The Company's financial statements are presented in Sri Lankan Rupees, which is also the parent Company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Company uses the direct method of consolidation and has elected to recycle the gain or loss arises from this method.

(a). Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at the functional currency rates prevailing at the date of the transaction.

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 taken to the income statement with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss.

Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

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 is determined.

The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit, or loss is also recognised in other comprehensive income or profit or loss respectively).

(b). Foreign Operations

The assets and liabilities of foreign operations are translated into Sri Lankan Rupees at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

2.3.3. Taxation

(a). Current Taxes

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the relevant tax legislations. Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Income tax has been provided on overseas operations in accordance with the relevant statutes enforced in the countries in which operations are carried out.

The liability for taxation is computed according to the provisions of the Inland Revenue Act No.24 of 2017 and subsequent amendments thereto. The relevant details are disclosed in Note 22 to the Financial Statements.

(b). Deferred Taxation

Deferred tax is provided using the liability method on temporary differences 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.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits 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 utilized.

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 sufficient 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 year 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.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised 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.

NOTES TO THE FINANCIAL STATEMENTS

(c). Sales Tax

Revenues, expenses and assets are recognized net of the amount of sales tax except where the sales tax incurred on a purchase of asset or service is not recoverable from the taxation authorities in which case the sales tax is recognized as a part of the cost of the asset or part of the expense item as applicable and receivable and payable that are stated with the amount of sales tax included. The amount of sales tax recoverable and payable in respect of taxation authorities is included as a part of receivables and payables in the Balance Sheet.

2.3.4. Borrowing Costs

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 capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.3.5. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the income statement when it is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible assets.

2.3.6. Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. 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 condition is accounted using the following cost formulae:

Raw Materials	▶ At weighted average cost
Work-in-Progress	▶ At factory cost. Cost is determined by accruing all direct material, direct labour and appropriate apportionment of fixed production overheads based on normal operating capacity
Consumables & Spares	▶ At purchase cost on weighted average basis
Finished Goods	▶ At the cost of direct material, direct labour and appropriate Apportionment of fixed production overheads, based on normal operating capacity
Goods in Transit	▶ At purchase price

2.3.7. Cash and Cash Equivalents

Cash and cash equivalents 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 cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

2.3.8. Property, Plant and Equipment

Property, plant and equipment is initially stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred (if applicable). The present value of the expected cost for the decommissioning of the asset after its use, is included in the cost of the respective asset if the recognition criteria for a provision are met.

Land and buildings are subsequently measured at fair value, less accumulated depreciation on buildings, and impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from it carrying amount.

Depreciation is calculated on a straight-line basis over the useful life of assets or components. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

An item of property, plant and equipment is derecognised 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 income statement when the asset is derecognised.

2.3.9. Investment Property

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

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition investment properties are stated at fair date, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the period in which they arise. Fair values are evaluated annually by an accredited external, independent valuer.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Further details are disclosed in Note 07 to the Financial Statements.

2.3.10. Common Control Business Combinations

Business combinations between entities under common control are accounted for using pooling of interest method. Accordingly,

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No new goodwill is recognised as a result of the combination. Any difference between the consideration paid/transferred and the equity acquired is reflected within equity.

NOTES TO THE FINANCIAL STATEMENTS

2.3.11. Financial Instruments - Initial recognition and subsequent measurement

a. Financial assets

Initial recognition and measurement

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

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

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

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

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Financial assets at amortised cost

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Group's financial assets at amortised cost includes trade receivables and short-term investments.

Financial assets at fair value through OCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling.

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the income statement.

Financial assets designated at fair value through OCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

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

Derecognition

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

b. Impairment of Financial Assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the Group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2.3.12. 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. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Income Statement net of any reimbursement.

2.3.13. Retirement Benefit Obligations

(i). Defined Benefit Plan – Gratuity

The Group measures the present value of the promised retirement benefits for gratuity, which is a defined benefit plan with the advice of an independent professional actuary using the Projected Unit Credit Method (PUC) as required by LKAS No 19, Employee Benefits.

The item is stated under Defined Benefit Liability in the Statement of financial position.

Recognition of Actuarial Gains and Losses

Actuarial gains and losses are recognized in full in the Other Comprehensive Income.

Payment of Gratuity is made as per the payment of Gratuity Act No 12 of 1983.

(ii). Defined contribution plan

The Company also operates a defined contribution plan. The contribution payable to a defined contribution plan is in proportion to the services rendered to the Company by the employees and is recorded as an expense under 'Personnel expenses'. Unpaid contributions are recorded as a liability.

NOTES TO THE FINANCIAL STATEMENTS

The Group contributes to the following Schemes:

- **Employees' Provident Fund**

  The Group and employees contribute 12% and 8% respectively of the employee's monthly gross salary (excluding overtime) to the Provident Fund.

- **Employees' Trust Fund**

  The Group contributes 3% of the employee's monthly gross salary excluding overtime to the Employees' Trust Fund maintained by the Employees Trust Fund Board.

2.3.14. Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's 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 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, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

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

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

The following criteria are also applied in assessing impairment of specific assets:

- Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash – generating units (or Group of cash generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than their carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

2.3.15. Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an operating expense in the income statement on a straight-line basis over the lease term.

Leases

The Group 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 of time in exchange for consideration as per SLFRS 16 and recognize right of use assets and lease liability.

Company as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use Assets

The Group companies recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are presented within Note 6 and are subject to impairment in line with the Group's policy for Impairment of non-financial assets.

Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index occurs.

The Group companies determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group companies applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization of the leased asset).

The Group companies cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments.

2.3.16. Accounting for Investments in Subsidiaries

Investments in Subsidiaries are those entities that is controlled by the Company. Investments in subsidiaries are accounted at fair value through profit or loss in accordance with SLFRS 9. They are initially recognized at fair value. Subsequent to initial recognition, the fair value gains or losses are recognized in the statement of profit or loss in the separate financial statements until the date on which the control is lost. The dividends received from the Subsidiary are treated as income in the statement of profit or loss of the separate financial statements.

2.4. Statement of Profit or Loss

2.4.1. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group, and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and value added taxes, after eliminating sales within the Group.

The following specific criteria are used for recognition of revenue:

a. Revenue from contract with customers

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services

NOTES TO THE FINANCIAL STATEMENTS

b. Goods transferred at a point in time

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

c. Dividend

Dividend income is recognized when the Group's right to receive the payment is established.

d. Finance Income

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, fair value gains on financial assets at fair value through profit or loss, gains on the re-measurement to fair value of any pre-existing interest in an acquiree that are recognized in income statement.

Interest income or expense is recorded as it accrues using the Effective Interest Rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

e. Gains and Losses

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other non-current assets, including investments, are accounted for in the income statement, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.

f. Other Income

Other income is recognized on an accrual basis.

2.4.2. Expenditure recognition

Expenses are recognised in the income statement 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 the income statement.

For the purpose of presentation of the income statement, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Company and Group's performance.

2.4.3. Finance Costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, losses on disposal of available for- sale financial assets, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables) that are recognised in the income statement.

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 capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

2.4.4. Segmental Information

The Group's internal organization and management is structured based products which are similar in nature and process and where the risk and return are similar.

As such for management purposes, the Group is organized into manufacturing of porcelain business unit based on their products and reported as one business segment.

In addition, management purposes, turnover is analysed based on the geographical locations. Such as local and exports.

2.4.5. Going Concern

The Group has prepared the financial statements for the year ended 31st March 2026 on the basis that it will continue to operate as a going concern. In determining the basis of preparing the financial statements for the year ended 31st March 2026, based on available information, the management has assessed the prevailing macroeconomic conditions and its effect on the Group companies and the appropriateness of the use of the going concern basis.

2.4.6. Lack of Exchangeability – Amendments to LKAS 21

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 01 January 2025.

The above amendment had no impact on the financial statements of the Group.

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued up to the date of issuance of the Group's financial statements but are not effective for the current annual reporting period, are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective

3.1 SLFRS 17 Insurance Contracts

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

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

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

The amendments are not expected to have a material impact on the Group's financial statement.

3.2 SLFRS 18 Presentation and Disclosure in Financial Statements

SLFRS 18, which replaces LKAS 1, introduces significant enhancements to the way financial information is organized and communicated. The standard establishes new categories and subtotals in the statement of profit or loss to improve consistency and comparability across entities. It also requires entities to disclose management-defined performance measures (as specified in the standard), together with clear explanations and reconciliations. In addition, SLFRS 18 introduces strengthened requirements regarding the location, aggregation, and disaggregation of financial information. These changes are designed to ensure that financial statements present information more transparently and in a way that enhances users' understanding of an entity's financial performance and position.

SLFRS 18, and consequential amendments to the other accounting standards, are effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted.

The potential impact of SLFRS 18 on the financial statements and the related notes is currently being identified and evaluated.

3.3. SLFRS 19 Subsidiaries without public accountability: Disclosures

SLFRS 19 introduces reduced disclosure requirements for subsidiaries that do not have public accountability but continue to apply the full SLFRS recognition and measurement principles.

The purpose of SLFRS 19 is to lessen the financial reporting burden on qualifying subsidiaries by simplifying disclosure requirements, while still ensuring that financial statements remain high-quality, consistent, and comparable for users.

SLFRS 19 applies to Specified Business Enterprises, as defined in the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995. Subsidiaries that fall within this category and do not have public accountability are eligible to apply SLFRS 19.

The Standard becomes effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted.

The potential impact of SLFRS 19 is currently being identified and evaluated.

NOTES TO THE FINANCIAL STATEMENTS

3.4. Classification and Measurement of Financial Instruments - Amendments to SLFRS 9 and SLFRS 7

The amendments introduce enhancements to the classification, measurement, derecognition, and disclosure requirements for financial instruments. Their objective is to strengthen transparency, promote greater consistency in financial reporting, and respond to emerging market developments - particularly features such as sustainability linked terms and nature dependent electricity contracts.

These amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early application is permitted.

The amendments are not expected to have a material impact on the financial statements.

4. REVENUE

4.1.

	Group		Company	
Year ended 31st March	2026	2025	2026	2025
	LKR	LKR	LKR	LKR
Exports	1,638,148,910	1,808,977,960	757,075,616	710,972,003
Local	2,337,239,057	2,041,178,249	1,385,023,029	1,206,809,428
	3,975,387,967	3,850,156,209	2,142,098,645	1,917,781,431

4.2. Revenue from Local Sales of the Group, includes of Revenue generated from showrooms for the year ended 31st March 2026 amounting to LKR 519,365,416/- (2025 - LKR 456,368,725/-).

4.3. Revenue from Local Sales of the Company, includes of Revenue generated from showrooms for the year ended 31st March 2026 amounting to LKR 474,095,464/- (2025 - LKR 407,959,194/-).

4.4. Group is dealing only in Porcelain and Related Products. There are no separate activities other than the Porcelain and Related segments in the Group.

4.5. Cost of Sales of the Group, includes of cost of raw material, packing material and indirect material for the year ended 31st March 2026 amounting to LKR 712,402,512/-(2025 - LKR 1,033,598,891/-).

4.6. Cost of Sales of the Company includes of cost of raw material, packing material and indirect material for the year ended 31st March 2026 amounting to LKR 336,433,007/- (2025 - LKR 537,545,446/-).

5. PROPERTY, PLANT & EQUIPMENT

5.1. Gross Carrying Amounts

Group	Balance as at 01.04.2025	Additions	Disposals / Transfers	Revaluation	Balance as at 31.03.2026
	LKR	LKR	LKR	LKR	LKR
5.1.1. At Cost					
Building - Leasehold	52,878,501	-	-	-	52,878,501
Roadways & Fence	39,836,566	-	-	-	39,836,566
Plant & Machinery	1,453,254,076	49,967,839	37,061,863	-	1,540,283,778
Motor Vehicles	19,178,054	283,445	-	-	19,461,500
Office Equipment	103,448,031	2,978,306	-	-	106,426,337
Furniture & Fittings	47,970,958	2,152,517	-	-	50,123,474
Computer Equipment	88,589,432	3,651,239	-	-	92,240,671
Capital WIP	2,654,525	129,790	(2,654,527)	-	129,788
	1,807,810,143	59,163,136	34,407,336	-	1,901,380,615

NOTES TO THE FINANCIAL STATEMENTS

	Group	Balance as at 01.04.2025	Additions	Disposals / Transfers	Revaluation	Balance as at 31.03.2026
		LKR	LKR	LKR	LKR	LKR
5.1.2.	At Valuation					
	Land -Freehold	1,217,810,700	-	-	31,534,000	1,249,344,700
	Building - Freehold	989,926,880	-	-	32,415,912	1,022,342,792
		2,207,737,580	-	-	63,949,912	2,271,687,492
		4,015,547,723	59,163,136	34,407,336	63,949,912	4,173,068,107

5.2. Depreciation

	Group	Balance as at 01.04.2025	Charge for the Year	Disposals/ Transfers	Revaluation	Balance as at 31.03.2026
		LKR	LKR	LKR	LKR	LKR
5.2.1.	At Cost					
	Building - Leasehold	45,695,049	5,061,699	-	-	50,756,748
	Roadways & Fence	4,352,365	971,220	-	-	5,323,585
	Plant & Machinery	1,367,388,932	29,687,799	-	-	1,397,076,731
	Motor Vehicles	12,835,299	1,749,748	-	-	14,585,047
	Office Equipment	84,089,618	5,975,236	-	-	90,064,854
	Furniture & Fittings	37,221,654	2,659,919	-	-	39,881,573
	Computer Equipment	68,905,385	8,704,871	-	-	77,610,256
		1,620,488,302	54,810,492	-	-	1,675,298,794

		Balance as at 01.04.2025	Charge for the Year	Disposals/ Transfers	Revaluation	Balance as at 31.03.2026
		LKR	LKR	LKR	LKR	LKR
5.2.2.	At Valuation					
	Building - Freehold	-	60,071,259	-	(60,071,259)	-
		-	60,071,259	-	(60,071,259)	-
		1,620,488,302	114,881,751	-	(60,071,259)	1,675,298,794

5.3. Net Book Values

	Group	
Year ended 31st March	**2026**	**2025**
	LKR	**LKR**
5.3.1. At Cost		
Building - Leasehold	2,121,753	7,183,451
Roadways & Fence	34,512,981	35,484,201
Plant & Machinery	143,207,047	85,865,144
Motor Vehicles	4,876,452	6,342,755
Office Equipment	16,361,483	19,358,413
Furniture & Fittings	10,241,902	10,749,303
Computer Equipment	14,630,415	19,684,046
Capital WIP	129,788	2,654,525
	226,081,821	187,321,838

	Group	
Year ended 31st March	**2026**	**2025**
	LKR	**LKR**
5.3.2. At Valuation		
Land	1,249,344,700	1,217,810,700
Building - Freehold	1,022,342,792	989,926,880
	2,271,687,492	2,207,737,580
	2,497,769,313	2,395,059,418

5.3.3. The Group acquired Property, Plant and Equipment to the aggregate value of LKR 59,163,136/- during the financial year (2025 - LKR 27,048,885/-).Cash payments amounting to LKR 56,508,609/- (2025- LKR 26,254,581/-) were made during the year for purchase of Property, Plant and Equipment.

5.4. As at 31st March 2026, Group Property, Plant and Equipment with a cost of have been fully depreciated and continue to be in use by the Group LKR 1,453,395,839/- (2025 - LKR 1,390,381,428/-).

5.5. Revaluation of Land and Building

The Group uses the revaluation model for measurement of land and buildings. The Group engaged independent expert valuer to determine the fair value of its land and buildings. Fair value is determined using the Market Comparable method and Depreciated Replacement Cost Method. Valuations are based on active market prices, adjusted for any difference in the nature, location or condition of the specific property. The most recent revaluations were carried out in March 2026 for financial year ended 31st March 2026 for the Company and for the Group by KPMG Deal Advisory (Private) Limited, who has valuation experience for similar properties.(2025 by KPMG Deal Advisory (Private) Limited).

NOTES TO THE FINANCIAL STATEMENTS

Details of Group Land and Building stated at valuation are indicated below;

Company	Property	Location	Method of Valuation	Value LKR	Valuers Details	Effective Date of Valuation
Dankotuwa Porcelain PLC	Freehold Land	Dankotuwa	Comparable Open Market Value Method	946,020,000	KPMG Deal Advisory (Private) Limited	31st March 2026
	Freehold Building	Dankotuwa	Depreciated Replacement Cost Method	505,291,792		
Royal Fernwood Porcelain Ltd	Freehold Land	Kosgama	Comparable Open Market Value Method	303,324,700	KPMG Deal Advisory (Private) Limited	31st March 2026
	Freehold Building	Kosgama	Depreciated Replacement Cost Method	517,051,000		

5.5.1. Fair Value Hierarchy and Significant Unobservable Valuation Input as at 31st March 2026

Type of property	Extent	No of Buildings	Fair Value Hierarchy	Input use to measurement	Fair Value to Unobservable Inputs
Dankotuwa Porcelain PLC					
Freehold Land - Dankotuwa	3,153.40 perches	-	Level 3	Estimated price per Perch LKR 300,000/-	Positively Correlated
Freehold Buildings - Dankotuwa	267,801 sq.ft	36	Level 3	Estimated price per square Foot LKR 200/- LKR 3,000/-	Positively Correlated
Royal Fernwood Porcelain Ltd					
Freehold Land - Kosgama	2,161.05 perches	-	Level 3	Estimated price per perch LKR 100,000/-to 250,000/-	Positively Correlated
Freehold Buildings - Kosgama	141,368 sq.ft	25	Level 3	Estimated price per Square Foot LKR 900/- to 4,600/-	Positively Correlated

5.5.2. Fair Value Hierarchy and Significant Unobservable Valuation Input as at 31st March 2025

Type of property	Extent	No of Buildings	Fair Value Hierarchy	Input use to measurement	Sensitivity of Fair Value to Unobservable Inputs
Dankotuwa Porcelain PLC					
Freehold Land - Dankotuwa	3,153.40 perches	-	Level 3	Estimated price per Perch LKR.290,000/-	Positively Correlated
Freehold Buildings - Dankotuwa	267,801 sq.ft	36	Level 3	Estimated price per square Foot LKR 271/- to LKR 3,000/-	Positively Correlated
Royal Fernwood Porcelain Ltd					
Freehold Land - Kosgama	2,161.05 perches	-	Level 3	Estimated price per perch LKR 75,000/- to LKR 200,000/-	Positively Correlated
Freehold Buildings - Kosgama	141,368 sq.ft	25	Level 3	Estimated price per Square Foot LKR 900/- to LKR 4,512/-	Positively Correlated

5.6. The carrying amount of revalued assets of the Group that would have been included in the financial statements had that been carried at cost less depreciation is as follows:

5.6.1. Description of Valuation Techniques

Comparable Open Market Value Method

The selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being evaluated .This involves evaluation of recent active market prices of similar assets marking appropriate adjustments for any differences in the nature ,size, location or condition of the specific property .

Cost Approach

The market value of property is estimated as a function of the current cost to purchase or replace the property. Adjustments to new replacement cost are made to account for deprecation to determine the market value of the property .

Depreciated Replacement Cost Method

Depreciated Replacement Cost of an asset is the current cost to replace the asset less accumulated depreciation. It is the cost Group spends to acquire the current replacement asset and deduct the accumulated depreciation to reflects with the current asset condition .It is simply the replacement cost less depreciation which already deduct from the current asset .

NOTES TO THE FINANCIAL STATEMENTS

5.6.2. Dankotuwa Porcelain PLC

Type of property	Cost	Cumulative Depreciation if Assets were Carried at cost	Net Carrying Amount 2026	Net Carrying Amount 2025
	LKR	LKR	LKR	LKR
Land - Freehold	250,000	-	**250,000**	250,000
Building - Freehold	169,311,079	120,099,955	**49,211,124**	53,443,901
	169,561,079	120,099,955	**49,461,124**	53,693,901

5.6.3. Royal Fernwood Porcelain Ltd

Type of property	Cost	Cumulative Depreciation if Assets were Carried at cost	Net Carrying Amount 2026	Net Carrying Amount 2025
	LKR	LKR	LKR	LKR
Land - Freehold	3,462,294	-	**3,462,294**	3,462,294
Building - Freehold	43,911,493	19,341,852	**24,569,640**	24,522,575
	47,373,787	19,341,852	**28,031,934**	27,984,869

5.7. Gross Carrying Amounts (Company)

Company	Balance as at 01.04.2025	Additions	Disposals/ Transfers	Revaluation	Balance as at 31.03.2026
	LKR	LKR	LKR	LKR	LKR
5.7.1. At Cost					
Building - Leasehold	52,878,501	-	-	-	**52,878,501**
Roadways & Fence	39,836,566	-	-	-	**39,836,566**
Plant & Machinery	808,284,087	11,311,267	37,061,863	-	**856,657,217**
Motor Vehicles	11,728,054	283,445	-	-	**12,011,499**
Office Equipment	64,116,503	2,938,806	-	-	**67,055,309**
Furniture & Fittings	31,279,753	1,772,137	-	-	**33,051,890**
Computer Equipment	63,821,323	1,766,924	-	-	**65,588,247**
Capital WIP	15,774	-	(15,774)	-	**-**
	1,071,960,561	18,072,579	37,046,089	-	**1,127,079,229**

Company	Balance as at 01.04.2025	Additions	Disposals / Transfers	Revaluation	Balance as at 31.03.2026
	LKR	LKR	LKR	LKR	LKR
5.7.2. At Valuation					
Land - Freehold	914,486,000	-	-	31,534,000	946,020,000
Building - Freehold	478,498,864	-	-	26,792,927	505,291,791
	1,392,984,864	-	-	58,326,927	1,451,311,791
	2,464,945,425	18,072,579	37,046,089	58,326,927	2,578,391,020

5.8. Depreciation

Company	Balance as at 01.04.2025	Charge for the Year	Disposals	Revaluation	Balance as at 31.03.2026
	LKR	LKR	LKR	LKR	LKR
5.8.1. At Cost					
Building - Leasehold	45,695,049	5,061,699	-	-	50,756,748
Roadways & Fence	4,352,365	971,220	-	-	5,323,585
Plant & Machinery	773,980,343	9,516,880	-	-	783,497,224
Motor Vehicles	9,105,832	213,300	-	-	9,319,132
Office Equipment	46,572,338	5,092,073	-	-	51,664,411
Furniture & Fittings	21,298,617	2,014,333	-	-	23,312,950
Computer Equipment	50,487,737	5,870,319	-	-	56,358,056
	951,492,281	28,739,825	-	-	980,232,106

Company	Balance as at 01.04.2025	Charge for the Year	Disposals	Revaluation	Balance as at 31.03.2026
	LKR	LKR	LKR	LKR	LKR
5.8.2. At Valuation					
Building - Freehold	-	35,688,667	-	(35,688,667)	-
	-	35,688,667	-	(35,688,667)	-
	951,492,281	64,428,491	-	(35,688,667)	980,232,105

NOTES TO THE FINANCIAL STATEMENTS

5.9. Net Book Values

	Company	
Year ended 31st March	**2026**	**2025**
	LKR	**LKR**
5.9.1. At Cost		
Building - Leasehold	2,121,753	7,183,452
Roadways & Fence	34,512,981	35,484,202
Plant & Machinery	73,159,994	34,303,744
Motor Vehicles	2,692,367	2,622,222
Office Equipment	15,390,898	17,544,165
Furniture & Fittings	9,738,940	9,981,137
Computer Equipment	9,230,191	13,333,586
Capital Work In Progress	-	15,774
	146,847,124	120,468,282

	Company	
Year ended 31st March	**2026**	**2025**
	LKR	**LKR**
5.9.2. At Valuation		
Land - Freehold	946,020,000	914,486,000
Building - Freehold	505,291,791	478,498,864
	1,451,311,791	1,392,984,864
Total Carrying Amount of Property, Plant and Equipment	1,598,158,915	1,513,453,146

5.10. The Company acquired Property, Plant and Equipment to the aggregate value of LKR 18,072,579/- during the financial year (2025 -LKR.16,115,336/-). Cash payments amounting to LKR 18,056,805/- (2025 - LKR 14,748,610/-) were made during the year for purchase of Property, Plant and Equipment.

5.11. Property, Plant and Equipment includes fully depreciated assets having a gross carrying amounts of LKR 845,652,768/- (2025 - LKR 814,977,555/-).

5.12. The useful lives of the assets of the Companies in the Group are estimated as follows.

	Group		Company	
Year ended 31st March	**2026**	**2025**	**2026**	**2025**
Buildings Leasehold	Over the Lease Period	Over the Lease Period	Over the Lease Period	Over the Lease Period
Buildings Freehold				
Buildings Freehold	25-40 years	25-40 years	40 years	40 years
Roadways & Fence	15-40 years	15-40 years	15-40 years	15-40 years
Plant & Machinery				
Plant & Machinery	2-33 years	10-33 years	2-33 years	10-33 years
Lab Equipment's	6 2/3 years	6 2/3 years	6 2/3 years	6 2/3 years
Tools	6 2/3 years	6 2/3 years	6 2/3 years	6 2/3 years
Power Supply Equipment	10-50 years	10-50 years	50 years	50 years
Factory Equipment	10 -20 years	10 -20 years	10 -20 years	10 -20 years
Wells & Tanks	40 years	40 years	40 years	40 years
Kilns	15-34 years	15-34 years	15-34 years	15-34 years
Office Equipment				
Office Equipment	5-6 2/3 years	5-6 2/3 years	6 2/3 years	6 2/3 years
Sound Equipment	6 2/3 years	6 2/3 years	6 2/3 years	6 2/3 years
Welfare Equipment	5- 6 2/3 years	5- 6 2/3 years	6 2/3 years	6 2/3 years
Security Equipment	6 2/3 years	6 2/3 years	6 2/3 years	6 2/3 years
Telephone	5 years	5 years	5 years	5 years
Shop Assets	10 years	10 years	10 years	10 years
Motor Vehicles	4 - 25 Years	4 - 25 Years	6 - 25 Years	6 - 25 Years
Furniture & Fittings	5-10 years	5-10 years	10 years	10 years
Computer Equipment	4 years	4 years	4 years	4 years

NOTES TO THE FINANCIAL STATEMENTS

6. RIGHT TO USE ASSETS (GROUP/COMPANY)

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

6.1. Right to Use Assets

	Group /Company			
	Gross Carrying Amounts			
Year ended 31st March	As At 01.04.2025	Additions	De-Recognition	As At 31.03.2026
	LKR	LKR	LKR	LKR
Right to Use Asset - Building (Note 6.2)	64,593,774	-	-	64,593,774
Right to Use Asset Motor Vehicle	8,623,478	-	-	8,623,478
	73,217,252	-	-	73,217,252

	Group /Company			
	Amortization			
Year ended 31st March	As At 01.04.2025	Additions	De-Recognition	As At 31.03.2026
	LKR	LKR	LKR	LKR
Right to Use Asset - Building (Note 6.2)	31,304,560	19,877,580	-	51,182,140
Right to Use Asset Motor Vehicle	8,623,480	-	-	8,623,480
	39,928,040	19,877,580	-	59,805,620

6.2. Net Book Value

	Group / Company	
Year ended 31st March	As at 31.03.2026	As at 31.03.2025
	LKR	LKR
Right to Use Asset - Building (Note 6.3)	13,411,634	33,289,214
Right to Use Asset Motor Vehicle	-	-
	13,411,634	33,289,214

Security: Absolute ownership of the assets under lease will be with the lessor until the expiration of the lease period.

6.3. This represents the lease arrangement for rented showrooms as per the SLFRS 16.

7. INVESTMENT PROPERTY

	Group		Company	
Year ended 31st March	**2026**	**2025**	**2026**	**2025**
	LKR	**LKR**	**LKR**	**LKR**
As at 01.04.2025	**769,945,602**	769,945,602	**629,700,002**	629,700,002
Fair value gain from Investment Property	-	-	-	-
As at 31.03.2026	**769,945,602**	769,945,602	**629,700,002**	629,700,002

7.1. Details of Group investment Property stated at valuation are indicated below

Company	Property	Location	Method of Valuation	Valuation -LKR	Valuers Details	Effective Date of Valuation
Dankotuwa Porcelain PLC	Freehold Land	Dankotuwa	Comparison and Contractors Value Method	629,700,002	KPMG Deal Advisory (Private) Limited	31st March 2026
Royal Fernwood Porcelain Ltd	Freehold Land	Kosgama	Comparison and Contractors Value Method	140,245,600		
				769,945,602		

7.2. Fair Value Hierarchy and Significant Unobservable Valuation Input as at 31st March 2026

Company	Property	Location	Fair Value Hierarchy	Significant Unobservable Inputs	Area	Sensitivity of fair value to unobservable Inputs
Dankotuwa Porcelain PLC	Freehold Land	Dankotuwa	Level 3	Average Market value per perch LKR 150,000/- to LKR 200,000/-	3,899.35 p	Positively Correlated
Royal Fernwood Porcelain Ltd	Freehold Land	Kosgama	Level 3	Average Market value per perch LKR 75,000 to LKR 100,000/-	1,753.07 p	Positively Correlated

NOTES TO THE FINANCIAL STATEMENTS

7.3. Fair Value Hierarchy and Significant Unobservable Valuation Input as at 31st March 2025

Company	Property	Location	Fair Value Hierarchy	Significant Unobservable Inputs	Area	Sensitivity of fair value to unobservable Inputs
Dankotuwa Porcelain PLC	Freehold Land	Dankotuwa	Level 3	Average Market value per perch LKR 150,000/- to LKR 200,000/-	3,899.35 p	Positively Correlated
Royal Fernwood Porcelain Ltd	Freehold Land	Kosgama	Level 3	Average Market value per perch LKR 75,000 to LKR 100,000/-	1,753.07 p	Positively Correlated

Fair value is determined using the Comparison and Contractors Value Method. Valuations are based on active market prices, adjusted for any difference in the nature, location or condition of the specific property. The most recent revaluation was carried out on 31st March 2026 by an Independent Valuer ,KPMG Deal Advisory (Private) Limited Valuer ,who has valuation experience for similar properties.

8. INTANGIBLE ASSETS

	Carrying Amount			
	Group		Company	
Year ended 31st March	2026	2025	2026	2025
	LKR	LKR	LKR	LKR
Summary				
Computer Software (Note 8.1)	52,196,867	23,382,201	51,129,084	20,897,179
Goodwill on Consolidation (Note 8.2)	12,673,968	12,673,968	-	-
Brand Name (Note 8.3)	14,787,753	14,787,753	-	-
	79,658,588	50,843,922	51,129,084	20,897,179

8.1. Computer Software

	Group		Company	
Year ended 31st March	2026	2025	2026	2025
	LKR	LKR	LKR	LKR
8.1.1. Cost				
As at the beginning of the year	97,384,380	94,769,898	90,299,484	87,685,002
Acquired / Incurred during the period	-	2,614,482	-	2,614,482
Computer Software Work in Progress	34,298,851	-	34,298,851	-
As at the end of the year	131,683,231	97,384,380	124,598,335	90,299,484
8.1.2. Amortisation				
As at the beginning of the year	74,002,179	65,693,298	69,402,305	62,510,663
Amortisation for the year	5,484,185	8,308,881	4,066,946	6,891,642
As at the end of the year	79,486,364	74,002,179	73,469,251	69,402,305
Net book value as at the end of the year	52,196,867	23,382,201	51,129,084	20,897,179

8.1.3. Computer Software Work In Progress

	Group		Company	
Year ended 31st March	**2026**	**2025**	**2026**	**2025**
	LKR	**LKR**	**LKR**	**LKR**
As at the beginning of the year	-	-	-	-
Transfer	15,774	-	15,774	-
Incurred during the period	34,283,077	-	34,283,077	-
As at the end of the year	34,298,851	-	34,298,851	-

8.1.4. Intangible Assets consisted of Microsoft Open Licenses and ERP system, which were amortized over the useful life of 24 months and 8 years respectively.

8.1.5. The Group acquired Intangible Assets to the aggregate value LKR 34,283,077/- during the 2025/26 financial year (2024/25 - LKR 2,614,482/-).

8.2. Goodwill on Consolidation

	Group	
Year ended 31st March	**2026**	**2025**
	LKR	**LKR**
Balance at the beginning of the year	12,673,968	12,673,968
Impairment for the year (Note 8.4.1)	-	-
Balance at the end of the year (Note 8.2.1)	12,673,968	12,673,968

8.2.1. Goodwill represents the excess of an acquisition over the Company's interest in the net fair value of the identifiable Assets, Liabilities and Contingent Liabilities at the date of acquisition, and is carried at cost less accumulated impairment Losses.

Goodwill is not amortized, but is reviewed for impairment annually and whether there is an indication that goodwill may be impaired. For the purpose of testing goodwill for impairment, goodwill is allocated to the operating entity level, which is the lowest level at which the goodwill is monitored for internal management purpose.

8.3. Brand Name

	Group	
Year ended 31st March	**2026**	**2025**
	LKR	**LKR**
Balance at the beginning of the year	**14,787,753**	14,787,753
Balance at the end of the year (Note 8.3.1)	**14,787,753**	14,787,753

8.3.1. The Management identified the Brand Name of Royal Porcelain as an Intangible Asset with an indefinite useful life arising from the Business Combination. Management is in the opinion that the Brand Name will be a key attraction in Porcelain sector. The Brand Name has been tested for impairment along with other Intangible Assets of the Royal Fernwood Porcelain Group, as further explained under Note 8.4

	Goodwill		Brand Name	
Year ended 31st March	**2026**	**2025**	**2026**	**2025**
	LKR	**LKR**	**LKR**	**LKR**
Royal Fernwood Porcelain Limited (Note 8.2 & 8.3)	**12,673,968**	12,673,968	**14,787,753**	14,787,753

NOTES TO THE FINANCIAL STATEMENTS

8.4. Impairment Testing of Goodwill and Intangible Assets with Indefinite Lives

The Group considers the relationship between its recoverable amount and its book value, among other factors, when reviewing for indicators of impairment.

Key assumptions used in the Value In Use (VIU) calculation and sensitivity to changes in assumptions

Gross margins

The basis used to determine the value assigned to the budgeted gross margins/contributions is the gross margins/ contributions achieved in the year preceding the budgeted year adjusted for projected market conditions.

Discount rates

The discount rate of 11.8% is the risk-free rate, which is the long-term bond rate published by the Central Bank of Sri Lanka, adjusted by adding an appropriate risk premium

Inflation

The basis used to determine the value assigned to the budgeted cost inflation, is the inflation rate, based on projected economic conditions as published by Central Bank of Sri Lanka.

Volume growth

Volume growth has been budgeted on a reasonable and realistic basis by taking into account the growth rates of one to four years immediately subsequent to the budgeted year based on Industry growth rates. Cash flows beyond the five year period are extrapolated using 2.9% growth rate.

Sensitivity to Changes in Assumptions

Sensitivity impact of the key assumptions on the recoverable amount of the CGU is given in Note 9.3

8.4.1. The goodwill and the brand name have been allocated to Royal Fernwood Porcelain Ltd for the purpose of impairment assessment, where the recoverable amount has been estimated using the discounted cash flow method.

In light of current operational and economic conditions, the Group has reassessed the expected future business performance relating to cash generating units where the management has concluded that the recoverable value of subsidiary exceeds its carrying values.

9. INVESTMENT IN SUBSIDIARY - COMPANY

	Country of Incorporation	No of Ordinary Shares	Direct Holding		Fair Value	Cost	Fair Value	Cost
Year ended 31st March			2026	2025	2026	2026	2025	2025
					LKR	LKR	LKR	LKR
Non-Quoted								
Royal Fernwood Porcelain Ltd	Sri Lanka	2,225,019,852	99.60%	99.60%	576,200,000	391,381,586	770,048,600	391,381,586
Royal Fernwood Porcelain Ltd (Note 9.1)-Preference Shares*					350,319,253	350,319,253	350,319,253	350,319,253
DPL Singapore Pte Ltd (Note 9.1)	Singapore	1,000	100.00%	100.00%	233,934	233,934	233,934	233,934
Total Non-Quoted Investment in Subsidiaries (Note 9.1)					926,753,187	741,934,773	1,120,601,787	741,934,773

* Terms and condition

Non-voting , Redeemable, Non- Cumulative shall be redeem at the option of issuer

9.1. Total Non-Quoted Investment in Subsidiaries at Fair Value

Year ended 31st March	2026	2025
	LKR	LKR
At the beginning of the Year (Note 29)	1,120,601,787	1,184,923,187
Change in Fair Value	(193,848,600)	(83,644,724)
Investment in Royal Fernwood (Pvt) Limited	-	19,323,324
At the end of the Year	926,753,187	1,120,601,787

The Principal Activities of the Subsidiaries are disclosed in Note 1.6

9.2. The Company uses Fair Valuation Model of measurement for investment in subsidiaries.

Details of investment in subsidiary stated at fair value included below,

Company	Valuation Techniques	Significant Assumption	FV Level	2026	2025	Effective date
Royal Fernwood Porcelain Ltd	Discounted Cash flow Method	Weighted Average Cost of Capital	Level 3	11.80%	14.50%	31st March 2026
		Terminal Growth Rate	Level 3	2.90%	3.10%	31st March 2026

Income Approach

The income approach is specifically used to evaluate properties in commercial real estate,that is properties that are income generating are most suitable under the income approach. Investors that evaluate the value of a property using the income approach indeed to pay attention to the condition of the property as at the time it is being rented.

NOTES TO THE FINANCIAL STATEMENTS

The income approach converts future amounts to a single discounted amount taking in to account, inter alia ,risk and uncertainty. When the income approach is used the fair value measurement reflects current expectations about those future amounts

9.3. Sensitivity Analysis

		2026		2025	
		Effect on Profit or Loss Statement	Effect on Statement of Financial Position	Effect on Profit or Loss Statement	Effect on Statement of Financial Position
		LKR	LKR	LKR	LKR
Royal Fernwood Porcelain Ltd					
If one percentage point change in the assumed weighted average cost of capital , would have the following effects	1%	(82,858,690)	(82,858,690)	(174,613,142)	(174,613,142)
	-1%	92,817,483	92,817,483	208,813,691	208,813,691
If one percentage point change in the assumed terminal growth rate , would have the following effects	1%	96,944,011	96,944,011	214,517,783	214,517,783
	-1%	(86,564,607)	(86,564,607)	(123,560,374)	(123,560,374)

The sensitivity analysis is based on a change in a key assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the Value in Use as it is unlikely that changes in assumptions would occur in isolation from one another.

Above assumptions are affected by expected future market and future economic conditions

9.4. Material Partly-Owned Subsidiaries - Group

Financial information of subsidiaries that have material Non-Controlling Interests is provided below;

9.4.1. Proportion of Equity interest held by Non-Controlling interests:

	Proportion of NCI		Accumulated Balances of NCI		Profit allocated to NCI	
Name of the Subsidiary	2026	2025	2026	2025	2026	2025
	LKR	LKR	LKR	LKR	LKR	LKR
Non-Controlling Interests material individually						
Royal Fernwood Porcelain Ltd	0.40%	0.40%	(931,595)	972,360	(1,848,126)	(793,467)

The summarized financial information of the subsidiary is provided below. This information is based on amounts before inter-company eliminations.

9.4.2. Summarized Statement of comprehensive income for the year ended 31st March

Year ended 31st March	2026	2025
	LKR	LKR
Revenue	1,834,920,791	1,933,642,078
Operating Costs	(2,311,478,818)	(2,035,000,648)
Other Income	29,645,620	12,982,900
Finance Costs	(170,520,240)	(177,411,887)
Finance Income	352,679	614,959
Tax (Expense) / Reversal	155,048,371	66,805,853
Profit or Loss from Continuing Operations	(462,031,596)	(198,366,745)
Other Comprehensive Income/(Loss)	(13,957,293)	46,999,059
Total Comprehensive Income/(Loss)	(475,988,890)	(151,367,686)

9.4.3. Summarized Statement of Financial Position as at 31st March

Year ended 31st March	2026	2025
	LKR	LKR
Current Assets	1,521,800,553	1,824,411,067
Non-Current Assets	1,040,923,774	1,024,336,890
Total Assets	2,562,724,327	2,848,747,957
Current Liabilities	2,266,482,230	2,057,508,196
Non-Current Liabilities	178,821,613	197,830,385
Total Liabilities	2,445,303,843	2,255,338,581

9.4.4. Summarized Cash Flow Information for the year ended 31st March

Year ended 31st March	2026	2025
	LKR	LKR
Operating	143,103,246	(101,294,456)
Investing	(38,099,126)	(7,397,836)
Financing	(19,928,481)	(61,400,966)
Net increase/(decrease) in Cash and Cash Equivalents	85,075,638	(170,093,258)

NOTES TO THE FINANCIAL STATEMENTS

10. INVENTORIES

	Group		Company	
Year ended 31st March	**2026**	**2025**	**2026**	**2025**
	LKR	**LKR**	**LKR**	**LKR**
Raw Materials	480,763,168	433,546,945	195,674,428	157,173,806
Indirect Materials	69,748,480	64,478,034	69,748,480	64,478,034
Packing Materials	30,051,748	38,158,578	15,012,456	18,096,483
Spare Parts	49,756,868	103,905,393	49,756,868	103,905,393
General Inventory	12,696,270	12,329,497	12,696,270	12,329,497
Consumables	23,725,888	12,866,603	23,725,888	12,866,603
Semi Finished Goods	361,851,836	340,709,299	361,851,836	340,709,299
Work in Progress	259,527,630	246,190,486	54,573,087	45,340,939
Finished Goods	1,212,367,992	1,192,880,444	520,975,070	472,614,236
Less : Allowance for Obsolete & Slow Moving Inventories (Note 10.1)	(863,820,145)	(306,634,087)	(349,704,475)	(175,664,483)
	1,636,669,734	2,138,431,192	954,309,908	1,051,849,807
Goods in Transit	-	2,322,379	-	2,322,379
Total Inventories at the Lower of Cost and Net Realizable Value	1,636,669,734	2,140,753,571	954,309,908	1,054,172,186

10.1. Provision for Inventories

	Group		Company	
Year ended 31st March	**2026**	**2025**	**2026**	**2025**
	LKR	**LKR**	**LKR**	**LKR**
Balance as at the Beginning of the Year	306,634,088	143,234,364	175,664,483	84,317,370
Provision Made / (Reversal) During the Period	560,929,608	182,017,851	174,039,992	91,347,113
Stock Written off during the Period	(3,743,548)	(18,618,128)	-	-
Balance as at the End of the Year	863,820,145	306,634,087	349,704,475	175,664,483

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
Year ended 31st March	2026	2025	2026	2025
	LKR	LKR	LKR	LKR
Trade Debtors - Related Party (11.1)	-	128,525	-	-
- Other	1,310,951,884	1,558,773,080	803,080,005	1,064,205,013
Less: Impairment for Doubtful Debts (11.3)	(359,098,472)	(525,602,718)	(329,579,794)	(494,034,701)
	951,853,412	1,033,298,887	473,500,211	570,170,312
Other Debtors - Related Party (11.2)	5,910,357	959,643	67,506,823	35,588,774
- Other	57,093,704	53,183,753	43,259,032	37,994,775
- Provision for Other receivable	(5,760,349)	(5,760,349)	(5,760,349)	(5,760,349)
	1,009,097,123	1,081,681,934	578,505,717	637,993,512
Advances and Prepayments	197,623,146	246,179,958	80,616,104	67,347,701
	1,206,720,268	1,327,861,892	659,121,821	705,341,213

11.1. Trade Receivables - Related Parties

		Group		Company	
Year ended 31st March		2026	2025	2026	2025
	Relationship	LKR	LKR	LKR	LKR
Ambeon Holdings PLC	Affiliate	-	128,525	-	-
Millenium I.T.E.S.P (Pvt) Ltd	Affiliate	-	-	-	-
		-	128,525	-	-

11.2. Other Receivables - Related Parties

		Group		Company	
Year ended 31st March		2026	2025	2026	2025
	Relationship	LKR	LKR	LKR	LKR
Royal Fernwood Porcelain Ltd	Subsidiary	-	-	61,596,466	31,029,981
Dankotuwa Singapore Pte Ltd	Subsidiary	-	-	-	3,635,089
Califolink Logistics (Pvt) Ltd	Group Company	5,910,357	959,643	5,910,357	923,704
		5,910,357	959,643	67,506,823	35,588,774

11.3. Impairment of Doubtful Debts

	Group		Company	
Year ended 31st March	2026	2025	2026	2025
	LKR	LKR	LKR	LKR
Balance as at the Beginning of the Year	525,602,719	76,993,825	494,034,701	66,887,735
Writeoff	(9,774,527)	(358,587)	(9,774,527)	(311,497)
Provision Made (Reversal) During the Period	(156,729,719)	448,967,481	(154,680,380)	427,458,463
Balance as at the End of the Year	359,098,472	525,602,718	329,579,794	494,034,701

NOTES TO THE FINANCIAL STATEMENTS

11.4. Ageing analysis of trade receivables as follows

Year ended 31st March	Neither Past due but Not Impaired	Past due but Not Impaired 31 to 60 Days	61 to 90 Days	More than 91 Days	Impairment for Doubtful Debts	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Group						
2026	515,630,100	158,147,160	122,984,875	514,189,747	(359,098,472)	951,853,412
2025	552,197,692	158,196,754	101,919,733	746,587,425	(525,602,718)	1,033,298,887
Company						
2026	196,842,363	106,350,345	79,306,686	420,580,611	(329,579,795)	473,500,211
2025	287,314,415	59,660,239	42,661,644	674,568,715	(494,034,701)	570,170,312

11.5. Loans to Related Party - Royal Fernwood Porcelain Limited

	Company	
Year ended 31st March	2026	2025
	LKR	LKR
Balance as at the Beginning of the Year	153,262,781	70,485,466
Loans Granted During the Year	308,000,000	69,684,255
Interest Accrued During the Year	18,212,514	13,093,060
Loan Settled During the Year	(50,000,000)	-
Balance as at the End of the Year	429,475,295	153,262,781

12. STATED CAPITAL

	2026		2025	
Year ended 31st March	Number	LKR	Number	LKR
Fully Paid Ordinary Shares				
Balance at Beginning of the Year	162,552,920	1,402,101,647	162,552,920	1,402,101,647
Balance at End of the Year	162,552,920	1,402,101,647	162,552,920	1,402,101,647

12.1. The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per individual present at a meeting of the shareholders or one vote per share in the case of a poll. All shares ranked equally with regard to the Company's residual assets.

13. OTHER COMPONENTS OF EQUITY

	Group		Company	
Year ended 31st March	2026	2025	2026	2025
	LKR	LKR	LKR	LKR
Revaluation Reserve (13.1)	1,767,287,515	1,703,023,932	1,421,439,110	1,345,312,766
Foreign Currency Translation Reserve (13.2)	(5,241,282)	(4,032,330)	(5,241,282)	(4,032,330)
Amalgamation Reserve (13.3)	-	-	(123,361,720)	(123,361,720)
	1,762,046,232	1,698,991,602	1,292,836,108	1,217,918,715

13.1. Revaluation Reserve

	Group*		Company	
Year ended 31st March	2026	2025	2026	2025
	LKR	LKR	LKR	LKR
Balance as at the Beginning of the Year	1,703,023,932	1,607,983,837	1,345,312,766	1,300,787,448
Revaluation of Land and Buildings	64,263,583	95,040,095	76,126,344	44,525,318
Balance as at the End of the Year	1,767,287,515	1,703,023,932	1,421,439,110	1,345,312,766

*Attributable to Equity Holders of the parent

13.1.1. Revaluation Reserves consist of surplus resulting on valuation of free hold Land & Buildings described in Note 5.5.

13.2. Foreign Currency Translation Reserve

Year ended 31st March	2026	2025
	LKR	LKR
Balance as at Beginning of the year	(4,032,330)	(2,827,366)
Reversal /(Addition) during the year	(1,208,952)	(1,204,964)
Balance as at the End of the year	(5,241,282)	(4,032,330)

13.2.1. All resulting exchange differences on the conversion of foreign branch operations which is in functional currency of Indian Rupees (INR) to the presentation currency of Sri Lankan Rupees (LKR) have been recognized under Exchange Fluctuation Reserve as a separate component of equity.

13.3. Amalgamation Reserve - Company

Year ended 31st March	2026	2025
	LKR	LKR
Balance as at Beginning of the year	(123,361,720)	(123,361,720)
Balance as at the End of the year	(123,361,720)	(123,361,720)

13.3.1. Dankotuwa Porcelain PLC obtained a certificate of amalgamation from the Registrar of Companies to amalgamate its wholly owned subsidiary, Taprobane Capital (Private) Limited with effective from 25 September 2017. The effect of this amalgamation is reflected in the reserve.

NOTES TO THE FINANCIAL STATEMENTS

14. INTEREST BEARING LIABILITIES

14.1. Summary - Group

	2026			2025		
Year ended 31st March	Amount Repayable Within 1 Year	Amount Repayable After 1 Year	Total	Amount Repayable Within 1 Year	Amount Repayable After 1 Year	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Loans from Related Party (Note 14.2)	-	-	-	-	-	-
Bank Loans (Note 14.4)	2,027,177,522	235,000,000	2,262,177,522	1,868,947,613	118,610,704	1,987,558,317
Bank Overdrafts (Note 16.2)	1,134,137,093	-	1,134,137,093	1,068,661,589	-	1,068,661,589
	3,161,314,615	235,000,000	3,396,314,615	2,937,609,202	118,610,704	3,056,219,906

14.2. Summary - Company

	2026			2025		
Year ended 31st March	Amount Repayable Within 1 Year	Amount Repayable After 1 Year	Total	Amount Repayable Within 1 Year	Amount Repayable After 1 Year	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Bank Loans (Note 14.3)	1,067,740,154	126,000,000	1,193,740,154	890,805,717	16,610,706	907,416,423
Bank Overdrafts (Note 16.2)	783,696,666	-	783,696,666	676,911,719	-	676,911,719
	1,851,436,820	126,000,000	1,977,436,820	1,567,717,436	16,610,706	1,584,328,142

14.3. Bank Loans

Year ended 31st March	Notes	As at 01.04.2025	Loans Obtained	Repayment	Accrued Interest	Exchange (Gain) / Loss	As at 31.03.2026
		LKR	LKR	LKR	LKR	LKR	LKR
Bank Loans - Company							
Bank of Ceylon - Packing Credit Loan-USD	14.4.1	116,108,573	289,254,524	(345,102,673)	1,205,808	1,207,135	62,673,367
Sampath Bank - Packing Credit Loan-LKR	14.4.5	180,000,000	67,000,000	(210,000,000)	65,566	-	37,065,566
Sampath Bank - Money Market Loan-LKR	14.4.4	25,000,000	50,000,000	(50,000,000)	31,781	-	25,031,781
Nation Trust Bank - Term Loan-LKR	14.4.7	66,622,696	-	(50,011,992)	-	-	16,610,704
Nation Trust Bank - Packing Credit Loan-USD	14.4.10	55,156,541	-	(55,156,541)	-	-	-
Nation Trust Bank - Packing Credit Loan-LKR	14.4.10	30,000,000	247,800,000	(180,000,000)	-	-	97,800,000
Nation Trust Bank - Import Loan-USD	14.4.12	1,941,475	50,387,686	(38,511,667)	-	-	13,817,494
Hatton National Bank-Packing Credit Loan-LKR	14.4.15	57,000,000	179,000,000	(117,000,000)	305,020	-	119,305,020
Hatton National Bank-Short Term Loan-LKR	14.4.16	150,000,000	227,500,000	(227,500,000)	528,082	-	150,528,082
Commercial Bank-Short Term Loan-LKR	14.4.21	60,540,690	211,565,079	(217,907,140)	107,504	-	54,306,133
Commercial Bank-Packing Credit Loan-USD	14.4.18	24,046,448	-	(24,046,448)	-	-	-
Commercial Bank-Packing Credit Loan-LKR	14.4.18	141,000,000	353,000,000	(376,000,000)	234,222	-	118,234,222
Commercial Bank-Term Loan-LKR	14.4.22	-	200,000,000	(20,000,000)	-	-	180,000,000
Commercial Bank-Import Loan-USD	14.4.20	-	59,783,753	(18,585,831)	52,872	-	41,250,794
People's Bank-Short Term Loan	14.4.25	-	590,000,000	(315,000,000)	2,116,989	-	277,116,989
Total Bank Loans - Company		907,416,423	2,525,291,042	(2,244,822,292)	4,647,845	1,207,135	1,193,740,154

14.4. Bank Loans

Year ended 31st March	Notes	As at 01.04.2025	Loans Obtained	Repayment	Accrued Interest	Exchange (Gain) / Loss	As at 31.03.2026
		LKR	LKR	LKR	LKR	LKR	LKR
Bank Loans - Subsidiary							
DFCC Bank-Short Term Loan - LKR	14.4.36	35,288,239	80,000,000	(70,288,239)	-	-	45,000,000
Hatton National Bank-Short Term Loan-LKR	14.4.42	135,350,199	193,000,000	(249,350,199)	-	-	79,000,000
Commercial Bank-Short Term Loan-LKR	14.4.27	180,000,000	338,684,150	(276,453,800)	-	-	242,230,350
Nation Trust Bank-Term Loan 1-LKR	14.4.33	186,495,385	-	(77,495,385)	-	-	109,000,000
Nation Trust Bank-Term Loan 2-LKR	14.4.33	44,500,000	-	(44,500,000)	-	-	-
Commercial Bank-Term Loan 1-LKR	14.4.29	33,750,000	-	(33,750,000)	-	-	-
Nation Trust Bank-Short Term Loan-LKR	14.4.35	-	100,000,000	(50,000,000)	-	-	50,000,000
Nation Trust Bank-Short Term Loan 2-LKR	14.4.35	-	50,000,000	(50,000,000)	-	-	-
Commercial Bank-Packing Credit Loan-LKR	14.4.26	23,000,000	-	(23,000,000)	-	-	-
Nation Trust Bank-Packing Credit Loan-USD	14.4.35	184,637,913	356,821,560	(442,599,000)	-	6,362,094	105,222,567
DFCC Bank - Packing Credit Loan-USD	14.4.39	143,166,540	39,609,280	(165,905,180)	-	-	16,870,640
Hatton National Bank-Import Loan-USD	14.4.43	45,732,840	34,933,171	(73,592,470)	-	-	7,073,541
Hatton National Bank-Packing Credit Loan-USD	14.4.41		182,858,686	(75,198,380)		-	107,660,306
DFCC Bank-Import loan-USD	14.4.38	9,984,196	41,001,502	(9,812,786)	-	-	41,172,912
Nation Trust Bank-Packing Credit Loan-LKR	14.4.35	-	174,600,000	-	-	-	174,600,000
Commercial Bank-Import Loan-LKR	14.4.28	50,458,579	45,199,547	(80,090,144)	-	-	15,567,982
Commercial Bank-Import Loan-USD	14.4.28	-	20,871,418	-	-	1,861,857	22,733,275
Nation Trust Bank-Import Loan-USD	14.4.34	7,778,003	66,268,296	(21,740,508)	-	-	52,305,791
		1,080,141,894	1,723,847,610	(1,743,776,092)	-	8,223,951	1,068,437,368
Total Bank Loans - Group		1,987,558,317	4,249,138,652	(3,988,598,384)	4,647,845	9,431,085	2,262,177,522

NOTES TO THE FINANCIAL STATEMENTS

Security, repayment terms and other significant details of facilities

Dankotuwa Porcelain PLC - Company

	Lending Institution	Nature of Facility	Facility Amount	Purpose of the Facility	Interest Rate	Repayment Terms	Security	Carrying value of the assets pledged	
	Year ended 31st March 2026							2026	2025
14.4.1	Bank of Ceylon	Packing Credit Loans	USD 0.75 Mn	To finance working capital relating to export orders	3 Months SOFR +4.5%	Maximum 4 Months	Foreign Currency Loan Agreement. Floating Hypothecation over stocks and book debts. Deposit of LC/ Confirmed export order.	1,659Mn	1,760Mn
14.4.2	Bank of Ceylon	Overdraft Facilities	LKR 25 Mn	To finance working capital requirements	AWPLR+2.5% p.a	On Demand	Overdraft Agreement. Mortgage over stocks and assignment over the book debts.	1,659Mn	1,760Mn
14.4.3	Bank of Ceylon	Letters of Credit	LKR 85 Mn	To import raw material and machinery spares	0.175% for a period of three months and 0.15% for each additional month	-	Relative Bills of exchange. Shipping Documents. Underlying goods under the Bank's constructive control.	1,659Mn	1,760Mn
14.4.4	Sampath Bank PLC	Short Term Loan (Sub limit of Packing Credit Loans)	LKR 25 Mn	To finance working capital requirements	At prevailing market rates payable monthly together with applicable statutory tax rates	Maximum 3 months	Short Term Loan Agreement. Hypothecation Bond for USD 500,000/- over stocks and book debts and an additional Hypothecation Bond for USD 500,000/- over stocks located at factory premises in Dankotuwa & book debts.	1,659Mn	1,760Mn
14.4.5	Sampath Bank PLC	Packing Credit Loans	LKR 180 Mn or USD 1 Mn	To finance working capital relating to export orders	3 Months SOFR +3.5% subject to a minimum of 8.5% p.a AWPLR + 1.5% p.a.	Maximum 150 days or at the time of negotiation of relative export documents whichever is earlier		1,659Mn	1,760Mn
14.4.6	Sampath Bank PLC	Overdraft Facilities	LKR 75 Mn	To finance working Capital requirements	AWPLR +1.5% p.a	On Demand	Overdraft Agreement. Hypothecation Bond for Rs. 100 Mn over Stocks and Book Debts of the Company.	100 Mn	100 Mn
14.4.7	Nations Trust Bank	Term Loan	LKR 250 Mn	To clear related party payables/Other Bank Borrowings	AWPLR +1.5% p.a	60 months	Term Loan Agreement, Mortgage bond over 1.08Bn unquoted share of Royal Fernwood Porcelain Limited.	465 Mn	465 Mn
14.4.8	Nations Trust Bank	Overdraft Facilities (I)	LKR 25 Mn	To finance working capital requirements	AWPLR +1% p.a	On Demand	Overdraft Agreement. Trade Finance General Agreement. Primary Mortgage Bond over stocks and book debts for LKR 100 Mn and US Dollars 500,000/- Cash security of LKR 500,525,098.45/- for Overdraft (II).	501 Mn	463 Mn
14.4.9	Nations Trust Bank	Overdraft Facilities (II)	LKR 475 Mn	To finance working capital requirements	Fixed Deposit Rate +0.2% p.a	On Demand			
14.4.10	Nations Trust Bank	Packing Credit Loans	LKR 100 Mn or equivalent in USD 0.5 Mn	To finance working capital relating to export orders	3 Months SOFR +4% p.a. AWPLR +1% p.a.	Maximum 4 months			
14.4.11	Nations Trust Bank	Import Finance Loans (Sub Limit of Packing Credit Loans)	LKR 40 Mn or equivalent in USD 0.2 Mn	To retire import bills and to finance duty/ tax payments.	3 Months SOFR +4% p.a. AWPLR +1% p.a.	Maximum 4 months			
14.4.12	Nations Trust Bank	Letter of Credit Facility (Sub Limit of Packing Credit Loans)	LKR 40 Mn or equivalent in USD 0.2 Mn	To import raw materials.	0.125% p.q. and each 30 days thereafter	On arrival of shipping documents or bills of exchange or 120 days whichever occurs earlier.			

	Lending Institution	Nature of Facility	Facility Amount	Purpose of the Facility	Interest Rate	Repayment Terms	Security	Carrying value of the assets pledged 2026	2025
	Year ended 31st March 2026								
14.4.13	Hatton National Bank PLC	Overdraft Facilities	LKR 75 Mn	For operational expenses of the business.	AWPLR + 1% p.a.	-	Clean	-	-
14.4.14	Hatton National Bank PLC	Letter of Credit Facility	USD 1 Mn	To import raw materials/ machinery and machinery spare parts.	For FCY : 0.125% flat For LKR : 0.5% for 90 days and 0.125% for each additional 30 days.	-	Documents of title to goods to be imported. Duly accepted usance drafts.	-	-
14.4.15	Hatton National Bank PLC	Packing Credit Loans (Sub Limit of Letter of Credit)	USD 1 Mn or equivalent in LKR	For Pre-shipment Financing.	3 Months SOFR +3% p.a. AWPLR +1% p.a.	180 Days	Clean	-	-
14.4.16	Hatton National Bank PLC	Short Term Revolving Loan (Sub Limit of Letter of Credit)	LKR 150 Mn	For Local Purchases.	AWPLR + 1% p.a.	180 Days	Clean	-	-
14.4.17	Commercial Bank of Ceylon PLC	Overdraft Facilities	LKR 75 Mn	To finance working capital requirements	AWPLR + 1% p.a.	On Demand	General Terms and Conditions relating to Overdrafts signed by the Company.	-	1,760Mn
14.4.18	Commercial Bank of Ceylon PLC	Packing Credit Loans.	USD 1 Mn or equivalent in LKR	To finance working capital relating to export orders.	1 Month SOFR +2.75% p.a. AWPLR +1% p.a.	150 Days	General Terms and Conditions relating to Pre-Shipment Loans for USD 1 Mn or equivalent in LKR signed by the Company.	-	1,760Mn
14.4.19	Commercial Bank of Ceylon PLC	Letters of Credit Facility (Sub Limit of Packing Credit Loans)	USD 1 Mn or equivalent in LKR	For importation/ local purchase of all raw materials, machinery spares and others approved by the Bank.	0.25% per quarter and 0.125% per additional month	Bills at sight/ Usance up to 150 days.	Lien over title of documents to goods under import.	-	-
14.4.20	Commercial Bank of Ceylon PLC	Import Demand Loan Facility (Sub Limit of Packing Credit Loans)	USD 1 Mn or equivalent in LKR	To retire import bills.	1 Month SOFR +2.75% p.a. AWPLR +1% p.a.	Bills at sight/ Usance up to 150 days.	General Terms and Conditions relating to Import Demand Loans for USD 1 Mn or equivalent in LKR signed by the Company.	-	1,760Mn
14.4.21	Commercial Bank of Ceylon PLC	Revolving Short Term Loans (Sub Limit of Packing Credit Loans)	USD 1 Mn equivalent in LKR	To finance working capital requirements.	1 Month SOFR +2.75% p.a. AWPLR +1% p.a.	150 Days	General Terms and Conditions relating to Revolving Short Term Loans for USD 1 Mn equivalent in LKR signed by the Company.	-	1,760Mn
14.4.22	Commercial Bank of Ceylon PLC	Term Loan	LKR 200 Mn	To infuse capital to Royal Fernwood Porcelain Ltd to meet their working capital requirements.	AWPLR +1.35% p.a.	3 Years	General Terms and Conditions relating to Term Loan Facility for LKR 200 Mn signed by the Company.	-	1,760Mn
14.4.23	People's Bank	Overdraft Facilities	LKR 100 Mn	To finance working capital requirements.	AWPLR +0.5% p.a.	On Demand	Mortgage over stocks and book debts for LKR 100 Mn at an interest rate of weekly AWPLR + 0.5% p.a. at Dankotuwa, Colombo 05, Colombo 02, Colombo 07 and Negombo Overdraft Application	1,659Mn	-
14.4.24	People's Bank	Letter of Credit	USD 1 Mn or equivalent in LKR	To import and locally purchased raw materials, related products and accessories for the business.	0.15% of LC value per quarter	Bills under sight LCs should be settled on the first presentation and Bills under usance LCs should be settled at maturity.	Mortgage bond over stocks and book debts for USD 1 Mn or its equivalent in LKR at an interest rate of 6 Months SOFR + 2.5% p.a. at Dankotuwa, Colombo 05, Colombo 02, Colombo 07 and Negombo Indemnity of the Borrower Documents of title to goods shipped Simple sub loan request letter for each STL.	1,659Mn	-
14.4.25	People's Bank	Short Term Loan (STL)/ Trust Receipts (TR) (Sub limit under LC)	USD 1 Mn or equivalent in LKR	For local purchases and other working capital requirements of the business	6 Months SOFR + 2.5% p.a. AWPLR % p.a.	Maximum 6 months		1,659Mn	-

NOTES TO THE FINANCIAL STATEMENTS

Security, repayment terms and other significant details of facilities

Royal Fernwood Porcelain Ltd

	Lending Institution	Nature of Facility	Facility Amount	Purpose of the Facility	Interest Rate	Repayment Terms	Security	Carrying value of the assets pledged	
	Year ended 31st March 2026							2026	2025
14.4.26	Commercial Bank PLC	Pre-shipment Loans	USD 1 Mn or equivalent in LKR	To finance working capital requirements	LKR-AWPLR +1% (Monthly), USD- SOFR (Monthly) +2.75%	Settlement through sales proceeds. (150 days)	Corporate Guarantee for USD 1,000,000/- from Dankotuwa Porcelain PLC	240 Mn	240 Mn
14.4.27	Commercial Bank PLC	Short Term Loan	USD 1 Mn or equivalent in LKR (Sub limit of pre shipment loan)	To finance working capital requirements	LKR-AWPLR +1% (Monthly), USD- SOFR (Monthly) +2.75%	Settlement through sales proceeds. (150 days)			
14.4.28	Commercial Bank PLC	Import Loan	USD 1 Mn or equivalent in LKR (Sub limit of pre shipment loan)	To finance working capital requirements	LKR-AWPLR +1% (Monthly), USD- SOFR (Monthly) +2.75%	Settlement through sales proceeds. (150 days)			
14.4.29	Commercial Bank PLC	Term Loan	LKR 90 Mn	To finance working capital requirements	AWPLR +1.25% (Monthly)	Repayable 24 equal monthly installment	Corporate Guarantee for LKR 240,000,000/- from Dankotuwa Porcelain PLC		
14.4.30	Commercial Bank PLC	Over Draft (LKR)	LKR 75 Mn	To finance working capital requirements	AWPLR +1% (Monthly)	On demand			
14.4.31	Nations Trust Bank PLC	Term Loan	LKR 250 Mn	To finance working capital requirements	AWPLR + 1.5% (Monthly)	60 Months (Inclusive of the capital grace period of 6 Months)	Primary mortgage bond over immovable property in the factory at Kosgama	900 Mn	882 Mn
14.4.32	Nations Trust Bank PLC	Term Loan	LKR 175 Mn	To finance working capital requirements	AWPLR + 1.5% (Monthly)	39 Variable monthly instalments	Primary mortgage bond over immovable property in the factory at Kosgama	900 Mn	882 Mn
14.4.33	Nations Trust Bank PLC	Over Draft (Submit of PCL)	LKR 75 Mn	To finance working capital requirements	AWPLR + 1.5% (Monthly)	On Demand	Primary mortgage bond over immovable property in the factory at Kosgama	900 Mn	882 Mn
14.4.34	Nations Trust Bank PLC	Import Loan (Submit of PCL)	USD 1.7Mn	To finance working capital requirements	3 Month SOFR+3% Monthly AWPLR+1%	Settlement through sales proceeds. (150 days)	Primary mortgage bond over immovable property in the factory at Kosgama	900 Mn	882 Mn
14.4.35	Nations Trust Bank PLC	Packing Credit Loan	USD 1.7Mn	To finance working capital requirements	3 Month SOFR+3% Monthly AWPLR+1%	Settlement through sales proceeds. (150 days)	Primary mortgage bond over immovable property in the factory at Kosgama	900 Mn	882 Mn
14.4.36	DFCC Bank PLC	Short Term Loan	LKR 100 Mn (Sub limit of Export Line)	To finance working capital requirements	Monthly AWPLR+2%	Settlement through sales proceeds. (180 days)	Primary Mortgage for LKR 200,000,000/- or Dollars up to a limit of USD 1,250,000/- as the case may be over stocks kept/to and Book Debts of the Company together with in favour of the Bank.	1,493Mn	1,789Mn
14.4.37	DFCC Bank PLC	Overdraft Facility	LKR 30 Mn (Sub limit of Export Line)	To finance working capital requirements	Monthly AWPLR+2%	On demand			
14.4.38	DFCC Bank PLC	Import Loans	USD 1.2 Mn	To finance working capital requirements	3 Month SOFR+4.5% Monthly AWPLR+1.5%	Settlement through sales proceeds. (120 days)			
14.4.39	DFCC Bank PLC	Export Loans		To finance working capital requirements	3 Month SOFR+4.5% Monthly AWPLR+1.5%	Settlement through sales proceeds. (120 days)			

	Lending Institution	Nature of Facility	Facility Amount	Purpose of the Facility	Interest Rate	Repayment Terms	Security	Carrying value of the assets pledged	
	Year ended 31st March 2026							**2026**	**2025**
14.4.40	Hatton National Bank	Letter of Credit	USD 1 Mn or equivalent in LKR	Finance the working capital requirement	3 Month SOFR+3.5% Monthly AWPLR+1.25%	Settlement through sales proceeds. (180 days)	Corporate Guarantee from Dankotuwa Porcelain PLC for USD 2,248,000 and LKR 388,000,000	3,880 Mn	3,880 Mn
14.4.41	Hatton National Bank	Pre-shipment Loans	USD 1 Mn or equivalent in LKR (Sub limit of LC Facility)	Finance the working capital requirement	3 Month SOFR+3.5% Monthly AWPLR+1.25%	Settlement through sales proceeds. (180 days)	Corporate Guarantee from Dankotuwa Porcelain PLC for USD 2,248,000 and LKR 388,000,000		
14.4.42	Hatton National Bank	Short Term Loan	LKR 300 Mn equivalent in USD	Finance the working capital requirement	3 Month SOFR+3.5% Monthly AWPLR+1.25%	Settlement through sales proceeds. (180 days)	Corporate Guarantee from Dankotuwa Porcelain PLC for USD 2,248,000 and LKR 388,000,000		
14.4.43	Hatton National Bank	Import Loan	USD 1 Mn or equivalent in LKR (Sub limit of LC Facility)	Finance the working capital requirement	3 Month SOFR+3.5% Monthly AWPLR+1.25%	Settlement through sales proceeds. (180 days)	Corporate Guarantee from Dankotuwa Porcelain PLC for USD 2,248,000 and LKR 388,000,000		
14.4.44	Hatton National Bank	Over Draft (LKR)	LKR 75 Mn	Finance the working capital requirement	3 Month SOFR+3.5% Monthly AWPLR+1.25%	On demand	Corporate Guarantee from Dankotuwa Porcelain PLC for USD 2,248,000 and LKR 388,000,000		

NOTES TO THE FINANCIAL STATEMENTS

15. RETIREMENT BENEFIT LIABILITY

Year ended 31st March	Balance 01.04.2025	Charge for the Year	Payments during the Year	Balance 31.03.2026
	LKR	LKR	LKR	LKR
Retirement Benefits Obligation - **Group**	287,210,866	70,735,308	(22,193,414)	335,752,760
	287,210,866	70,735,308	(22,193,414)	335,752,760

Year ended 31st March	Balance 01.04.2025	Charge for the Year	Payments during the Year	Balance 31.03.2026
	LKR	LKR	LKR	LKR
Retirement Benefits Obligation - **Company**	229,427,741	54,861,127	(18,357,721)	265,931,147
	229,427,741	54,861,127	(18,357,721)	265,931,147

15.1. Expense on Defined Benefit Plan

	Group		Company	
Year ended 31st March	2026	2025	2026	2025
	LKR	LKR	LKR	LKR
Interest Cost on Benefit Obligation	29,681,135	27,827,735	23,902,823	22,470,067
Current Service Cost	22,988,423	19,854,020	15,816,683	13,977,164
Recognition in the Statement of Profit or Loss	52,669,558	47,681,755	39,719,506	36,447,231
Actuarial Loss for the year (Note 15.4)	18,065,750	22,548,592	15,141,621	17,526,138
Recognition in the Other Comprehensive Income	18,065,750	22,548,592	15,141,621	17,526,138
Recognition in the Total Comprehensive Income	70,735,308	70,230,347	54,861,127	53,973,369

15.2. Messrs. Actuarial & Management Consultants (Pvt) Ltd Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity of the Group on 31st March 2026. Appropriate and compatible assumptions were used in determining the cost of retirement benefits.

Principal Actuarial Assumptions

The principal financial assumptions underlying the valuation are as follows:

	Group/Company	
Year ended 31st March	2026	2025
Discount Rate	9% per annum.	12% per annum.
Future Salary Increase Rate	9%	10%

15.3. Maturity Profile of the Defined Benefit Plan

	Group		Company	
Year ended 31st March	**2026**	**2025**	**2026**	**2025**
	LKR	**LKR**	**LKR**	**LKR**
Within Next 12 Months	**67,230,088**	62,806,491	**49,768,436**	49,429,788
Between 1 - 2 Years	**98,052,498**	79,441,025	**74,568,728**	60,176,201
Between 2 - 5 Years	**104,547,191**	88,415,572	**85,472,015**	72,415,383
Between 5 - 10 Years	**47,253,539**	40,530,674	**39,374,337**	33,457,125
Beyond 10 years	**18,669,444**	16,017,104	**16,747,631**	13,949,244
	335,752,760	287,210,866	**265,931,147**	229,427,741

	Group		Company	
Year ended 31st March	**2026**	**2025**	**2026**	**2025**
Weighted Average Duration of Defined Benefit Obligation (Years)	**3.30**	3.45	**3.40**	3.50

15.4. Break up of the Actuarial (Gain)/ Loss

	Group		Company	
Year ended 31st March	**2026**	**2025**	**2026**	**2025**
	LKR	**LKR**	**LKR**	**LKR**
Actuarial Loss Resulting from Changes in Financial Assumptions	**261,510**	16,719,843	**288,845**	13,323,538
Actuarial (Gain)/Loss Resulting from Changes in Demographic Assumptions	**392,036**	(318,003)	**593,972**	(413,552)
Actuarial Loss Resulting from Changes in Experience Adjustments	**17,412,204**	6,146,752	**14,258,804**	4,616,152
	18,065,750	22,548,592	**15,141,621**	17,526,138

15.5. Sensitivity Analysis

	Group		Company	
Year ended 31st March	**2026**	**2025**	**2026**	**2025**
	LKR	**LKR**	**LKR**	**LKR**
Actuarial Assumptions				
If a one percentage point change in the assumed discount rate would have the following effects.	**(10,320,996)**	(8,617,534)	**(8,336,478)**	(6,865,128)
	10,999,898	9,179,336	**8,887,019**	7,307,810
If a one percentage point change in the assumed salary increment rate would have the following effects.	**6,066,681**	8,666,076	**8,187,746**	6,811,236
	(5,797,676)	(8,285,460)	**(7,825,416)**	(6,518,120)

NOTES TO THE FINANCIAL STATEMENTS

16. CASH AND SHORT-TERM DEPOSITS IN THE CASH FLOW STATEMENT

16.1. Favourable Cash and Cash Equivalents

	Group		Company	
Year ended 31st March	**2026**	**2025**	**2026**	**2025**
	LKR	**LKR**	**LKR**	**LKR**
Cash and Bank Balances	172,434,365	118,123,915	93,939,840	83,395,587
Short Term Deposits	515,824,192	477,704,543	515,824,192	477,704,543
	688,258,557	595,828,458	609,764,031	561,100,130

16.2. Unfavourable Cash and Cash Equivalents

Year ended 31st March	**2026**	**2025**	**2026**	**2025**
	LKR	**LKR**	**LKR**	**LKR**
Bank Overdraft (Note 14)	(1,134,137,093)	(1,068,661,589)	(783,696,666)	(676,911,719)
Total Cash and Cash Equivalents for the Purpose of Cash Flow Statement	(445,878,536)	(472,833,131)	(173,932,635)	(115,811,589)

16.3. Short Term deposit includes an amount of LKR 515,824,192/- include the balance amount of right issue funds raised.

17. TRADE AND OTHER PAYABLES

		Group		Company	
Year ended 31st March		**2026**	**2025**	**2026**	**2025**
		LKR	**LKR**	**LKR**	**LKR**
Trade Payables	- Related Parties (Note 17.1)	-	-	11,681,875	-
	- Others	302,833,833	279,257,429	117,365,154	138,546,866
Other Payables	- Related Parties (Note 17.2)	15,361,629	15,193,683	51,986,854	30,495,583
	- Others*	451,147,281	557,178,445	187,279,030	219,380,389
		769,342,743	851,629,557	368,312,914	388,422,838

* Others has included Sundry Creditors and Accrued Expenses

17.1. Trade Payables - Related Parties

		Group		Company	
Year ended 31st March		**2026**	**2025**	**2026**	**2025**
	Relationship	**LKR**	**LKR**	**LKR**	**LKR**
Royal Fernwood Porcelain Ltd	Subsidiary	-	-	11,681,875	-
		-	-	11,681,875	-

17.2. Other Payables - Related Parties

		Group		Company	
Year ended 31st March		**2026**	**2025**	**2026**	**2025**
	Relationship	**LKR**	**LKR**	**LKR**	**LKR**
Royal Fernwood Porcelain Ltd	Subsidiary	-	-	39,072,361	19,953,832
Ambeon Holdings PLC	Affiliate	-	2,169,230	-	363,077
Califolink Logistics (Pvt) Ltd	Group Company	14,338,870	10,716,163	11,891,734	7,870,384
Ceyline Travels (Pvt) Ltd	Group Company	-	1,587,131	-	1,587,131
Ceyline Warehousing Solutions (Pvt) Ltd	Group Company	1,022,759	721,159	1,022,759	721,159
		15,361,629	15,193,683	51,986,854	30,495,583

18. LEASE LIABILITY (GROUP/COMPANY)

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

Set out below are the carrying amounts of lease liabilities on leasehold properties and the movements for the year ended 31st March 2026.

Year ended 31st March	**2026**	**2025**
	LKR	**LKR**
Balance as at 01.04.2025	30,688,057	46,221,020
Additions	-	-
Interest Cost	4,784,426	6,860,641
Repayment	(22,651,283)	(22,393,604)
Balance as at 31.03.2026	12,821,200	30,688,057

	2026			2025		
Year ended 31st March	**Gross Lease Liability**	**Finance Cost Attributable to Future Periods**	**Net Lease Liability**	**Gross Lease Liability**	**Finance Cost Attributable to Future Periods**	**Net Lease Liability**
Amount Payable within one year	14,024,864	(1,203,664)	12,821,200	22,227,527	(6,830,259)	15,397,268
Amount Payable more than one year	-	-	-	35,038,411	(19,747,622)	15,290,789
Total	14,024,864	(1,203,664)	12,821,200	57,265,938	(26,577,881)	30,688,057

18.1. These refer to Lease arrangement for retail Showroom Leases as per SLFRS 16

NOTES TO THE FINANCIAL STATEMENTS

19. OTHER INCOME

	Group		Company	
Year ended 31st March	2026	2025	2026	2025
	LKR	LKR	LKR	LKR
Miscellaneous Income	12,570,399	4,360,018	13,519,507	5,130,384
Asset Utilization Fee	-	2,882,900	-	2,882,900
	12,570,399	7,242,918	13,519,507	8,013,284

19.1. Miscellaneous Income includes the income generated from selling coconuts and unused material.

20. FINANCE COST / INCOME

20.1. Finance Income

	Group		Company	
Year ended 31st March	2026	2025	2026	2025
	LKR	LKR	LKR	LKR
Interest on Short Term Investments	43,261,882	44,348,845	42,909,202	43,733,885
Interest on Loans given to Subsidiaries	-	-	18,212,515	13,093,061
Interest on Foreign Currency Savings Accounts	301,653	177,799	301,653	177,799
	43,563,534	44,526,644	61,423,369	57,004,745

20.2. Finance Cost

	Group		Company	
Year ended 31st March	2026	2025	2026	2025
	LKR	LKR	LKR	LKR
Overdraft Interest	88,110,984	90,848,025	62,267,450	64,049,934
Interest on Bank Loan	148,675,165	151,719,149	39,415,345	27,054,269
Interest on Packing Credit Loan	49,104,820	51,905,404	49,104,820	51,905,404
Interest on Lease	4,784,426	6,860,641	4,784,426	6,860,641
	290,675,395	301,333,219	155,572,041	149,870,248

21. PROFIT / (LOSS) BEFORE TAX

	Group		Company	
Year ended 31st March	**2026**	**2025**	**2026**	**2025**
	LKR	**LKR**	**LKR**	**LKR**
Stated after Charging / (Crediting)				
- Included under Cost of Sales				
- Depreciation	84,401,478	92,231,233	38,336,604	39,166,089
- Salaries	782,312,590	778,753,533	448,679,742	404,713,704
- Employee Benefits Liability	35,325,963	30,727,763	26,285,451	24,166,862
- Defined Contribution Plan Costs - EPF & ETF	88,397,335	76,236,423	54,852,939	46,904,330
- Other Staff Costs	165,862,759	242,636,117	71,516,383	119,541,850
- Included under Administration Expenses				
- Depreciation	22,237,292	21,630,588	17,853,527	16,543,621
- Amortization of Intangible Assets	5,484,185	8,308,881	4,066,946	6,891,643
- Directors' Remuneration	9,450,000	10,225,000	9,450,000	9,875,000
- Salaries	204,545,493	179,826,122	116,920,866	106,140,664
- Employee Benefits Liability	8,659,415	8,956,107	6,315,011	5,852,375
- Defined Contribution Plan Costs - EPF & ETF	22,329,793	19,796,974	13,105,458	11,893,383
- Other Staff Costs	14,757,861	50,610,658	(2,064,645)	31,099,156
- Legal Fees	1,268,017	1,742,434	1,054,683	1,248,900
- Auditors' Fee and Expenses - Current Year	4,216,590	3,770,200	2,796,098	2,345,200
- Auditors' Fee and Expenses - Other Services and Branch	6,124,006	1,890,904	2,189,832	1,582,984
- Allowances for Obsolete & Slow Moving Inventories	560,929,608	182,017,851	174,039,992	91,347,113
- Included under Selling & Distribution Expenses				
- Depreciation	3,181,112	3,133,693	3,176,491	3,129,072
- Amortization	5,061,699	5,061,699	5,061,699	5,061,699
- Salaries	134,588,609	128,100,714	99,097,978	95,316,924
- Employee Benefits Liability	7,434,598	7,269,952	6,202,830	6,033,431
- Defined Contribution Plan Costs - EPF & ETF	12,627,786	12,593,393	9,645,687	9,791,187
- Other Staff Costs	26,018,811	56,467,153	17,125,577	48,443,820
- Impairment for Doubtful Debts	(156,729,719)	448,967,480	(148,355,453)	427,458,463

NOTES TO THE FINANCIAL STATEMENTS

22. INCOME TAX EXPENSE

	Group		Company	
Year ended 31st March	2026	2025	2026	2025
	LKR	LKR	LKR	LKR
Current Income Tax				
Current Tax Expense on Ordinary Activities for the Year (22.1)	-	-	-	-
Under / (Over) Provision of Current Taxes in respect of Prior Years	314,068	(17,326,719)	314,068	(17,326,719)
Current Tax Expense relating to branch operation in India, Chennai	3,909,639	8,639,384	3,909,639	8,639,384
Deferred Income Tax				
Deferred Taxation Charge / (Reversal) (22.2)	(194,746,052)	(370,646,522)	(97,852,261)	(328,934,086)
Income Tax Expense/(Reversal) Reported in the Statement of Profit or Loss	(190,522,345)	(379,333,857)	(93,628,554)	(337,621,421)

22.1. Reconciliation between Total Tax Expense and the Product of Accounting Profit.

	Group		Company	
Year ended 31st March	2026	2025	2026	2025
	LKR	LKR	LKR	LKR
Accounting Profit / (Loss) Before Tax	(801,004,697)	(1,248,508,825)	(375,921,004)	(1,065,286,109)
Income Exempt from Tax	64,789,506	(24,275,745)	87,802,554	10,705,780
Aggregate Disallowed Items	368,376,842	845,532,975	107,398,640	696,014,224
Aggregate Allowable Items	(125,832,289)	(166,625,952)	(81,859,394)	(110,230,105)
Trade Profit/(Loss)	(493,670,639)	(593,877,545)	(262,579,204)	(468,796,209)
Taxable Business Profit /(Loss)	(493,670,639)	(593,877,545)	(262,579,204)	(468,796,209)
Other Sources of Income				
Interest on Loan given to Subsidiaries	-	36,361,224	18,212,514	43,733,885
Interest on Deposit	43,261,881	13,417,170	42,909,202	13,093,060
Total Statutory Income	43,261,881	49,778,394	61,121,716	56,826,945
Less- Carried forward Tax Loss Utilized (Note 22.1.1)	(43,261,881)	(49,778,394)	(61,121,716)	(56,826,945)
Taxable Income / (Loss)	-	-	-	-
Income Tax attributable to Taxable Income - 30% March 2026 (March 2025 - 30%)	-	-	-	-
Current Income Tax Expense	-	-	-	-
Recognition on Deferred Tax on Temporary Difference (Note 22.2)	(194,746,052)	(370,646,522)	(97,852,261)	(328,934,086)

Year ended 31st March	Group 2026 LKR	Group 2025 LKR	Company 2026 LKR	Company 2025 LKR
Current Tax Expense relating to branch operation in Chennai, India	3,909,639	8,639,384	3,909,639	8,639,384
Under / (Over) Provision of Current Taxes in respect of Prior Years	314,068	(17,326,719)	314,068	(17,326,719)
Total Income Tax Expense	(190,522,345)	(379,333,857)	(93,628,554)	(337,621,421)

22.1.1 Tax Losses Carried Forward

Year ended 31st March	Group 2026 LKR	Group 2025 LKR	Company 2026 LKR	Company 2025 LKR
Tax Losses Brought Forward	954,621,946	674,985,610	411,969,265	-
Adjustment in Respect of Prior Years	(73,308,324)	(227,078,237)	20,684,085	-
Tax Losses Incurred During the Year	489,991,325	593,877,545	262,579,200	468,796,210
Disallowed Accumulated Tax Losses	(30,336,028)	(30,011,917)	-	-
Tax Losses Utilized	(43,261,881)	(57,151,055)	(61,121,716)	(56,826,945)
Tax Losses Carried Forward	1,297,707,039	954,621,946	634,110,833	411,969,265

As per the transitional provisions of the Inland Revenue Act No. 24 of 2017, brought forward tax losses can be claimed against taxable income for a period of six years, effective from 1 April 2018. Accordingly, the Group has recognised the tax losses as at 31st March 2026, based on their recoverability as assessed by Management, taking into account the estimated future taxable profits within the six-year period of assessment, based on the year in which the losses were incurred.

22.2. Deferred Tax Liability

22.2.1. Group

Year ended 31st March	Financial Position 2026 LKR	Financial Position 2025 LKR	Statement of Profit or Loss 2026 LKR	Statement of Profit or Loss 2025 LKR	Other Comprehensive Income 2026 LKR	Other Comprehensive Income 2025 LKR
Deferred Tax Liabilities						
Capital Allowances for Tax Purposes	89,775,222	80,681,810	9,093,414	1,044,131	-	-
Revaluation of Land and Buildings	655,845,393	596,320,813	-	-	59,524,580	17,691,018
Fair Value Gain from Investment Property	146,708,340	146,708,340	-	-	-	-
Unrealized Exchange Gain	17,144,681	-	17,787,944	(27,842,200)	-	-
Right to Use Assets	177,131	780,348	(603,216)	(1,427,161)	-	-
	909,650,767	824,491,311	26,278,140	(28,225,229)	59,524,580	17,691,018

NOTES TO THE FINANCIAL STATEMENTS

	Financial Position		Statement of Profit or Loss		Other Comprehensive Income	
Year ended 31st March	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**
	LKR	**LKR**	**LKR**	**LKR**	**LKR**	**LKR**
Deferred Tax Assets						
Defined Benefit Plans - Comprehensive Income	102,772,719	86,163,261	(11,189,734)	(6,994,138)	(5,419,725)	(6,764,578)
Impairment for Doubtful Debts	107,729,542	157,680,817	49,951,275	(134,582,670)	-	-
Unrealized Exchange Loss	882,257	5,423,522	3,898,003	42,980	-	-
Inventory Provision	259,144,785	91,990,226	(167,154,559)	(49,019,917)	-	-
Bonus Provision	837,470	12,876,389	12,038,918	(584,758)		
Provision for other receivables	1,728,105	-	(1,728,105)	-		
Carry Forward of Unused Tax Losses	393,106,507	286,266,518	(106,839,990	(151,282,790)	-	-
	866,201,386	640,400,732			-	-
Deferred Income Tax - Expense/(Income)			(194,746,052)	(370,646,522)	54,104,855	10,926,440
Net Deferred Tax Liability	43,449,381	184,090,579				

The effective tax rate used is 30% for the Group (30% in 2025)

22.2.2. Company

	Financial Position		Statement of Profit or Loss		Other Comprehensive Income	
Year ended 31st March	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**
	LKR	**LKR**	**LKR**	**LKR**	**LKR**	**LKR**
Deferred Tax Liabilities						
Capital Allowances for Tax Purposes	39,278,502	30,043,313	9,235,189	2,246,462	-	-
Revaluation of Land and Buildings	418,142,263	400,533,664	-	-	17,608,599	4,853,702
Fair Value Gain from Investment Property	125,671,500	125,671,500	-	-	-	-
Unrealized Exchange Gain	13,386,803	-	13,386,803	(21,085,456)	-	-
Fair Value Gain from Investment in Subsidiary	10,637,979	68,792,559	(58,154,580)	(25,093,417)	-	-
Right to Use Assets	177,130	780,347	(603,217)	(1,427,162)	-	-
	607,294,178	625,821,383	(36,135,805)	(45,359,573)	17,608,599	4,853,702

	Financial Position		Statement of Profit or Loss		Other Comprehensive Income	
Year ended 31st March	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**
	LKR	**LKR**	**LKR**	**LKR**	**LKR**	**LKR**
Deferred Tax Assets						
Defined Benefit Plans - Comprehensive Income	79,779,344	68,828,322	(6,408,536)	(4,536,995)	(4,542,486)	(5,257,841)
Impairment for Doubtful Debts	98,873,938	148,210,411	49,336,474	(128,144,091)	-	-
Unrealized Exchange Loss	882,257	4,780,260	3,898,003	686,242	-	-
Inventory Provision	104,910,084	52,699,345	(52,210,739)	(27,404,134)	-	-
Bonus Provision	837,470	12,876,389	12,038,917	(584,758)	-	-
Provision for other receivables	1,728,105	-	(1,728,105)	-	-	-
Carry Forward of Unused Tax Losses	190,233,249	123,590,778	(66,642,470)	(123,590,778)	-	-
	477,244,447	410,985,505	-	-		
Deferred Income Tax - Expense/(Income)			(97,852,261)	(328,934,086)	13,066,113	(404,139)
Net Deferred Tax Liability	130,049,730	214,835,878				

The average tax rate used is 30% (30% in 2025) for the purpose of deferred tax computation

22.3. Deferred Tax Liability

	Group		Company	
Year ended 31st March	**2026**	**2025**	**2026**	**2025**
	LKR	**LKR**	**LKR**	**LKR**
Balance as at 01 April	184,090,579	543,810,660	214,835,878	544,174,104
Charge/ (Reversal) to Profit or Loss				
- Due to Change in Tax Rate	-	-	-	-
- Due to Change in Temporary Differences	(194,746,052)	(370,646,522)	(97,852,261)	(328,934,086)
Charge/ (Reversal) to Other Comprehensive Income				
- Due to Change in Tax Rate	-	-	-	-
- Due to Change in Temporary Differences	54,104,855	10,926,440	13,066,113	(404,139)
Balance as at 31st March	43,449,381	184,090,579	130,049,730	214,835,878

NOTES TO THE FINANCIAL STATEMENTS

23. EARNINGS / (LOSS) PER SHARE

Earnings / (Loss) Per Share ('EPS') is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and 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 Earnings Per Share computation.

	Group		Company	
Year ended 31st March	**2026**	**2025**	**2026**	**2025**
Amount Used as the Numerator:				
Net Profit Attributable to Ordinary Shareholders for Basic Earnings Per Share-LKR	(608,634,226)	(868,381,499)	(282,292,447)	(727,664,684)
Number of Ordinary Shares Used as Denominator:				
Weighted Average Number of Ordinary Shares in Issue	162,552,920	162,552,920	162,552,920	162,552,920
Basic/Diluted Earnings/(Loss) Per Share	(3.74)	(5.34)	(1.74)	(4.48)

24. COMMITMENTS AND CONTINGENCIES

24.1. Capital Expenditure Commitments

The Company and the Group do not have significant capital commitments as at the reporting date.

24.2. Contingent Liabilities

There were no material contingent liabilities pertaining to Employees and Industrial Relations of the Group and the Company .

25. ASSETS PLEDGED

Details pertaining to assets pledged as security for bank facilities of the Group have been disclosed in Note 14 to these financial statements.

26. EVENTS AFTER THE REPORTING PERIOD

There have been no material events occurred after the reporting date that require adjustments to or disclosure in the financial statements.

27. RELATED PARTY DISCLOSURES

27.1. Transactions with the Parent and Related Entities - Group

Details of Significant Related Party Disclosures are as follows.

	Parent*		Fellow Subsidiaries**		Others Entities***		Total	
Year ended 31st March 2026	31.03.2026	31.03.2025	31.03.2026	31.03.2025	31.03.2026	31.03.2025	31.03.2026	31.03.2025
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Nature of Transaction								
As at 1 April	-	-	(11,955,374)	(6,388,082)	(2,150,142)	(4,416,276)	(14,105,516)	(10,804,359)
Sale of Goods / Services	-	-	-	-	-	-	-	-
Purchase of Goods / Services	-	-	(57,552,065)	(65,324,733)	(3,993,845)	(15,607,406)	(61,545,910)	(80,932,139)
Cost Apportionment	-	-	-	-	-	-	-	-
Receipts /(Transfers) under Finance Arrangements	-	-	60,056,166	59,757,441	4,466,357	17,873,540	64,522,523	77,630,982
Loan Settlements / Transfers	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Related Party reclassification due to the Ownership Change *	-	-	-	-	363,078	-	363,078	-
As at 31st March	-	-	(9,451,273)	(11,955,374)	(1,314,552)	(2,150,142)	(10,765,825)	(14,105,516)

27.2. Transactions with the Parent and Related Entities - Company

Details of Significant Related Party Disclosures are as follows.

	Parent*		Subsidiaries		Fellow Subsidiaries**		Others Entities***		Total	
Year ended 31st March 2026	31.03.2026	31.03.2025	31.03.2026	31.03.2025	31.03.2026	31.03.2025	31.03.2026	31.03.2025	31.03.2026	31.03.2025
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Nature of Transaction										
As at 1 April	-	-	514,658,183	428,910,188	(9,254,971)	(1,696,928)	(363,078)	(3,355,365)	505,040,135	423,857,895
Sale of Goods / Services	-	-	12,602,944	1,181,059	-	-	-	-	12,602,944	1,181,059
Purchase of Goods / Services	-	-	(14,952,967)	(13,839,508)	(41,793,318)	(45,523,853)	-	(6,720,944)	(56,746,285)	(66,084,306)
Cost Apportionment	-	-	2,116,104	28,722,189	-	-	-	-	2,116,105	28,722,189
Receipts /(Transfers) under Finance Arrangements	-	-	-	-	44,044,154	37,965,810	-	9,713,232	44,044,154	47,679,042
Loan Settlements / Transfers	-	-	258,000,000	69,684,255	-	-	-	-	258,000,000	69,684,255
Interest	-	-	18,212,514	-	-	-	-	-	18,212,514	-
Related Party reclassification due to the Ownership Change *	-	-	-	-	-	-	363,078	-	363,078	-
As at 31st March	-	-	790,636,778	514,658,183	(7,004,135)	(9,254,971)	-	(363,078)	783,632,644	505,040,136

NOTES TO THE FINANCIAL STATEMENTS

** Fellow subsidiaries above consist following companies:

Name of the Company	Country of Incorporation
Califolink Logistics (Pvt) Ltd	Sri Lanka
Ceyline Travels (Pvt) Ltd	Sri Lanka
Ceyline Warehousing Solutions(Pvt) Ltd	Sri Lanka

*** Other entities are entities which are controlled, jointly controlled or significantly influenced by the Key Management Personnel ("KMPs") and their Close Family Members ("CFMs") or shareholders who have either control, jointly control or significant influence over the entity.

Name of the Company
Ambeon Holdings PLC
Millennium I.T.E.S.P (Pvt) Ltd

27.2.1. Information relating to the Preference Share Investment is provided as follows:

	Note reference
Investment in Preference Shares	9

27.2.2. Terms and Conditions:

The Company carried out above transactions under the ordinary course of its business at commercial rates as agreed between outside parties.

27.3. Transactions with Key Management Personnel

Key management personnel ("KMPs"), are those having authority and responsibility for planning, directing and controlling the activities of the entity and include Board of Directors and Chief Executive Officer. Accordingly, fees, emoluments and other benefits paid to KMPs are as follows;

a)

Year ended 31st March	31.03.2026	31.03.2025
	LKR	LKR
Group		
Short-Term employee benefits	47,714,000	49,449,000
	47,714,000	49,449,000
Company		
Short-Term employee benefits	47,364,000	49,099,000
	47,364,000	49,099,000

No other significant transactions had taken place involving key management personnel and their close family members.

28. FINANCIAL RISK MANAGEMENT

Objectives and policies

The Group's principal financial liabilities comprise loans and borrowings and trade and other payables including amounts due to related parties. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has loans, trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The Group's risk management is overlooked by the senior management, in close cooperation with the Board of Directors and focuses on actively securing the Group's short to medium term cash flows by minimizing the exposure to financial markets. Long term financial investments are managed to generate lasting returns. The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

The Group's financial assets and liabilities are exposed to the market risk, credit risk and liquidity risk.

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.

Foreign Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group trade receivables and trade and other payables held in foreign currency and short term borrowings in foreign currency are the main financial instruments that are exposed to this risk of fluctuating exchange rates.

In order to mitigate this risk the Company has set a policy of dealing only in limited number of strong currencies when dealing with its foreign stakeholders. The Group also has a policy of matching the liabilities held in foreign currency with the financial assets held in the same currency. Apart from that the Group constantly monitors the exchange rate movements and make the settlement decisions of liabilities in favour of the Group at the appropriate time when there is an unfavourable movement in exchange rates.

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the profit before tax.

Year ended 31st March	Increase/ (Decrease) in basis points	Effect on Profit before Tax (LKR)
Group		
2026	**+5**	**19,025,523**
	-5	**(19,025,523)**
2025	+5	14,377,960
	-5	(14,377,960)
Company		
2026	**+5**	**18,913,369**
	-5	**(18,913,369)**
2025	+5	12,375,835
	-5	(12,375,835)

NOTES TO THE FINANCIAL STATEMENTS

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest bearing loans payable and receivable made at variable interest rates are the main categories of financial instruments that are exposed to this risk. The Group constantly monitors the interest rates and adjust the borrowing levels of each category of financial liabilities and assets depending on the direction of the interest rates.

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the profit before tax (through the impact on floating rate borrowings).

Year ended 31st March	Increase/ (Decrease) in basis points	Effect on Profit before Tax (LKR)
Group		
2026	**+1**	**33,963,146**
	-1	**(33,963,146)**
2025	+1	30,562,199
	-1	(30,562,199)
Company		
2026	**+1**	**19,774,368**
	-1	**(19,774,368)**
2025	+1	15,843,281
	-1	(15,843,281)

The assumed spread of the interest rate is based on the current observable market environment.

Other price risks

The investments in equity shares is affected by the fluctuations in market prices. In order to mitigate this risk the Group has set a clear investment policy based on the guidance of the Board and every investment in equity shares is guided by the investment policy and subject to the approval of the Board. As at the year end, the risk arising from the investment in equity shares (quoted) to the Group is minimal as the Group has significantly decreased the similar investments as at the reporting date when compared to the previous year.

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. Cash and cash equivalents, trade and other receivables and loans granted to related parties are the main instruments that are exposed to the risk of non-payment or payment delays.

The Group considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. Financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Further disclosures relating to impairment of financial assets are also provided in Note Number 11 in the Trade and Other Receivable.

28.1.1. Risk exposure

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts (without consideration of collateral, if available). Following table shows the maximum risk positions.

		Group				Company			
Year ended 31st March		2026	% of	2025	% of	2026	% of	2025	% of
	Notes	LKR	allocation	LKR	allocation	LKR	allocation	LKR	allocation
Risk Exposure									
Trade and Other receivables	11	1,009,097,123	59%	1,081,681,934	64%	578,505,718	49%	637,993,512	53%
Cash and Short Term Deposits	16	688,258,557	41%	595,828,458	36%	609,764,031	51%	561,100,130	47%
Total credit risk exposure		1,697,355,680	100%	1,677,510,392	100%	1,188,269,749	100%	1,199,093,642	100%

28.1.2. Trade and Other receivables

The Group has set a clear credit policy in which guidelines are given for evaluating the credit worthiness, setting credit limits and credit periods for each customer and measures to be taken to ensure the recoverability such as Irrevocable Letters of Credit, Advance payments etc. The Group regularly monitors the customer outstanding balances each month and take appropriate actions where necessary in respect of long outstanding amounts. The Group does not hold collateral as security against trade and other receivables.

Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by Letter of Credit or other forms of credit insurance.

The requirement for an impairment is analysed at each reporting date on an individual basis for major customers. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data.

Credit quality of trade receivables that are neither past due or impaired is explained in Note No 11.4

28.1.3. Cash and Short term Deposits

In order to mitigate settlement and operational risk related to cash and short term deposits, the Group deals with several banks with acceptable ratings.

The Group held cash & short term deposits as at 31st March 2026 LKR 688,258,556/- (2025 - LKR 595,828,258/-) as explained in Note No 16.1.

The Company held cash & short term deposits as at 31st March 2026 LKR 609,764,031/- (2025 - LKR 561,100,130/-) as explained in Note No 16.1.

Liquidity risk

The failure to maintain a sufficient level of liquid assets to meet its obligations in the ordinary cause of the business can cause severe interruption to the smooth functioning of the business. The Group assess the liquid asset levels that need to be maintained at periodic intervals.

Apart from that this is further reviewed through the weekly "cash planning process". When the Group anticipates the need to enhance the normal operating capacity due to external factors (demand increases), the Group renegotiates with banks to enhance the short term credit limits and overdraft limits etc. to ensure that a sufficient amount of unutilised facilities are available to maintain the liquidity level.

NOTES TO THE FINANCIAL STATEMENTS

28.2. Maturity Analysis of Financial Liabilities - Group

As at 31st March 2026	Total	Less than 3 months	3-12 months	1-5 years
	LKR	LKR	LKR	LKR
Trade & Other Payables	769,342,743	769,342,743	-	-
Interest Bearing Loans & Borrowings	3,396,314,615	1,972,304,280	1,189,010,334	235,000,000
	4,165,657,358	2,741,647,023	1,189,010,334	235,000,000

As at 31st March 2025	Total	Less than 3 months	3-12 months	1-5 years
	LKR	LKR	LKR	LKR
Trade & Other Payables	851,629,557	851,629,557	-	-
Interest Bearing Loans & Borrowings	3,056,219,906	2,348,469,753	589,139,449	118,610,704
	3,907,849,463	3,200,099,310	589,139,449	118,610,704

28.2.1. Maturity Analysis of Financial Liabilities - Company

As at 31st March 2026	Total	Less than 3 months	3-12 months	1-5 years
	LKR	LKR	LKR	LKR
Trade & Other Payables	368,312,914	368,312,914	-	-
Interest Bearing Loans & Borrowings	1,977,436,820	1,221,680,558	629,756,263	126,000,000
	2,345,749,734	1,589,993,472	629,756,263	126,000,000

As at 31st March 2025	Total	Less than 3 months	3-12 months	1-5 years
	LKR	LKR	LKR	LKR
Trade & Other Payables	388,422,838	388,422,838	-	-
Interest Bearing Loans & Borrowings	1,584,328,142	1,530,208,444	37,508,994	16,610,704
	1,972,750,980	1,918,631,282	37,508,994	16,610,704

Capital Management

The primary objective of the Group's capital management is to ensure that it maintain a strong financial position and healthy capital ratios in order to support its business and maximize shareholder value.

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

	Group		Company	
As at 31st March	2026	2025	2026	2025
	LKR	LKR	LKR	LKR
Debt/Equity	145.80%	106.57%	63.79%	48.39%

29. FINANCIAL ASSETS AND LIABILITIES

29.1. Fair values of Financial Assets and Liabilities - Group

The Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique:

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

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

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

Financial Assets and Liabilities in the tables below are split into categories in accordance with SLFRS 9

			2026			2025	
Year ended 31st March		Fair Value Hierarchy	Carrying Value	Fair Value	Fair Value Hierarchy	Carrying Value	Fair Value
	Notes		LKR	LKR		LKR	LKR
Assets Measured at Fair Value							
Freehold Land	5.1.2	Level 3	1,249,344,700	1,249,344,700	Level 3	1,217,810,700	1,217,810,700
Freehold Buildings	5.1.2	Level 3	1,022,342,792	1,022,342,792	Level 3	989,926,880	989,926,880
Investment Properties	7	Level 3	769,945,602	769,945,602	Level 3	769,945,602	769,945,602

29.2. Categories of Financial Assets and Liabilities - Company

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

			2026			2025	
Year ended 31st March		Fair Value Hierarchy	Carrying Value	Fair Value	Fair Value Hierarchy	Carrying Value	Fair Value
	Notes		LKR	LKR		LKR	LKR
Assets Measured at Fair value							
Freehold Land	5.1.2	Level 3	946,020,000	946,020,000	Level 3	914,486,000	914,486,000
Freehold Buildings	5.1.2	Level 3	505,291,791	505,291,791	Level 3	478,498,864	478,498,864
Investment Properties	7	Level 3	629,700,002	629,700,002	Level 3	629,700,002	629,700,002
Investment in Subsidiaries	9	Level 3	926,753,187	926,753,187	Level 3	1,120,601,787	1,120,601,787
Financial Instrument at Amortised Cost	16.1	Level 2	515,824,192	515,824,192	Level 2	477,704,543	477,704,543

Financial Assets and Liabilities measured or disclosed at Fair Value

The fair value of the financial assets and liabilities is 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:

Those assumptions for assets categorised as Level 3 has been described under respective Note numbers.

During the reporting period ended 31st March 2026 there is no transfer from level 1 to level 2 in the fair value hierarchy

Providing Context, Ensuring Clarity

INVESTOR INFORMATION

The issued ordinary shares of Dankotuwa Porcelain PLC (DPL) are listed with the Colombo Stock Exchange (CSE). The trading of DPL ordinary shares commenced on 15 February 1995.

ORDINARY SHAREHOLDERS AS AT 31ST MARCH 2026

Range of Shareholding	No. of Shareholders	No. of Shares	%
1 upto 1,000 shares	4,103	1,085,175	0.66
1,001 to 10,000 shares	1,706	6,724,904	4.14
10,001 to 100,000 shares	613	19,291,617	11.87
100,001 to 1,000,000 shares	87	22,139,434	13.62
Above 1,000,000 shares	4	113,311,790	69.71
TOTAL	6,513	162,552,920	100.00

PUBLIC SHAREHOLDING

Information pertaining to public shareholding is as follows.

	2025/26	2024/25
Number of public shares	**56,700,001**	20,435,986
Public holding percentage	**34.98**	12.57
Number of public shareholders	**6,510**	4,553
Float adjusted market capitalization (LKR)	**861,840,015**	472,071,277

The Company is compliant with the Minimum Public Holding requirement under option 2 of Rule 7.13.1 (a) of the Listing Rules of the Colombo Stock Exchange.

MARKET VALUES (LKR) (TRADED DATES)

	2025/26	2024/25
Market value per share as at last traded date (LKR)	**15.20 (31.03.2026)**	23.10 (28.03.2025)
Highest value per share recorded during the period (LKR)	**28.80 (01.09.2025)**	29.40 (27.01.2025)
Lowest value per share recorded during the period (LKR)	**14.00 (23.03.2026)**	19.50 (13.09.2024)

SHARE TRADING

	2025/26	2024/25
No. of transactions	**27,095**	6,635
No. of shares traded	**103,685,171**	7,258,601
Value of shares traded (LKR)	**2,115,912,866**	183,008,506

There were 6,513 registered shareholders as at 31st March 2026 (4,559 as at 31st March 2025).

RATIO ANALYSIS – COMPANY

	2025/26	2024/25
Earnings /(Loss) per Share (LKR)	(1.74)	(4.48)
Net Assets Value per Share (LKR)	19.19	20.53
Dividend per Ordinary Share (LKR)	-	-
Dividend Payout Ratio	-	-
Quick Assets Ratio	0.76:1	0.72:1

TWENTY LARGEST SHAREHOLDERS AS AT

	31st March 2026		31st March 2025	
Name of shareholder	**No. of shares**	**%**	**No. of shares**	**%**
Hatton National Bank PLC/Ceyline Investments (Pvt) Ltd	105,482,433	64.89	105,482,433	64.89
Mr. M.C. Gamage	5,360,000	3.30	5,360,000	3.30
People's Leasing and Finance PLC / L.P. Hapangama	1,263,569	0.78	-	-
Hatton National Bank PLC/Almas Holdings (Pvt) Ltd	1,175,787	0.72	196,960	0.12
Ms. S.S.P. Kandambi	1,000,000	0.62	-	-
People's Leasing and Finance PLC/ Mr. L.H.L.M.P. Haradasa	838,818	0.52	-	-
Mr. S.N.C.W.M.B.C. Kandegedara	747,941	0.46	-	-
Protégé Capital Access Ltd/M.G.M. Hussain	736,924	0.45	-	-
Mr. U.G.J. Chaminda	660,162	0.41	-	-
Seylan Bank PLC/Mr. S.M.P. Dissanayake and Ms. O.M. Upeksha	600,000	0.37	-	-
Mr. A.M. Mansoor	566,955	0.35	264,975	0.16
Kotapola Multipurpose Co-Operative Society Ltd	533,146	0.33	-	-
Mr. D.L.B.C. Perera	501,727	0.31	501,727	0.31
Seylan Bank PLC/Eagle Crest (Pvt) Ltd	500,000	0.31	-	-
United Motors Lanka PLC	500,000	0.31	-	-
Mr. H.P.C.R. Priyadarshana	454,968	0.28	-	-
Mr. K.A. Saman	401,390	0.25	-	-
Mr. B.P.C.J. De Silva	400,000	0.25	-	-
People's Leasing and Finance PLC/ Dr. H.S.D. Soysa and Mrs. G. Soysa	393,679	0.24	-	-
Mr. M.M.A. Ameen	390,000	0.24	-	-

INVESTOR INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S SHAREHOLDINGS AS AT

Name	Position	31st March 2026	31st March 2025
Mr. Ranil Pathirana	Director	200,000	200,000
Mr. Shalike Karunasena	Director	Nil	Nil
Mr. Roshan Egodage	Director	Nil	Nil
Ms. Nathasha Egodage	Director	Nil	Nil
Ms. Lakshitha Rajendran	Director	Nil	Nil
Dr. Hasuli Perera	Director	Nil	Nil
Mr. Vardan Aslibekyan	Director	Nil	Nil
Mr. Channa Gunawardana	Director	11,930	11,930
Mr. Chandana Gamage	Director	Nil	Nil
Mr. Savanth Sebastian (Resigned w.e.f. 04.09.2025)	Director	Nil	Nil
Mr. Revantha Devasurendra (Resigned w.e.f. 04.09.2025)	Director	Nil	Nil
Mr. Miyuru Rajapakshe (Appointed w.e.f. 1st April 2026)	Chief Executive Officer	158,556	158,556

Disclosure in terms of Section 9.3.2 of the Listing Rules of the Colombo Stock Exchange

NON-RECURRENT RELATED PARTY TRANSACTIONS

Name of the Related Party	Relationship	Value of the Related Party Transactions entered into during the financial year	Value of Related Party Transactions as a % of Equity and as a % of Assets	Terms and Conditions of Related Party Transactions	The Rationale for entering into the transactions
There weren't any Non-Recurrent Related Party Transactions					

RECURRENT RELATED PARTY TRANSACTIONS

Name of the Related Party	Relationship	Nature of the transaction	Aggregate value of Related Party Transactions entered into during the financial year	Aggregate Value of Related Party Transactions as a % of Net Revenue/ Income	Terms and conditions of the Related Party Transactions
Aggregate value of the recurrent Related Party Transactions does not exceed 10% of the Group Consolidated Revenue					


DANKOTUWA
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DECADE AT A GLANCE

	GROUP Year ended 31st March		
Period ended (LKR'000)	**2026***	**2025***	**2024***
SUMMARY OF OPERATING RESULTS			
Turnover (Net of Taxes)	3,975,388	3,850,156	6,249,204
Cost of Sales	(2,999,561)	(3,025,102)	(4,138,316)
Gross Profit	975,827	825,054	2,110,888
Other Income/(Expenses)	12,570	7,243	16,376
Distribution Costs	(469,409)	(1,132,239)	(771,023)
Administrative Expenses	(1,072,882)	(691,760)	(535,473)
Finance Costs	(290,675)	(301,333)	(310,713)
Finance Income	43,564	44,527	74,239
Fair Value Gain from Investment Property	-	-	-
Net Profit/(Loss) before Tax	(801,005)	(1,248,509)	584,294
Tax (Expense) / Reversal	190,522	379,334	(216,348)
Net Profit/(Loss) after Tax	(610,482)	(869,175)	367,947
Other Comprehensive Income Net of Taxes	50,361	78,051	84,389
Total Comprehensive Income for the Year After Tax	(560,121)	(791,124)	452,335
Dividends for the previous period	-	-	-
Retained Profit/(Loss) for the period	(560,121)	(791,124)	452,335
SUMMARY OF FINANCIAL POSITION			
Stated/Issued Capital	1,402,102	1,402,102	1,402,102
Reserves/Other Components of Equity	1,762,046	1,698,992	1,605,156
Retained Earnings	(825,893)	(204,621)	683,560
Non-Controlling Interest	(932)	972	17,073
Total Equity	2,337,323	2,897,444	3,707,891
ASSETS & LIABILITIES			
Current Assets	3,534,218	4,064,444	4,647,675
Current Liabilities	(3,943,479)	(3,810,935)	(3,075,569)
Net Current Assets	(409,260)	253,509	1,572,106
Non-Current Assets	3,360,785)	3,249,138	3,260,826
Non-Current Liabilities	(614,202)	(605,203)	(1,125,040)
Net Non-Current Assets	2,746,583	2,643,935	2,135,786

GROUP Year ended 31st March						
2023*	**2022***	**2021***	**2020****	**2019** Restated**	**2018****	**2017****
5,913,133	3,762,106	2,432,418	2,233,871	2,173,202	2,083,446	2,366,324
(3,856,001)	(2,557,390)	(1,796,931)	(1,544,012)	(1,519,539)	(1,597,816)	(1,803,868)
2,057,132	1,204,716	635,487	689,859	653,662	485,630	562,456
21,215	14,756	3,779	13,191	13,080	5,978	16,077
(665,572)	(435,213)	(341,601)	(354,437)	(278,539)	(318,107)	(211,415)
(311,980)	(480,626)	(580,857)	(596,885)	(197,495)	(238,231)	(214,409)
(339,151)	(112,932)	(146,335)	(155,129)	(92,737)	(45,876)	(35,377)
40,403	19,991	19,265	24,763	36,701	33,232	29,517
67,202	-	14,307	114,489	293,029	-	-
869,250	210,692	(395,955)	(264,148)	427,701	(77,373)	146,848
(189,918)	(21,210)	(1,839)	40,038	(61,445)	80,851	(25,945)
679,332	189,482	(397,793)	(224,110)	366,256	3,478	120,904
(60,277)	184,161	174,376	94,962	269,653	246,021	91,744
619,055	373,642	(223,417)	(129,148)	635,909	249,499	212,648
-	-	-	-	-	-	(40,638)
619,055	373,642	(223,417)	(129,148)	635,909	249,499	172,010
1,402,102	1,402,102	1,402,102	1,402,102	1,402,102	1,402,102	1,402,102
1,499,802	1,589,870	1,412,563	1,219,307	1,115,254	851,568	589,377
336,205	(364,272)	(563,866)	(156,671)	78,029	(278,740)	(260,579)
17,447	8,802	12,061	21,539	20,041	13,688	8,220
3,255,556	2,636,502	2,262,860	2,486,277	2,615,425	1,988,618	1,739,119
2,924,750	2,137,247	2,064,222	2,418,880	1,993,191	1,606,646	1,444,364
(1,671,330)	(1,772,883)	(2,071,702)	(2,027,795)	(1,496,260)	(944,436)	(694,493)
1,253,420	364,364	(7,480)	391,085	496,931	662,211	749,872
3,209,074	2,887,050	2,765,164	2,714,093	2,605,641	2,006,856	1,605,605
(1,206,938)	(614,912)	(494,824)	(618,901)	(487,147)	(680,449)	(616,358)
2,002,136	2,272,138	2,262,860	2,486,277	2,615,425	1,988,618	1,739,119

DECADE AT A GLANCE

	GROUP Year ended 31st March		
Period ended (LKR'000)	**2026***	**2025***	**2024***
FACTORY OUTPUT			
Production Quantity			
White ware (Pcs)	**6,644,381**	7,569,967	9,646,865
Decorated ware (Pcs)	**4,290,593**	4,880,516	5,569,932
Sales Quantity			
Export (Pcs)	**2,535,837**	2,945,497	4,715,854
Local (Pcs)	**4,186,113**	3,565,969	5,248,893
KEY RATIOS			
Earnings per Share (LKR)	**(3.74)**	(5.34)	2.28
Net Assets per Share (LKR)	**14.38**	17.82	22.71
Dividend per Share (LKR)	**-**	-	-
Annual Sales Growth (%)	**3%**	-38%	6%
Current Ratio (Times)	**0.90**	1.07	1.51
Market Value Per Share (at year end)	**15.20**	23.10	24.60

*Presented/Restated in line with SLFRS/LKAS
The above summarized financial information is extracted from audited financial statements

	GROUP Year ended 31st March						
	2023*	2022*	2021*	2020**	2019** Restated	2018**	2017**
	9,774,634	8,754,335	6,040,123	8,997,530	9,442,122	9,050,904	9,112,165
	6,125,839	5,929,671	4,450,551	5,751,742	6,349,321	6,627,888	7,682,267
	4,071,169	4,357,926	3,154,042	3,551,882	3,983,187	4,982,908	4,938,857
	6,036,762	5,179,706	4,066,930	4,525,604	4,401,695	3,467,824	4,797,240
	4.13	1.21	(2.39)	(1.39)	2.22	0.02	0.74
	19.92	16.17	13.85	15.16	15.97	12.15	10.65
	-	-	-	-	-	-	0.65
	57%	55%	9%	3%	4%	(12)%	(1)%
	1.75	1.21	1.00	1.19	1.33	1.70	2.08
	20.50	9.80	10.30	4.50	5.30	6.90	6.00

GLOSSARY OF FINANCIAL TERMINOLOGY

ACCRUAL BASIS

Recording revenues and expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

CAPITAL EMPLOYED

Shareholders' funds plus minority interest and total debt.

CONTINGENT LIABILITIES

A condition or situation existing at the reporting date due to past events, where the financial effect is not recognised, because:

1. The obligation is crystallized by the occurrence or non-occurrence of one or more future events, or
2. A probable outflow of economic resources is not expected, or
3. It is unable to be measured with sufficient reliability.

GROSS PROFIT RATIO

Gross profit as a percentage of total revenue.

OPERATING PROFIT MARGIN

Operating profit as a percentage of total sales.

NET PROFIT MARGIN BEFORE TAX

Profit before tax divided by total revenue.

NET PROFIT MARGIN AFTER TAX

Profit after tax divided by total revenue.

RETURN ON EQUITY

Profit/(Loss) attributable to shareholders as a percentage of shareholders' funds including minority interest.

RETURN ON CAPITAL EMPLOYED

Profit before interest and tax as a percentage of capital employed.

INTEREST COVER

Profit before interest and tax over net finance expenses.

DEBT-EQUITY RATIO

Debt as a percentage of shareholders' funds, excluding minority interest.

INVENTORY DAYS

Average inventory divided by cost of goods sold multiply by 365 days.

DEBTOR DAYS

Average receivables divided by total revenue multiply by 365 days.

PAYABLE DAYS

Closing payables divided by cost of goods sold multiply by 365 days.

CASH CONVERSION CYCLE

Inventory days + Debtor days – Payable days.

CURRENT RATIO

Current assets to current liabilities.

QUICK RATIO

Current assets minus inventory to current liabilities.

NET CURRENT ASSETS

Current assets minus current liabilities.

RETURN ON ASSETS

Profit before interest and tax divided by the total assets.

EQUITY TO ASSETS

Total equity divided by total assets.

NET DEBT (CASH) TO EQUITY

Total debt – cash and cash equivalent divided by equity.

DEBT TO TOTAL ASSETS

Total debt divided by total assets.

EBIT

Earnings before interest and tax (includes other operating income).

EARNINGS/(LOSS) PER SHARE

Net profit/(Loss) attributable to equity holders of the parent divided by the weighted average number of ordinary shares.

PRICE EARNINGS RATIO

Market share price as of balance sheet date divided by earnings per share.

NET ASSETS

Total assets minus current liabilities, minus long-term liabilities, minus minority interest.

NET ASSETS VALUE PER SHARE

Net assets as at the particular financial year divided by the number of shares in issue as at the current financial year end.

SHAREHOLDERS' FUNDS

Total of stated capital, capital reserves and revenue reserves.

TOTAL DEBT

Long-term loans plus short-term loans and overdrafts.

TOTAL EQUITY

Shareholders' funds plus minority Interest.

SUBSIDIARIES AND ASSOCIATES

ROYAL FERNWOOD PORCELAIN LIMITED	Directors
No. 1, Alfred House Avenue Colombo 03 Sri Lanka. Tel: +94 363 137370 Email: info@fernwoodporcelain.com	▸ Mr. Ranil Pathirana - Resigned with effect from 30th June 2026 ▸ Mr. Channa Gunawardana ▸ Dr. Hasuli Perera ▸ Ms. Nathasha Egodage

DANKOTUWA SINGAPORE PTE LIMITED	Directors
No. 3, Shenton Way # 10 – 05, Shenton House Singapore (068805)	▸ Mr. S. Pasupathy ▸ Mr. K. A. C. Jayathilake

NOTES

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Shareholders of DANKOTUWA PORCELAIN PLC ("the Company") will be held on a virtual platform on 25th September 2026 at 9.00 a.m. centred at the Boardroom of Commercial Credit & Finance PLC, No 165, Kynsey Road, Borella, Colombo 08, for the following business:

1. TABLING OF FINANCIAL STATEMENTS

To lay before the meeting, the Annual Report of the Directors and the Financial Statement of the Company for the year ended 31st March 2026 together with the Report of the Auditors thereon.

2. RE- ELECTION OF DIRECTORS

i). To re-elect Dr. Liyanage Hasuli Kumarika Perera, Director who retires by rotation in terms of Article No. 24 (6) of the Articles of Association. (Resolution No.01)

ii). To re-elect Mr. Vardan Aslibekyan, Director who retires by rotation in terms of Article No. 24 (6) of the Articles of Association. (Resolution No.02)

iii). To re-elect Mr. Chandana Gamage, Director who retires by rotation in terms of Article No. 24 (6) of the Articles of Association. (Resolution No. 03)

3. RE- APPOINTMENT OF AUDITORS

To re-appoint M/s. Ernst & Young, Chartered Accountants, who have consented to be re-appointed Auditors of the Company until the conclusion of the next Annual General Meeting and to authorize the Directors to determine their remuneration (Resolution No. 04)

4. DONATIONS

To authorize the Directors to determine donations for charitable and other purposes for the year 2026/2027 as set out in the Companies' Donation Act [CAP147] (Resolution No. 05).

By Order of the Board

(Sgd.)

Nexia Corporate Consultants (Pvt) Ltd
Secretaries to the Company

(Sgd.)

Mrs. C.R. Weragala
Director

Colombo
31st August 2026

Should shareholders wish to obtain a hard copy of the Annual Report, they may complete and send the Form of Request available on the website of the Colombo Stock Exchange (https://www.cse.lk/company-profile?symbol=DPL.N0000) to the registered office of the Company. A printed copy of the Annual Report will be forwarded by the Company within eight (8) market days, subject to the prevailing circumstances at the time, from the date of receipt of the request.

Notes:

1. A shareholder entitled to attend and vote at the above meeting is entitled to appoint a Proxy who need not be a shareholder, to attend and vote instead of him/her. A Proxy need not be a shareholder of the Company.
2. A Form of Proxy is enclosed in this Report.
3. Shareholders who are unable to participate in the above meeting are also encouraged to submit a duly completed Form of Proxy appointing the Chairman or any other Member of the Board to participate and vote on their behalf.
4. The completed Form of Proxy should be deposited at the Registered Office of the Company, at No 01, Alfred House Avenue, Colombo 03, not later than 48 hours before the time appointed for the meeting.

FORM OF PROXY

I/We ....

holder of NIC No. .... of ....

being a Shareholder/Shareholders of Dankotuwa Porcelain PLC, do hereby appoint ....

.... holder of NIC No. .... of ....

.... or failing him/her

Mr. Ranil Pathirana	or failing him
Mr. Channa Gunawardana	or failing him
Mr. Shalike Karunasena	or failing him
Ms. Nathasha Egodage	or failing her
Ms. Lakshitha Rajendran	or failing her
Dr. Hasuli Perera	or failing her
Mr. Vardan Aslibekyan	or failing him
Mr. Roshan Egodage	or failing him
Mr. Chandana Gamage	or failing him

as *my/our proxy to represent me/us and to speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 25th September 2026 and any adjournment thereof and at every poll which may be taken in consequence thereof.

Note

If the Proxy Form is signed by an Attorney, the relative Power of Attorney should also accompany the completed Form of Proxy, if it has not already been registered with the Company.

To lay before the meeting, Financial Statements for the year ended 31st March 2026

Resolutions	For	Against
1. To re-elect Dr. Hasuli Perera		
2 To re-elect Mr. Vardan Aslibekyan		
3. To re-elect Mr. Chandana Gamage		
4. To re-appoint Auditors		
5. To authorize Directors to make donations.		

Mark your preference with "X"

Signed on this .... day of .... 2026.

Signature

a). * Please delete the inappropriate words.

b). Instructions as to completion are noted on the reverse thereof.

FORM OF PROXY

INSTRUCTIONS AS TO THE COMPLETION OF PROXY

1. The full name, national identity card number and the registered address of the shareholder appointing the Proxy, and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.
2. The Proxy shall –
   a) In the case of an individual be signed by the shareholder or by his/her attorney, and if signed by an Attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.
   b) In the case of a company or corporate/statutory body either under its Common Seal or signed by its Attorney or by an Officer on behalf of the company or corporate/statutory body in accordance with its Articles of Association or the Constitution or the Statute (as applicable).
3. Please indicate with an "X" how the Proxy should vote on each resolution. If no indication is given, the Proxy in his/her discretion will vote as he/she thinks fit.
4. To be valid, the completed Form of Proxy must be deposited with the Registered Office of the Company at No 01, Alfred House Avenue, Colombo 03, Sri Lanka or must be emailed to dplagm2026@dankotuwa.com or by facsimile to +94-31-550 0599 by 9.00 a.m. on 23rd September 2026.

CORPORATE INFORMATION

NAME OF COMPANY

Dankotuwa Porcelain PLC

COMPANY REGISTRATION NO.

PQ79

NATURE OF BUSINESS

Manufacturing and marketing of Porcelain Tableware targeted to export and domestic markets.

LEGAL FORM

A Public Quoted Company with limited liability incorporated under the provisions of Companies Act No. 17 of 1982 (Registered as a Private Limited Company in Sri Lanka on 06 January 1984 and converted to a Public Company by a special resolution on 08 July 1994).
Re-registered under the Companies Act No. 07 of 2007.

DATE OF INCORPORATION AND COUNTRY

06 January 1984 in Sri Lanka

HEAD OFFICE & FACTORY

Kurunegala Road, Dankotuwa, Sri Lanka
Telephone: +94-31-550 0500
Fax: +94-31-550 0599
Email: info@dankotuwa.com
Website: www.dankotuwa.com

REGISTERED OFFICE

1 Alfred House Avenue, Colombo 03,
Sri Lanka

SHOWROOMS

Kirulapone
No. 194, High Level Road
(Opposite Siebel Avenue)
Colombo 6, Sri Lanka
Telephone: +94-11 566 5000

Cinnamon Garden
No. 47, Guildford Crescent
Colombo 7, Sri Lanka
Telephone: +94-11 530 5555

Factory Showroom
Kurunegala Road,
Dankotuwa, Sri Lanka.
Telephone: +94-31-550 0545,
+94-31-550 0500 (Ext. 411)

Negombo
No. 389 C, Main Street
Negombo, Sri Lanka
Telephone: +94-31 5205205

Shangri-La Shopping Mall
One Galle Face
Shop No. L3-51
Colombo 03, Sri Lanka
Telephone: +94-11-5666222

SECRETARIES

Nexia Corporate Consultants (Private) Limited
No. 130, Level 2, Nawala Road,
Narahenpita, Colombo 5, Sri Lanka.
Telephone: +94-11-4510709

REGISTRARS

S S P Corporate Services (Private) Limited
101, Inner Flower Road, Colombo 3,
Sri Lanka
Telephone: +94-11-2573894

AUDITORS

Ernst & Young
Chartered Accountants
Rotunda Towers,
No. 109, Galle Road.
Colombo 03.
Telephone - +94 112 463500

LAWYERS

Ms Chathumini Samarasinghe
Attorney-at-Law, Notary Public,
Commissioner for Oaths & Company Secretary
15/23D,
Dhammarathana Mawatha,
Madiwela,
Kotte
Telephone: +94 766554540,
+94 706908899

BANKERS

Bank of Ceylon
Cargills Bank PLC
Commercial Bank of Ceylon PLC
DFCC Bank PLC
Hatton National Bank PLC
National Development Bank PLC
Nations Trust Bank PLC
Pan Asia Banking Corporation PLC
People's Bank PLC
Sampath Bank PLC
Seylan Bank PLC

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Annual Reports

DANKOTUWA

World-class tableware