LANKA ALUMINIUM INDUSTRIES PLC

ANNUAL REPORT | 2025 - 2026

Corporate Information

Board of Directors

Mr. Jude Dinal Peiris
Mr. Jayantha Mootatamby Swaminathan
Mr. Paras Chandaria
Mr. Dinesh Stephan Weerakkody
Mr. Sanjeev Kumar
Mr. Amitha Gooneratne *(Resigned w.e.f. from 31st July 2026)*
Ms. Shamalie Madhu Jayatunge
Mr. Sriyan J de Silva Wijeyeratne *(Appointed on 3rd August 2026)*

Secretaries

SSP Corporate Services (Private) Limited
101, Inner Flower Road, Colombo 03.

Company Registration Number

PQ 187

Registered Office

1st Floor, Lakshman's Building,
321, Galle Road, Colombo 03.

Website

www.aluminium.lk

Bankers

Hatton National Bank PLC
National Development Bank PLC
DFCC Bank PLC
Nations Trust Bank PLC
Sampath Bank PLC

Lawyers

Messrs. Julius & Creasy,
371, R.A. De Mel Mawatha,
Colombo 03.

Auditors

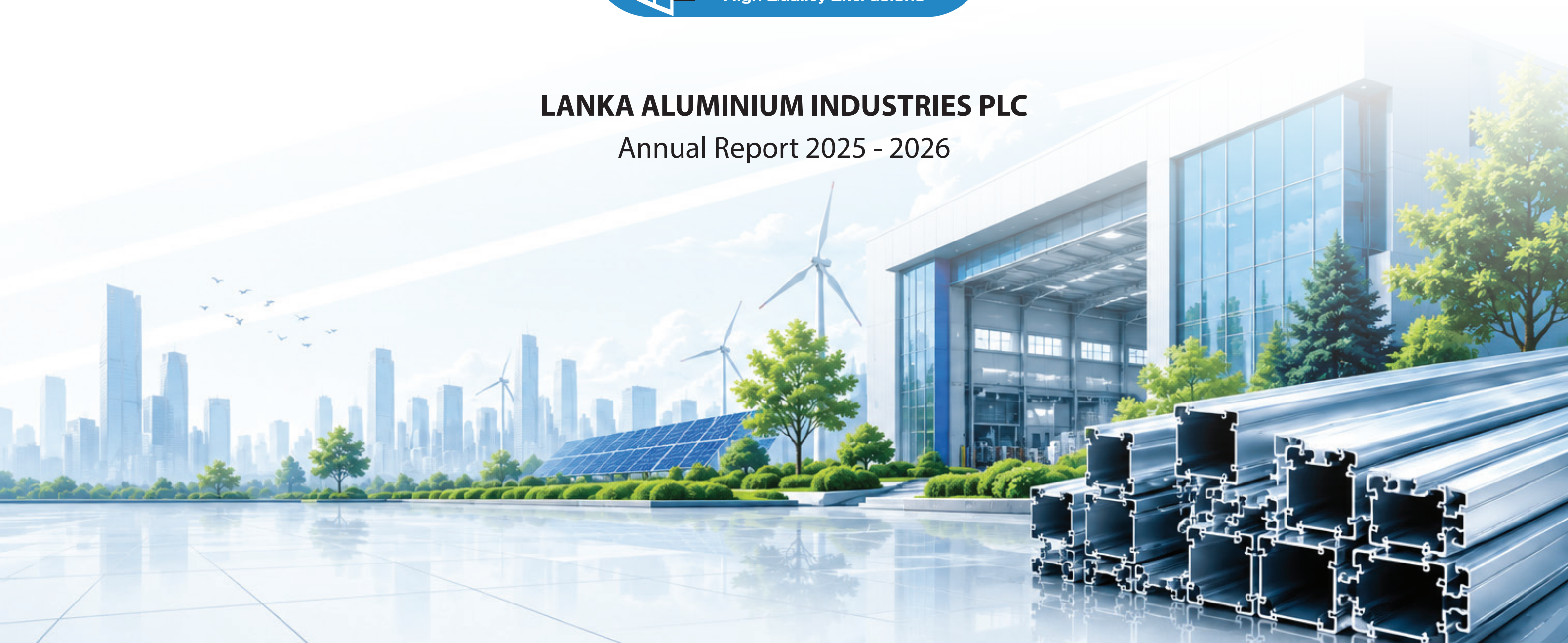
KPMG, Chartered Accountants
32 A, Sir Mohamed Macan Marker Mawatha,
Colombo 03.

“Shaping Tomorrow with Innovation, Quality & Sustainability.”

Founded in 1983, **Lanka Aluminium Industries PLC** is one of Sri Lanka’s leading manufacturers of premium aluminium extrusion solutions. Listed on the Colombo Stock Exchange and operating as a BOI-approved company, the organization serves the architectural, construction, engineering, transport, and industrial sectors with innovative, high-quality aluminium products. With advanced manufacturing technology, internationally recognized quality standards, and a commitment to sustainable growth, Lanka Aluminium continues to shape the nation’s infrastructure while delivering value to customers, shareholders, and communities.

LANKA ALUMINIUM INDUSTRIES PLC

Annual Report 2025 - 2026



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Notice of Meeting

Notice is hereby given that the Fortieth Annual General Meeting of Lanka Aluminium Industries PLC will be held virtually on 21st September 2026 at 10.30 a.m. for the purpose of transacting the following items of business:

AGENDA

1. To receive and consider the Audited Financial Statements for the year ended 31st March 2026 together with the Annual Report of the Board of Directors and of the Auditors thereon.

2. To declare a First and Final Dividend of Rs. 1.25 per share in respect of the financial year ended 31st March 2026 as recommended by the Board of Directors.

3. To re-elect as a Director Mr. D.S. Weerakkody, who retires by rotation in terms of Article No.86 of the Articles of Association as recommended by the Board of Directors.

4. To re-elect as a Direcctor Mr. Sriyan J. de Silva Wijeyeratne who retires in terms of Article 92 of the Articles of Association as recommended by the Board of Directors.

5. To consider and if thought fit to pass the following Ordinary Resolution pertaining to the re-appointment of Dr. J.M.Swaminathan, as a Director who is over 70 years of age, in compliance with Section 211 of the Companies Act No.7 of 2007; and whose reappointment is recommended by the Board of Directors

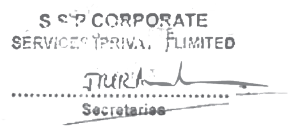
   ### *Ordinary Resolution*

   "That the age limit of 70 years referred to in Section 210 of the Companies Act,No.7 of 2007 shall not apply to Dr.Jayantha Mootatamby Swaminathan, who is 85 years of age (having reached 70 years of age on 9th January 2011) and accordingly that Dr.Jayantha Mootatamby Swaminathan be and is hereby re-appointed a Director of the Company in terms of Section 211 of the Companies Act No.7 of 2007."

6. To authorize the Board of Directors to determine the remuneration of the Auditors, Messrs KPMG, Chartered Accountants who are deemed to have been reappointed as Auditors in terms of Section 158 of the Companies Act No.07 of 2007.

7. To authorize the Board of Directors to determine contributions to charities.

By Order of the Board of Directors of Lanka Aluminium Industries PLC



S S P CORPORATE SERVICES (PRIVATE) LIMITED
SECRETARIES
Colombo
18th August 2026

1. A shareholder entitled to attend, speak and vote at the above mentioned meeting is entitled to appoint a proxy to attend, speak and vote instead of him/her. Such proxy need not be a Shareholder of the Company.

2. A Form of Proxy is enclosed.

3. The completed Form of Proxy should be deposited at the Registered Office of the Company, at 1st Floor, Lakshman's Building, No.321, Galle Road, Colombo 3, not later than 48 hours before the time appointed for the holding of the meeting.

Board of Directors

1 Mr. J D Peiris

Executive Chairman
Appointed to the board in 1990

Mr. Dinal Peiris is an Engineer with a BSc (Hons) Degree (Lond) and an MBA from the London Business School, UK. He joined the company in December 1989 as General Manager, the Company's Board of Directors in 1990 and was appointed Managing Director in May 1999. He has considerable techno/commercial experience in several areas, especially in manufacturing of aluminium, steel, other metal products as well as fabrics. He has also been involved in the setting up of new businesses including the company's subsidiaries. He is on the Board of several companies and government institutions in Sri Lanka and serves as the Chairman/Managing Director of the copmany's subsidiaries.

Mr. Dinal Peiris was appointed as executive chairman on 12th August 2020.

2 Dr. J M Swaminathan

Non-Executive Director
Appointed to the board in June 2002

Dr. J. M. Swaminathan is an Attorney-at-Law with over 52 years of legal practice. He is the former Senior Partner of Messrs. Julius & Creasy. He served as a Member of the Office for Reparations, Sri Lanka, the Law Commission of Sri Lanka, the Council of Legal Education, and the Council of the University of Colombo.

He was also a member of the Company Law Advisory Commission and the Intellectual Property Advisory Commission. He served as the Chairman of the Board of Studies of the Council of Legal Education and continues to serve as a member. He also served as a Consultant to the Institute of Advanced Legal Studies of the Council of Legal Education.

Dr. Swaminathan is a Member of the Visiting Faculty of the LL.M. Programme of the University of Colombo. He also serves on the Boards of several listed and private companies.

3 Mr. Paras Chandaria

Non-Executive Director
Appointed to the board on 15th August 2011

Mr. Paras Chandaria is a graduate from the London School of Economics and Political Science. He has over 30 years international business experience, having worked in Africa, Europe, Americas and Asia and is currently based in London. He has deep and diverse experience starting up, building, turning around, managing and guiding multiple global and regional businesses across different industry verticals.

He has had a business leadership role at Mainetti Group (largest garment hanger manufacturer - global), Cyklop Group (packaging business - global), Metecno Group (insulated panel producer - global), Emtelle Group, ImagiNation (edutainment - India). He has for many years served as Executive Chairman of UST, a leading global digital technology services business committed to touching 3 billion lives through digital solutions and technologies. In addition to his business commitments, he spends time on various CSR projects tackling the root causes of issues such as exploitation of children, mental health, and education of girls in India.

4 Mr. Dinesh Weerakkody

Non-Executive Director
Appointed to the board in October 2011

Mr. Dinesh Weerakkody is a corporate leader with extensive experience in banking, corporate governance and public policy. He currently serves as Chairman of Union Bank of Colombo PLC and the Sri Lanka Institute of Directors. He is the former Chairman of the Employers' Federation of Ceylon and has previously served as Chairman of Hatton National Bank PLC and Commercial Bank of Ceylon PLC, and as a Director of DFCC Bank PLC.

He has held several key public sector positions, including Advisor on Treasury Affairs to the President (2022–2024), Chairman of the Colombo Port City Economic Commission and Chairman of the Board of Investment of Sri Lanka. He has also served as Chairman of the Employees' Trust Fund Board, the National Human Resource Development Council of Sri Lanka and the International Chamber of Commerce Sri Lanka.

Mr. Weerakkody holds an MBA from the University of Leicester, UK, and is a Fellow Member of the Chartered Institute of Management Accountants (UK) and the Institute of Certified Management Accountants of Sri Lanka. He is also a Professional Member of the Singapore Human Resource Institute and holds an Honorary Doctorate from the American National Business University, USA. He has undertaken executive training in economics, finance, human resources and management at leading institutions in the UK, USA, France, Japan, Singapore and India.

5 Mr. Sanjeev Kumar

Non-Executive Director
Appointed to the board in May 2015

Mr. Sanjeev Kumar has a degree in Mechanical Engineering from Indian Institute of Technology, Delhi, and Diplomas in Foreign Trade and Business Administration. He has over 49 years of experience across spectrum of industries and countries, encompassing power generation and distribution equipment, auto components, aluminium extrusions and architectural facades, building material, packaging, plastic injection moulding and pipe extrusion, building envelope solutions, insulated panels and edutainment-based theme parks.

Board of Directors

He has held leadership positions across different companies around the globe – from CEO of Emtelle Group, headquartered in the UK to Managing Director of A-D Technologies Asia and Africa, Regional Head of Mainetti Group and Global CEO of Metecno Group. He has been instrumental in expanding business across product groups and regions, setting up green field companies, joint ventures, and global alliances. He has successfully led cross cultural teams in executing major projects in India, Southeast Asia, Middle East, and Africa.

Mr. Sanjeev Kumar is currently an Advisor to KidZania India and a Non-executive director of an Indian Listed company in the domain of Auto parts distribution.

6 Mr. Amitha Gooneratne

Independent Non-Executive Director
Appointed to the board in July 2025

Mr. Amitha Gooneratne has held several senior positions at Commercial Bank of Ceylon PLC and served as the Managing Director from 1996 to April 2012. He is a fellow member of the Institute of Chartered Accountants of England & Wales and a fellow member of the institute of Chartered Accountants of Sri Lanka. He was Chairman of the Financial Ombudsman Sri Lanka (Guarantee) Ltd, and a former Chairman of the Sri Lanka Bank's Association (Guarantee) Ltd. He was also the Managing Director of Commercial Development Company PLC, and was the Chairman of Commercial Insurance Brokers (Private) Ltd.

Mr. Gooneratne was also nominated to he Board of Sri Lankan Airlines during 2002-2004. On his retirement from Commercial Bank of Ceylon PLC in April 2012 he assumed duties as the Managing Director of Melstacorp Ltd which subsequently obtained a public listing and became the Group Holding Company.

He was a Board Member of several of the Group Subsidiary companies which included Aitken Spence PLC, DCSL PLC, Browns Beach Hotel PLC, Balangoda Plantations PLC, Continental Insurance ltd, Lanka Bell ltd, Periceyl (Private) Ltd, Bellvantage Ltd, to name a few. Mr.Gooneratne retired from Melstacorp PLC and its Group companies in September 2022. Mr. Gooneratne also served as Independent Non-Executive Director of LIOC PLC from April 2012 to December 2024 , and as Independent Non- Executive Director of Teejay Lanka PLC from April 2012 to March 2024. Mr. Gooneratne served on the Board of Commercial Development PLC for number of years and was appointed Chairman prior to stepping down from the Board on 31st July, 2026.

7 Ms. Shamalie Madhu Jayatunge

Independent Non-Executive Director
Appointed to the board in July 2025

Ms. Shamalie Madhu Jayatunge is an accomplished legal professional with extensive expertise in international business law, dispute resolution, and corporate advisory services. She has a proven track record of advising clients on corporate restructuring, public-private partnerships, and high-value transactions across industries.

Ms. Shamalie holds a Master of Laws in International Business and Economic Law from Georgetown University, where she graduated with distinction and was recognized with multiple academic honors. She also holds a Bachelor of Laws with Honours from the University of Colombo.

Professionally, Ms. Shamalie has represented clients in complex litigation and arbitration cases, including intellectual property disputes, shareholder issues, and contract breaches.

Ms. Shamalie is a certified SIMI Level I Mediator, Member of the Chartered Institute of Arbitrators, Associate Member of the Chartered Institute of Management Accountants (UK) and a Chartered Global Management Accountant. she brings a unique blend of legal acumen and strategic business insight to the Board. She presently serves as an independent director on both listed and unlisted companies in Sri Lanka.

8 Mr. Sriyan J. de Silva Wijeyeratne

Independent Non-Executive Director
Appointed to the board in August 2026

Sriyan J. de Silva Wijeyeratne has held several leading Corporate and other roles across his multi-faceted career spanning over 30 years. He played transformative roles during his tenures as the MD/ CEO of Teejay Lanka PLC, as MD of the Hemas Consumer Business and as Country Manager of Microsoft. Sriyan was also a previous Chairman/ CEO of the Employees Trust Fund Board, a Marketing Director in Telecommunication, a Group CEO in Consumer Electronics and managing FMCG Brands within Nestles. He is a past Chairman of Axion Solutions (Pvt) Ltd.

Sriyan possesses a First-Class Degree in Business Administration from the University of Sri Jayawardenapura and a Master's Degree from the same university. He is a Fellow member of CIMA, UK, and is also a CGMA. Sriyan has several awards to his credit, had Executive education at many global institutions including INSEAD and CCL, and is a frequent speaker at leading forums locally and globally. He was previously named CIMA Business Manager of the Year, and he was listed on the CIMA Top 50 Business Icons in 2021. He is involved in many chambers and local and global charities. For many years, he was on the International Board of Youth Business International, UK, and he has served on several local Boards.

Chairman's Statement

On behalf of the Board of Directors, I am pleased to welcome you to the 40th Annual General Meeting of Lanka Aluminium Industries PLC and to present the Annual Report and Audited Financial Statements for the year ended 31st March 2026.

During the year under review, the country's economy grew by an estimated 5%, consistent with the previous year. Despite relatively low interest rates and stable conditions, there was little to no real growth in the construction industry.

Several large high-rise projects that commenced during the year took many months to reach the aluminium installation stage. A significant number of these projects had been granted BOI approval and were therefore able to import raw materials on a duty-free basis, which generally precluded local suppliers from participating. Although the government has allocated funds to resume construction activities, delays in implementation appear to have hindered progress.

During the third quarter, the country was unfortunately affected by the DITWA cyclone, which disrupted sales and adversely impacted several of our dealers and distributors. The escalation of the war in the Middle East, together with the consequent increase in energy and raw material prices, also placed additional pressure on the company's performance.

At company level, revenue grew by a modest 8%, while profit from operations declined by 6% mainly due to the increase in the cost of sales arising from higher raw material prices.

Profit after tax at company level was maintained. However, the company's subsidiaries did not perform as expected, primarily due to unexpected disruptions in the renewable energy sector, resulting in a Group profit before tax of Rs. 428 Mn.

The balance sheet continues to reflect the financial strength and soundness of the company. The Group remains debt-free and generated net cash of Rs. 325 Mn during the year.

As stated previously, your company intends to pursue growth through the acquisition of new businesses. Accordingly, the Board believes it is important to remain prudent in the management and utilization of our cash reserves.

Nevertheless, after careful consideration, the Board has recommended a first and final dividend of Rs. 1.25 per share for the financial year ended 31st March 2026.

Given the prevailing global and local economic and market conditions, the current financial year too will undoubtedly present its own challenges. I am, however, pleased to note that your company is well positioned and well equipped to face them.

Mr. Amitha Gooneratne resigned from the Board with effect from 31st July 2026, and Mr. Sriyan de Silva Wijeyeratne was appointed as Director on 3rd August 2026.

I wish to thank my fellow Directors, the Managers, Executives and all members of our staff for their dedication and efforts during what has been a challenging year.

I also wish to place on record my appreciation to our suppliers, auditors and other service providers for their continued support, assistance and cooperation.

We are indeed appreciative of your help and assistance.

Finally, I thank all our shareholders for the confidence placed in us and assure you that your company is in good hands.

J.D. Peiris
Chairman - Lanka Aluminium Industries PLC
18th August 2026

Management Discussion and Analysis on Financial Performance

Financial Performance

Five Year Summary

Five Year Summary as at 31st March	2025/26	2024/25	2023/24	2022/23	2021/22
	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn
Revenue	3,509	3,406	2,489	2,631	2,664
Profit before finance expenses and tax	373	499	355	494	534
Profit After Taxation	309	356	239	220	383
Return on equity (%)	9	12	9	9	17
Return on capital employed (%)	10	14	11	18	21

Lanka Aluminium Group delivered a resilient performance for the year ended 31st March 2026, recording steady revenue growth despite continued challenges in the construction sector and a highly competitive business environment. Revenue increased by 3% to Rs. 3,509 million from Rs. 3,406 million in the previous year, supported by sustained sales volumes and continued market presence.

Profit before finance expenses and tax amounted to Rs. 373 million, compared to Rs. 499 million in 2024/25, reflecting the impact of increased competitive pricing, higher operating costs and changes in the sales mix during the year. Profit after taxation stood at Rs. 309 million, compared to Rs. 356 million in the previous year. Despite the decline in profitability, the Group maintained a healthy level of earnings through prudent cost management and disciplined operational execution.

The Group continued to maintain a strong financial position during the year, supported by effective working capital management and a prudent approach to capital allocation. Return on Equity (ROE) was 9% (2024/25: 12%), while Return on Capital Employed (ROCE) stood at 10% (2024/25: 14%), reflecting the moderation in profitability during the year.

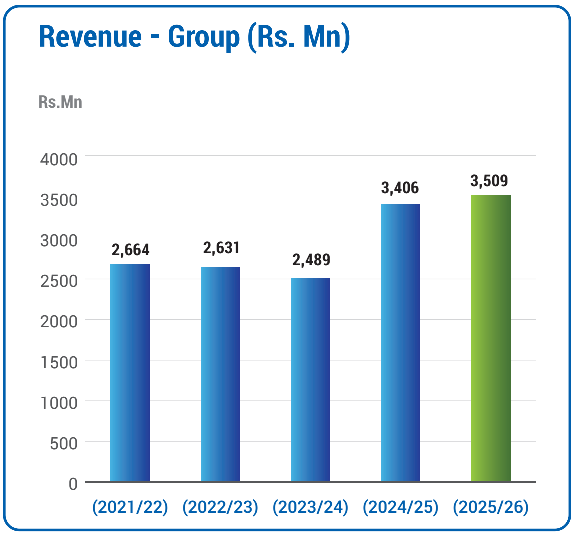
Despite the prevailing market challenges, the Group remains financially resilient and well-positioned to capitalise on emerging opportunities. With its continued focus on operational excellence, cost optimisation, product innovation and strategic market expansion, Lanka Aluminium is confident in its ability to create sustainable long-term value for its shareholders.

Year-on-year Profit and Loss Comparison	2025/26	2024/25
	Rs. Mn	Rs. Mn
Revenue	3,509	3,406
Gross Profit	742	830
Profit before finance expenses and tax	373	499
Net Finance Expenses	29	12
Taxation	(119)	(155)
Profit After Taxation	309	356
Profit attributable to equity holders of the company	267	292
Total Assets	4,181	4,024
Total Equity	3,279	3,075
Shareholder's Funds	3,083	2,921

Management Discussion and Analysis on Financial Performance

Rs. 3,509 Mn.

Revenue - Group - 2024/25 -Rs.3,406 Mn.



Group revenue for 2025/26 increased by Rs. 104 million or 3.04% compared to the previous year, demonstrating the Group's resilience amidst challenging market conditions. This growth was primarily driven by the strong performance of Lanka Aluminium Industries PLC, which recorded a revenue increase of Rs. 257 million or 8.49%, reflecting improved market penetration, sustained demand across its core product portfolio and the continued effectiveness of its strategic sales initiatives.

Revenue of Comark Engineers (Pvt) Ltd subsidiary of Lanka Aluminium Industries PLC. declined by Rs. 300 million or 44.76% compared to the previous year. The reduction was mainly attributable to the completion of several large-scale solar projects undertaken during the previous financial year and the relatively lower level of project activity in the solar sector during the year under review. Despite this, Comark Engineers continued to strengthen its presence in the engineering sector by pursuing new business opportunities and expanding its product portfolio.

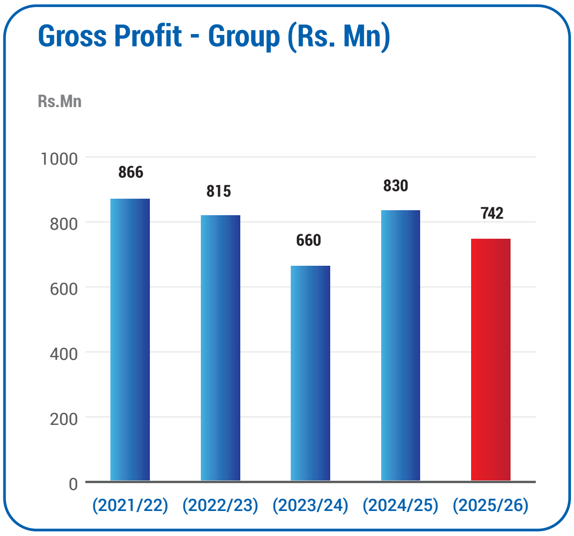
The overall revenue growth reflects the resilience of the Group's core aluminium business and its continued focus on operational excellence and sustainable long-term value creation.

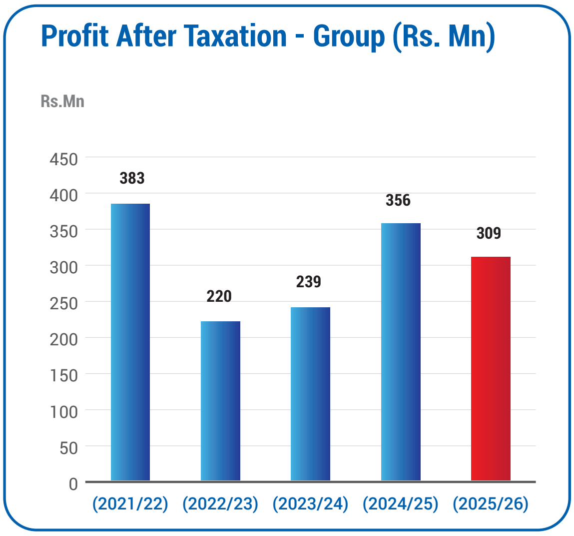
Rs.742 Mn.

Gross Profit - Group - 2024/25 -Rs.830 Mn.

Rs.309 Mn.

Profit After Taxation - Group - 2024/25 -Rs.356 Mn.

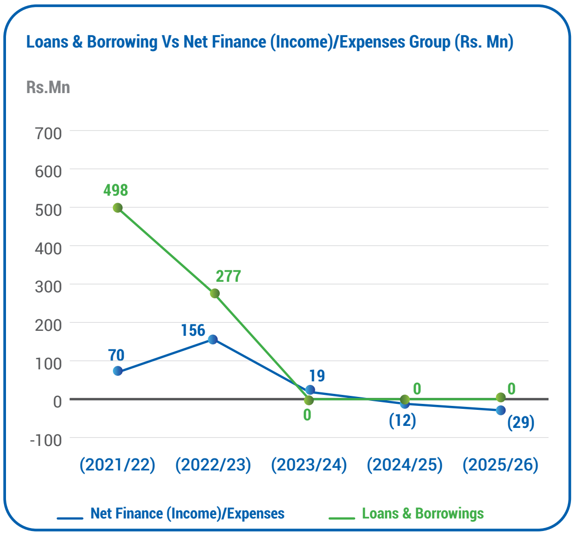




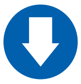
Profitability remained resilient during the financial year despite a competitive operating environment and continued pricing pressures. Gross profit amounted to Rs. 742 million, compared to Rs. 830 million in the previous year, reflecting changes in the sales mix and margin compression during the year. Nevertheless, disciplined cost management and operational efficiencies helped mitigate the impact on overall profitability.

Profit after taxation stood at Rs. 309 million, compared to Rs. 356 million in 2024/25. Although earnings moderated during the year, the Group maintained a healthy level of profitability through prudent financial management, effective cost control and the resilience of its core aluminium operations, providing a strong foundation for future growth.

Management Discussion and Analysis on Financial Performance



Rs.0 Mn
Loans & Borrowings



Rs.(29) Mn
Net Finance (Income)/ Expenses

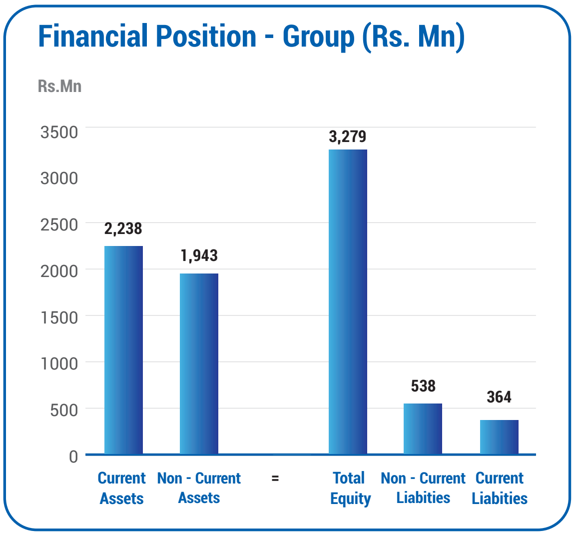
Loans & Borrowings - Group - 2024/25 - Rs.0 Mn

Net Finance Income - Group - 2024/25 - Rs.12 Mn

The Group further strengthened its financial position by remaining debt-free for the third consecutive year as at 31st March 2026, reflecting its prudent capital structure and disciplined treasury management. With no loans or borrowings outstanding, the Group continued to operate with a strong balance sheet and ample financial flexibility.

Net finance income improved to Rs. 29 million during the year, compared to Rs. 12 million in the previous year. The improvement was primarily attributable to higher interest income generated from surplus funds, supported by effective cash flow management and the strategic investment of excess liquidity. This strong liquidity position provides the Group with the flexibility to support future business opportunities while maintaining financial stability.

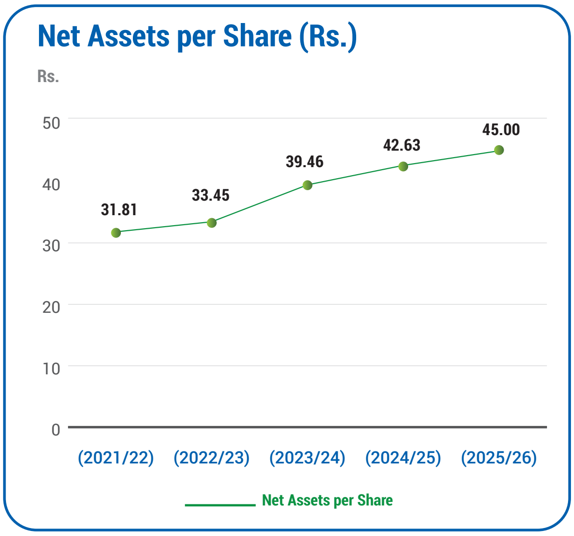
Group Financial Position	2025/26 Rs. Mn	2024/25 Rs. Mn	Change Rs. Mn	Change %
Total Assets	4,181	4,024	157	4
Total Equity	3,279	3,075	204	7
Current Asset Ratio	6.15	5.08	1.07	21
Quick Asset Ratio	3.01	2.52	0.49	19

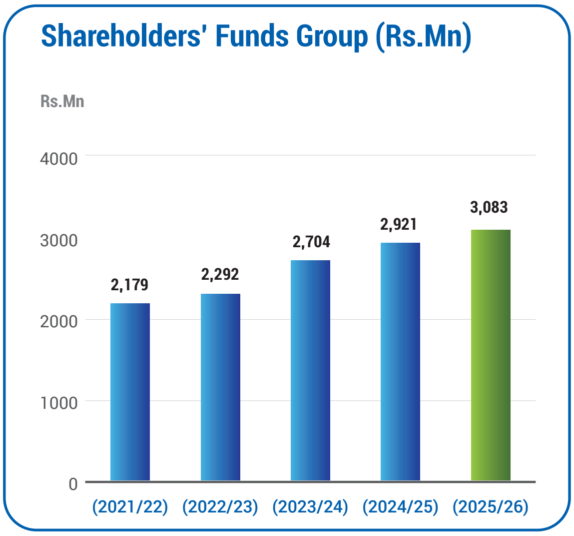


The Group's balance sheet continued to strengthen during the year, reflecting disciplined capital management and the retention of earnings. Total assets increased to Rs. 4,181 million as at 31st March 2026, from Rs. 4,024 million in the previous year, driven by growth in both current and non-current assets. Current assets increased to Rs. 2,238 million (2024/25: Rs. 2,118 million), while non-current assets rose to Rs. 1,943 million (2024/25: Rs. 1,906 million).

Total equity improved to Rs. 3,279 million from Rs. 3,075 million, further strengthening the Group's capital base. Non-current liabilities remained largely unchanged at Rs. 538 million (2024/25: Rs. 532 million), while current liabilities reduced to Rs. 364 million from Rs. 417 million, reflecting continued discipline in working capital management. This well-balanced financial position provides the Group with the flexibility to support its future business and investment objectives.

Shareholder Returns	2025/26	2024/25	2023/24	2022/23	2021/22
Earnings per share (Rs.)	3.89	4.26	3.12	2.88	5.30
Net profit margin (%)	8.80	10.44	9.62	8.35	14.39
Net assets per share (Rs.)	45.00	42.63	39.46	33.45	31.81
Dividend paid per share (Rs.)	1.50	1.00	-	-	-
Return on equity (%)	9.42	11.56	8.57	9.32	17.25

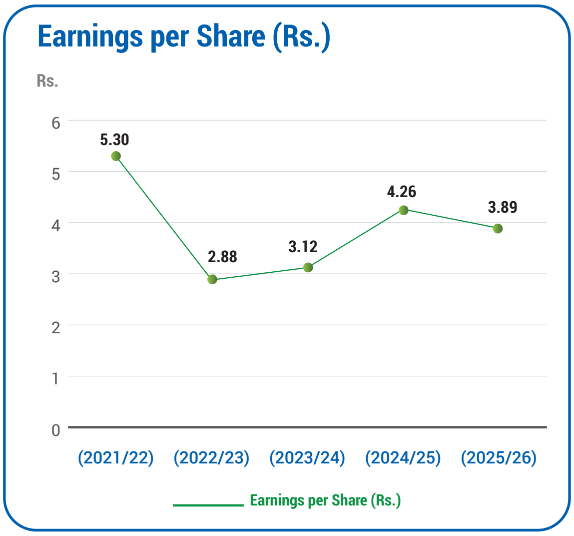




The Group continued to enhance its long-term shareholder value during the year through the growth of its equity base and net asset value. Net assets per share increased to Rs. 45.00 (2024/25: Rs. 42.63), while shareholders' funds strengthened to Rs. 3,083 million from Rs. 2,921 million in the previous year, reflecting the Group's continued financial resilience and retained earnings.

Earnings per share (EPS) stood at Rs. 3.89 compared to Rs. 4.26 in 2024/25, in line with the moderation in profitability during the year. The Company declared a dividend of Rs. 1.25 per share, reaffirming its commitment to rewarding shareholders while maintaining a prudent approach to capital management. At the subsidiary level, Comark Engineers (Pvt) Ltd further strengthened its financial position, with net assets per share increasing significantly to Rs. 1,021.37 (2024/25: Rs. 802.71), providing a solid platform to support future business growth.

Management Discussion and Analysis on Financial Performance



Earnings per share (EPS) for the year ended 31st March 2026 was Rs. 3.89, compared to Rs. 4.26 in the previous year, reflecting the moderation in the Group's profitability during the year. Despite operating in a challenging and competitive market environment, the Group continued to generate healthy earnings through disciplined cost management and prudent financial practices.

The Group remains focused on strengthening its core operations, improving operational efficiencies and pursuing sustainable growth opportunities to support long-term earnings and enhance shareholder value.

Stewardship

Report of the Directors on the State of Affairs of the Company

The Board of Directors is pleased to present their Report and the Audited Financial Statements of the Company for the year ended 31st March 2026. The details set out herein provide pertinent information required by the Companies Act, No.7 of 2007, the Listing Rules of the Colombo Stock Exchange and are guided by recommended best accounting practices.

1. Review of the year

The Chairman's Statement at page 7 reviews the affairs of the Company for the financial year ended 31st March 2026. These reports form an integral part of the annual report of the Board of Directors for the year under review.

2. Principal Activity

The principal activity of the Company is the manufacture and sale of aluminium extrusions.

3. Financial Statements

The audited financial statements of the Company and Group are given on pages 70 to 132.

4. Auditor's Report

The Auditor's report on the financial statements is given on pages 66 to 69.

5. Accounting Policies and changes during the year

The Financial Statements have been prepared in accordance with Sri Lanka accounting and auditing standards act no 15 of 1995 which requires compliance with Sri Lanka Accounting standards. The detail accounting policies adopted in the preparation of Financial Statements are given on pages 76 to 93. There were no changes to the accounting policies used by the group and the company during the year.

6. Interest Register

The Company maintains an Interest Register and the particulars of those directors who were directly or indirectly interested in a contract of the Company are stated therein.

7. Directors' Interest

None of the directors had a direct or indirect interest in any Contracts or proposed contracts with the Company other than as disclosed in Note 31, related party transactions to the financial statements.

8. Directors' Remuneration and Other Benefits

Directors' Remuneration and Other Benefits Directors' remuneration in respect of the Company for the financial year ended 31st March 2026 is given in Note 8 to the financial statements.

9. Corporate Donations

Corporate Donations made by the Company during the year amounted to Rs. 85,000/- (2025 – Rs. 48,000/-) No donations were made for political purposes.

10. Directors

The Directors of the Company as at 31st March 2026.

Mr. J.D. Peiris	Executive Chairman Managing Director
Dr. J.M. Swaminathan	Non Executive
Mr. Paras Chandaria	Non Executive
Mr. D.S. Weerakkody	Non Executive
Mr. Sanjeev Kumar	Non Executive
Ms. Shamalie M.Jayatunge	Independent Non-Executive Director
Mr. Amitha L.Gooneratne	Independent Non-Executive Director

Mr. Amitha L. Gooneratne, Senior Independent Non-Executive Director resigned with effect from 31st July 2026.

Mr. Sriyan J. de Silva Wijeyeratne was appointed as an Independent Non-Executive Director with effect from 3rd August 2026.

In terms of Article 86 of the Articles of Association of the Company, Mr. D.S. Weerakkody retires by rotation at the Annual General Meeting and being eligible offers himself for re-election.

In terms of Article 92 of the Articles of Association of the Company, Mr. Sriyan J. de Silva Wijeyeratne retires at the Annual General Meeting and being eligible offers himself for re-election.

A resolution for the re-appointment of Dr. J. M. Swaminathan as a director who is 85 years of age will be proposed at the Annual General Meeting in terms of Section 211 of the Companies Act No.7 of 2007. Dr. J.M. Swaminathan's re-appointment is recommended by the Directors.

The Board wishes to place on record the Company's sincere appreciation to Mr. Amitha L. Gooneratne for his valuable contribution to the Company during his tenure on the Board.

Report of the Directors on the State of Affairs of the Company

11. Board Sub-Committees

The following Board Sub-Committees are functional.

Audit & Risk Management Committee

Mr. Sriyan J. de Silva Wijeyeratne	Chairman / Independent Non-Executive Director
Ms. Shamalie M. Jayatunge	Member / Independent Non-Executive Director
Mr. D.S.Weerakkody	Non-Executive Director

The report of the Audit & Risk Management Committee appears on pages 54 to 56.

Remuneration Committee

Ms. Shamalie M. Jayatunge	Chairperson / Independent Non-Executive Director
Mr. Sriyan J. de Silva Wijeyeratne	Member/Independent Non-Executive Director
Dr. J.M. Swaminathan	Member / Independent Director

The report of the remuneration committee appears on pages 57 to 58.

Related Party Transactions Review Committee

Ms. Shamalie M. Jayatunge	Chairperson /Independent Non-Executive Director
Mr. Sriyan J. de Silva Wijeyeratne	Member/Independent Director
Dr. J.M. Swaminathan	Member/Non-Executive Director

The Board of Directors confirms that all applicable rules in the Code of Best Practice on Related Party Transactions and Section 9 of CSE Listing Rules have been complied with by the Group as at the date of this Report.

The report of the related party transaction review committee appears on pages 59 to 60.

Nomination & Governance Committee

Mr. Sriyan J. de Silva Wijeyeratne	Chairman / Independent Non-Executive Director
Ms. Shamalie M. Jayatunge	Member/Independent Non-Executive Director
Dr. J.M. Swaminathan	Member/Non-Executive Director

The report of Nomination & Governance Committee appears on page 53.

12. Directors' Shareholding

The Directors of the Company as at 31st March 2026 did not hold ordinary shares of the Company.

13. Auditors

The financial statements for the year ended 31st March 2026 have been audited by Messrs KPMG, Chartered Accountants, who have expressed their willingness to continue in office.

In accordance with Section 158 of the Companies Act No.07 of 2007, the auditors will be deemed to have been reappointed at the forthcoming Annual General Meeting and accordingly a resolution authorising the Board of Directors to determine their remuneration will be proposed thereat.

The fees paid to the Auditors during the year are disclosed in Note 8 to the financial statements.

As far as the Board of Directors is aware, the Auditors do not have any relationship (other than that of an Auditor) with the Company. The Auditors also do not have any interest in the Company.

14. Dividends

The Board of Directors of the Company proposes a payment of First and Final Dividend of Rs. 1.25 per share for the year ended 31st March 2026.

15. Investments

Details of investments held by the Company are disclosed in Note 14 to the financial statements.

Report of the Directors on the State of Affairs of the Company

16. Intangible Assets

Intangible assets include the product performance license acquired during the year of 2014/2015 and it is stated at cost less accumulated amortization and impairment loss.

17. Property, Plant and Equipment

An analysis of the property, plant and equipment of the Company, additions and disposals made during the year and depreciation charged during the year are set out in Note 11 to the financial statements.

18. Capital Commitments

The capital expenditure approved by the Board but not contracted for as at 31st March 2026 Rs. 190 Mn (2024/2025 – Rs.191 Mn).

19. Going Concern

The Board of Directors is satisfied that the Company will continue its operations in the foreseeable future. For this reason, the Company continues to adopt the going concern basis in preparing the Financial Statements.

20. Stated Capital

The Stated Capital of the Company is Rs.137,028,230/-. There was no change in the Stated Capital of the Company during the year.

21. Taxation

The tax position of the Company is given in Note 9 to the Financial Statements.

22. Disclosure as per Colombo Stock Exchange Rule No.7.6

	31.03.26	31.03.25
Last Traded Market price per share	40.30	34.10
Highest share price during the year	55.60	43.00
Lowest share price during the year	31.30	20.70

23. Shareholding

The number of registered shareholders of the Company as at 31st March 2026 was 3,514.

24. Major Shareholders

The twenty largest shareholders of the Company as at 31st March 2026, together with an analysis are given on pages 137 to 138.

25. Statutory Payments

To the best of the knowledge and belief of the Board of Directors all statutory payments in relation to the government and the employees have been made on time.

26. Corporate Social Responsibility (CSR)

Corporate social responsibility (CSR) is integral to our identity and core values. We strive to foster meaningful connections among individuals and businesses, enhancing communities and bettering our nation. Our CSR initiatives focus on responsible business practices, environmental ustainability, leadership and service, and diversity and inclusion. Additionally, we emphasize ethical supply chains, community education programs, and innovative partnerships to drive social change. Through these efforts, we aim to make a lasting positive impact.

During the fiscal year 2025/26, our involvement in charitable and community-driven activities was limited. Despite this, our commitment to contributing positively to society remained steadfast. We donated and sponsored initiatives totaling Rs. 85,000/-. While our active participation was less than anticipated, we continue to focus on essential societal pillars, striving to foster a more sustainable and inclusive future for everyone.

Our products significantly contribute to reducing deforestation by minimizing the need for tree cutting. They are fully recyclable, ensuring no harm to the environment. Aligned with our sustainability commitment, we have established efficient collection schemes for aluminium off-cuts and scrap, which are then recycled in-house. These initiatives underscore our dedication to environmentally responsible practices and the principles of a circular economy.

27. Corporate Governance/Internal Control

The Board of Directors confirms that, as at date of the Annual Report, the company complies with and is committed to good corporate governance. The Company has 4 non-executive Directors and 2 Independent Non-Executive Directors other than the executive chairman on its Board. The Board as a whole decided on the appointment of non-executive independent Directors. The Directors so appointed retire in rotation at each annual general meeting and seek re- appointment by the shareholders.

Report of the Directors on the State of Affairs of the Company

The Board of Directors holds regular meetings and also meet if circumstances warrant. The Board reviews the strategic direction of the Company, its exposure of key business risks, the annual budgets and the progress toward achieving these budgets and their capital expenditure programmes.

The Board of Directors has delegated its primary objective to achieve the strategic policy within the overall business policy, indicated above, to the Chairman / Managing Director.

The Directors are responsible for the Company's system of internal finance controls. The Board has reviewed the effectiveness of the systems of finance controls for the period up to the date of signing the accounts. The Directors responsibility for the financial statements is described on page 63.

28. Events Occurring After the Reporting Date

Subsequent to the reporting date of the Financial Statements, no circumstances have arisen, in the opinion of the Board of Directors, which would require adjustments to the accounts. There are also no significant post balance sheet events which in the opinion of the Directors require disclosure.

29. Annual General Meeting

The 40th Annual General Meeting of Lanka Aluminium Industries PLC will be held virtually on 21st September 2026 at 10.30 a.m.

For and on behalf of the Board of Directors of

LANKA ALUMINIUM INDUSTRIES PLC

J D Peiris
Executive Chairman

Dr. J M Swaminathan
Director

S S P Corporate Services (Private) Limited,
Secretaries

18th August 2026

Corporate Governance

Our Board of Directors is responsible for shaping the Company's long-term strategic direction and overseeing its effective execution through strong leadership, sound judgment, and unwavering principles. This governance-driven approach supports the sustainable growth and long-term success of the Company. By fostering a strong corporate culture and upholding robust governance practices, the Board ensures that the interests of the business are aligned with those of our stakeholders and the wider community.

Corporate governance represents the system of principles, structures, and processes through which an organization is directed and managed. It establishes the framework for decision-making and accountability among the Board of Directors, management, shareholders, and other stakeholders, ensuring that the Company is operated responsibly and in their best interests.

A strong governance framework promotes transparency, integrity, and accountability while aligning management's objectives with those of shareholders and stakeholders. It plays a critical role in strengthening operational effectiveness, improving access to capital, managing risks, safeguarding stakeholder interests, and enhancing long-term value creation.

Effective corporate governance is supported by compliance with regulatory requirements, adherence to market expectations, and a strong board culture that fosters sound policies and ethical business practices. It encompasses key areas such as strategic direction, legal and regulatory compliance, financial reporting, risk management, investor relations, executive oversight, information systems, and remuneration practices.

Objectives of Effective Corporate Governance

The Company's corporate governance framework is designed to uphold the highest standards of accountability, transparency, and ethical conduct. The key objectives of effective corporate governance include:

a. Fostering a culture of integrity, accountability, and ethical behavior across all levels of the organization.

b. Safeguarding the rights of shareholders by ensuring fair and equitable treatment for all, including minority shareholders.

c. Strengthening the Board's capacity through the right mix of skills, expertise, and knowledge to effectively evaluate, oversee, and guide management's performance and strategic decisions.

d. Maintaining transparency through timely, accurate, and comprehensive disclosure of financial and non-financial information to all stakeholders.

e. Balancing the diverse interests of stakeholders, including shareholders, employees, investors, creditors, suppliers, customers, local communities, and policymakers, while fulfilling legal, contractual, social, and market obligations.

Weak or ineffective corporate governance may result in conflicts of interest, misuse of corporate assets, and inequitable treatment of minority shareholders. Such shortcomings can create an imbalance where the interests of a limited group are prioritized over the wider stakeholder base. This can ultimately weaken public confidence, diminish trust, and adversely affect the Company's long-term sustainability and reputation.

Corporate Governance Practices

At Lanka Aluminium, we recognize that robust corporate governance is fundamental to achieving sustainable business success. We remain committed to maintaining the highest standards of governance while cultivating a corporate culture grounded in ethics, integrity, accountability, and mutual respect. We firmly believe that strong governance practices are essential to creating and sustaining long-term value for our shareholders. Our governance framework is built on a comprehensive approach that encompasses:

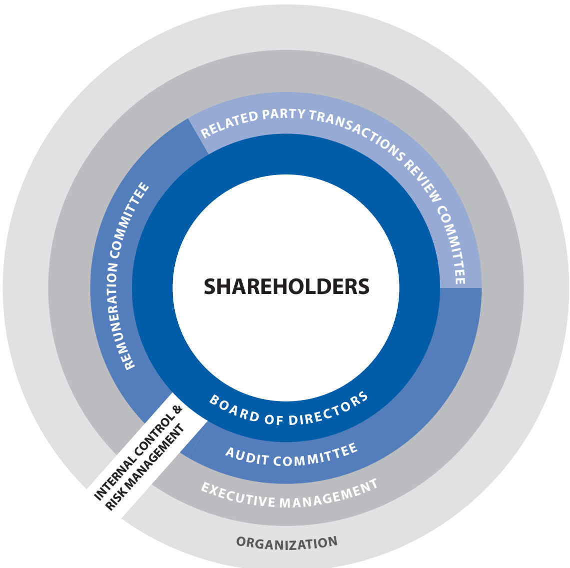
- The performance of the company and the board.
- The relationship between the board and executive management.
- The appointment and assessment of board directors.
- The company's ethical tone and conduct.
- Risk management, corporate compliance, and internal controls.
- Communication with shareholders.
- Financial reporting.

Board of Directors' Statement:

"Our Board of Directors is responsible for shaping the Company's long-term strategic direction and overseeing its effective execution through strong leadership, sound judgment, and unwavering principles. This governance-driven approach supports the sustainable growth and long-term success of the Company. By fostering a strong corporate culture and upholding robust governance practices, the Board ensures that the interests of the business are aligned with those of our stakeholders and the wider community."

Our Board is committed to maintaining high standards of corporate governance within the Group, continually seeking to identify and implement best practices. We believe that effective corporate practices are fundamental to the transparent and efficient operation of the company, attracting investment, protecting shareholder and stakeholder rights, and enhancing shareholder value. Good governance is a company-wide responsibility that extends beyond the Board.

Our governance processes are designed to support the successful execution of the company's strategy through various managerial bodies that interact, control, and depend on each other. This structure is illustrated in our corporate governance model below.



Engaging with shareholders is a critical aspect of our governance approach. As representatives accountable to shareholders for the Group's performance, it is essential that we listen to and understand shareholders' views. The Board governs the Group in alignment with our long-term business strategy and commitment to a transparent, high-quality governance system.

The Board of Directors

The Board is responsible for guiding Lanka Aluminium toward success by overseeing policy and strategy. It is accountable to shareholders for the company's financial and operational performance and risk management. The Board's primary role is to protect and enhance long-term shareholder value by setting the Group's overall strategy and supervising executive management. It ensures that robust corporate governance policies and practices are implemented throughout the Group. The Board operates with diligence and care, acting in the best interests of the company and its shareholders.

The Board comprises seven Directors, six of whom are non-executive. Detailed profiles of the Directors are provided on pages 5 and 6 of this Annual Report. The Directors bring a wealth of skills, experience, and knowledge essential for directing the company's operations. The Board has confirmed that the two Independent Non-Executive Directors meet the independence criteria set forth in the Listing Rules. Each Non-Executive Director annually declares their independence or non-independence in compliance with relevant statutory regulations.

The roles of Executive Chairman and Managing Director are combined, with the Executive Chairman also functioning as Managing Director. Therefore a "Senior Independent Director" has been appointed. The Chairman convenes meetings with the Independent Non-Executive Directors as needed.

Responsibilities of the Board

- Reviewing corporate objectives, budgets, and forecasts.
- Monitoring operational and functional performance.
- Ensuring executive management prioritizes managing risks to key business objectives.
- Implementing effective internal control and risk management systems.
- Securing the integrity of information, internal controls, business continuity, and risk management systems.
- Approving budgets and major capital investments.
- Monitoring and evaluating progress on strategy implementation, budgets, plans, and associated risks.
- Upholding the highest ethical and legal standards.
- Ensuring comprehensive consideration of all stakeholders' interests in corporate decision-making.
- Reviewing and approving Annual and Interim Financial Statements before their publication.
- Making recommendations on dividends for approval by shareholders

Corporate Governance

Role of Executive Chairman

The Chairman assumes the critical role of providing leadership and maintaining order during Board Meetings, ensuring robust corporate governance across our group. He facilitates the efficient execution of Board functions and business strategies, embodying our commitment to effective governance.

- Ensuring the Board follows procedures and relevant statutes while maintaining full oversight of company affairs.
- Meeting obligations to stakeholders and regulatory bodies.
- Promoting active participation from both Executive and Non-Executive Directors in deliberations.
- Providing shareholders with ample opportunities to offer feedback, express viewpoints, and seek clarifications during shareholder meetings.

The Board Balance

The Company's non-executive directors, including those serving independently, bring diverse business and professional backgrounds to the Board. They share valuable experiences that advance the Company's and shareholders' interests. Actively engaged in board committees, these directors significantly contribute their skills and expertise. The Board composition, comprising both executive and non-executive directors, complies with the Listing Rules of the Colombo Stock Exchange, featuring six non-executive directors in addition to the executive chairman, two of whom are independent. The Board affirms that these independent directors meet the prescribed 'Independence' criteria under the Listing Rules.

Holding Regular Board Meetings

The Board convenes regularly, holding a minimum of four quarterly meetings per year and scheduling additional meetings as needed. In the fiscal year 2025/2026, a total of four Board meetings were conducted and presided over by the Chairman.

Directors of the Company actively engage in these meetings, offering their professional insights and participating actively in discussions. The attendance records of each director at the Board meetings during the financial year 2025/2026 are as follows:

Name of the Director	Attendance				
	29th May 2025	14th Aug 2025	13th Nov 2025	12th Feb 2026	%
Mr. J D Peiris Executive Chairman/ Managing Director	√	√	√	√	100
Mr. Paras Chandaria Non-Executive Director	√	√	√	√	100
Mr. Dinesh Weerakkody Non-Executive Director	√	-	√	√	75
Dr. J.M Swaminathan Non-Executive Director	√	√	√	√	100
Mr. Sanjeev Kumar Non-Executive Director	√	√	√	√	100
Mr. Amitha L. Gooneratne Independent Non-Executive Director	N/A	√	√	√	100
Ms. Shamalie M. Jayatunge Independent Non- Executive Director	N/A	√	√	√	100

N/A: Appointed in July 2025; accordingly, attendance is counted from the date of appointment.
Mr. Sriyan J. de Silva Wijeyeratne was appointed to the board on 3rd August 2026.

Board Committees

The Board delegates its powers and authorities from time to time to committees in order to ensure the operational efficiency and specific issues are being handled with relevant expertise. Four board committees have been established and each of them has its specific duties and authorities set out in its own terms of reference.

a. Nomination and Governance Committee

The Nomination and Governance Committee comprises of the following two Independent Non-Executive Directors and one Non-Executive Director.

Members of the Nomination and Governance Committeeare as follows:

Mr. Amitha L. Gooneratne	-	Chairman/ Independent Non-Executive Director
Ms. Shamalie M. Jayatunge	-	Independent Non- Executive Director
Mr. D S Weerakkody	-	Non-Executive Director

Mr. Amitha L. Gooneratne resigned with effect from 31st July 2026 and Mr. Sriyan J. de Silva Wijeyeratne was Appointed as Chairman on 5th August 2026.

Further details of the Nomination and Governance Committee are given on this Annual Report on page 53.

b. Audit & Risk Management Committee

The Audit & Risk Management Committee comprises of the following two Independent Non-Executive Directors and one Non-Executive Director.

Members of the Audit & Risk Management Committee are as follows :

Mr. Amitha L. Gooneratne	-	Chairman/ Independent Non-Executive Director
Ms. Shamalie M. Jayatunge	-	Independent Non- Executive Director
Mr. D S Weerakkody	-	Non-Executive Director

Mr. Amitha L. Gooneratne resigned with effect from 31st July 2026 and Mr. Sriyan J. de Silva Wijeyeratne was Appointed as Chairman on 5th August 2026.

Further details of the Audit & Risk Management Committee are given on this Annual Report on pages 54 to 56.

c. Remuneration Committee

The Remuneration Committee consists of following two Independent Non-Executive Directors and one Non-Executive Director.

Members of the Remuneration Committee are as follows:

Ms. Shamalie M. Jayatunge	-	Chairperson / Independent Non-Executive Director
Mr. Amitha L. Gooneratne	-	Independent Non-Executive Director (Resigned on 31st July 2026)
Mr. Sanjeev Kumar	-	Non-Executive Director
Mr. Sriyan J. de Silva Wijeyeratne	-	Independent Non- Executive Director was appointed on 5th August 2026.

The Company has no share option made available to the Directors, Executives or employees of the Company.

The early termination of Directors is determined by the Articles of Association of the Company.

Further details of the Remuneration Committee are given on this Annual Report on pages 57 to 58.

d. Related Party Transactions Review Committee

A Related Party Transactions Review Committee was set up in compliance with the Listing Rules of the Colombo Stock Exchange.

The Related Party Transactions Review Committee comprises of the following two Independent Non-Executive Directors and one Non-Executive Director.

Members of the Related Party Transaction Review Committee are as follows:

Ms. Shamalie M. Jayatunge	-	Chairperson / Independent Non-Executive Director
Mr. Amitha L. Gooneratne	-	Independent Non-Executive Director (Resigned on 31st July 2026)
Dr. J M Swaminathan	-	Non-Executive Director
Mr. Sriyan J. de Silva Wijeyeratne	-	Independent Non-Executive Director was appointed on 5th August 2026.

Corporate Governance

A formalized process is in place for related party transactions including identification of related parties, types of transactions and avoidance of conflict of interests. Directors individually declare their transactions with the Company on an as and when basis and make disclosures of their interest in compliance with the requirements of the Companies Act No.07 of 2007 and other relevant statutory requirements. The Company maintains an interest register as stipulated in the Companies Act No.07 of 2007. All related party transactions as defined by the applicable accounting standards are disclosed on Note 31 of the Financial Statements on pages 118 to 121 of this Annual Report.

Access to Independent professional advice

The Directors obtain independent professional advice whenever required, assist in discharging their duties.

Company Secretary

All directors have access to the advice and services of the Company Secretary, who is responsible to the Board in ensuring that Board procedures are followed and that applicable rules and regulations are compiled with. Any question of the removal of the Company Secretary should be a matter of for the Board as a whole. S S P Corporates Services (Pvt) Ltd functions as the Secretary of the Board.

Independent judgment of the Directors

The Independent Directors remain independent from day to day management and are free from any business and / or other relationship which may hinder their exercise of unbiased judgment. This enables them to act critically and independently in the best interest of the Company.

Dedication of adequate time & effort

Adequate time is devoted at every meeting to ensure that the Board's responsibilities are discharged satisfactorily.

Training for the Directors

The policy on Directors training is to provide adequate opportunities for continuous development subject to requirement and relevance for each Director on need basis.

Supply of Information

The notices of Board Meetings are provided along with the agenda well ahead of the scheduled meeting. The Board Papers are circulated among the Directors ahead of the meeting providing adequate time to review and call for any additional information and clarification to assist them to formulate independent views.

Appointments to the Board

The Company is having a formal and transparent procedure for appointment of new Directors to the Board. New Directors have been appointed during the financial year of 2025/2026. The details of these appointments are set out below.

Name	Date of appointment
Ms. Shamalie Madhu Jayatunge	1st July 2025
Mr. Amitha Lal Gooneratne	14th July 2025

Re-election of Directors

According to the Articles of association of the company, Directors Mr. D. S. Weerakkody and Mr. Sriyan J. de Silva Wijeyeratne retire by rotation and being eligible for re election will stand for re election by shareholders at the Annual General Meeting.

Appraisal of Board performance

The performance of the Board, its sub Committees and individual Directors are being evaluated annually.

Disclosure of information in respect of Directors

The names of the Directors and their profiles are disclosed on pages 5 to 6 of this Annual Report. Directors' interests in contracts are indicated in Note 31 of the Financial Statements of this Annual Report.

Appraisal of Executive Chairman

The performance of the Executive chairman, its sub Committees and individual Directors are being evaluated annually.

Constructive use of Annual General Meeting

We ensure that all proxy votes are counted and the quantum of proxies lodged on each resolution is conveyed to our Chairman. Separate resolution is proposed at an Annual General Meeting on each substantial separate issue. At the Annual General Meeting the respective Chairmen of the Remuneration Committee and Audit & Risk Management Committee are present to provide any clarification to shareholders as necessary. The notice and the agenda for the Annual General Meeting together with the Annual Report of the Company containing the relevant documents are sent to the shareholders giving 15 working days' notice prior to the date of the Annual General Meeting.

Communication with Shareholders

All shareholders are invited and encouraged being present, actively participating and voting at the Annual General Meeting. The Annual General Meeting provides an opportunity for shareholders to seek and obtain clarifications and information on the performance of the Company. The external Auditors are invited to attend the Annual General Meeting, for any professional assistance that may be requested. Shareholders who are not in the position to attend the Annual General Meeting in person are entitled to have their voting rights exercised by a proxy of their own choice.

Major Transactions

There were no major transactions during the financial year that materially altered our Company's net asset base or the consolidated Group net asset base.

Financial Reporting

The Board responsibility to present the Financial Statements accepts in the Statement of Directors' Responsibility shown on page 63.

The report of the directors on the state of affairs of the Company is given on this Annual Report on pages 14 to 17. The Auditor's Report on the Financial Statements for the year ended 31st March 2026 is presented on pages 66 to 69 of this Annual Report.

The management discussion and analysis of the company is covered from Chairman's Review on page 7 of this Annual Report.

The Board is satisfied that the Company will continue its operations in the foreseeable future. For this reason, the Company continues to adopt the going concern basis in preparing the Financial Statements.

Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls to safeguard shareholders' investments and the Company's assets. The Board's policy is to have systems in place which optimize the Company's ability to manage risk in an effective and appropriate manner. The Board has delegated to the Audit & Risk Management Committee responsibility for identifying, evaluating and monitoring the risks facing the Company and for deciding how these are to be managed. In addition to internal audit carried out by an external professional body, members of the Audit & Risk Management Committee are expected to report to the Board as necessary the occurrence of any material control issues, serious incident or events that have had a major commercial impact, or any significant new risks which have been identified.

Code of Business Conduct and Ethics

The Company has exercised a strong set of corporate values and code of conduct.

Code of Best Practice on Corporate Governance

We set out below the corporate governance practices adopted and practiced by the Company, the extent of adoption of the Code of Best Practice on Corporate Governance issued in year 2017 by the Institute of Chartered Accountants of Sri Lanka and the Rules set out in Section. 7.10 of the Colombo Stock Exchange Listing Rules on Corporate Governance.

Section A

This section covers Company's extent of adherence to the requirements of the Code of Best Practice on Corporate Governance issued in year 2017 by the Institute of Chartered Accountants of Sri Lanka. This reflects Company's governance in following six fundamental aspects:

- Directors
- Director Remuneration
- Relationship with Shareholders
- Accountability and Audit
- Institutional Investors
- Other Investors
- Information technology and cyber security
- Environment, society and governance

These are discussed in the sections that follows.

Corporate Governance

Code of Best Practice on Corporate Governance	Compliance	Details of Compliance
A. Directors		
A.1 The Board Every public company should be headed by an effective Board, which should lead and control the Company. The Board should include a balance of Executive and Non Executive Directors such that no party can dominate the Board's decision making. The Board of a Listed Company includes two or one third of Non Executive Directors appointed to the Board of Directors as "independent directors".	Complied	The Board consists of 7 Directors out of which 6 are non executive directors. The names and profiles of the Directors are given on pages 5 & 6 of this Annual Report. They Possess the skill, experience and knowledge, to set the directions and oversee the operations of the Company. The composition of the Executive and Non executive Directors satisfies the requirements laid down in the Listing Rules of the Colombo Stock Exchange. The Board has determined that the 2 Independent Non Executive Directors, satisfy the criteria for Independent set out in the Listing Rules and annually each Non Executive Director declares his independence/ non independence in compliance with the relevant statutory regulations.
A1.1 Frequency of Board Meetings The Board should meet regularly and the Board Meeting should be held at least once a quarter of a financial year.	Complied	The Board generally meets on a quarterly basis, but more frequently whenever it is necessary. During the year under review, 4 Board meetings were held. The meetings were presided over by the Chairman. The attendance by each of the Directors is set out on page 20.
A1.2 Responsibilities of the Board The Board's role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risk to be assessed and managed.	Complied	Please refer "Responsibilities of the Board" on page 19.
A1.3 Compliance with laws and access to independent professional advice. There should be a procedure agreed by the Board of Directors, in furtherance of their duties to take professional advice if necessary.	Complied	The Board collectively and the Directors individually act in accordance with the laws of the country of operation which are Applicable to the business enterprise. The Board of Directors ensures that procedures and processes are in place to ensure that the Company complies with all applicable laws and regulations. Directors seek independent professional advice from external parties when necessary at the expense of the Company.
A 1.4 Board Secretary All Directors should have access to the advice and services of a Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are compiled with.	Complied	The Directors have access to the advice and services of the Board Secretary. The Board Secretary ensures that Board procedures, relevant statutory obligations and other applicable rules and regulations are complied with. The Board Secretary had provided the Board with support and advice relating to Corporate Governance matters, Board procedures, and applicable rules and regulations during the financial year. The Board Secretary ensures that the Board members are provided with timely and accurate information to fulfill their duties. The appointment and removal of the Board Secretary is a decision taken by the Board as a whole. S S P Corporates Services (Pvt) Ltd functions as the Secretary of the Board.

Corporate Governance

Code of Best Practice on Corporate Governance	Compliance	Details of Compliance
A1.5 Independent judgment All Directors should bring independent judgement to bear, in discharging their duties and responsibilities on matters relating to the Board including strategy, performance, resource allocation, risk management, compliance and standards of business conduct	Complied	The Independent Directors remain independent from day to day management and are free from any business and / or other relationship which may hinder their exercise of unbiased judgment. This enables them to act critically and independently in the best interest of the Company.
A1.6 Dedication of adequate time and effort by the Board and Board Committees Every Director should dedicate adequate time and effort to matters of the Board and the Company.	Complied	Adequate time is devoted at every meeting to ensure that the Board's responsibilities are discharged satisfactorily.
A1.7 Ability to present resolution to the Board One third of directors can call for a resolution to be presented to the Board where they feel it is in best interest to the company to do so.	Not Applicable	This was not exercised during the financial year 2025/2026.
A1.8 Induction and Training for Directors Every Director should receive appropriate training on the first occasion that he or she is appointed to the Board of a listed Company and subsequently as necessary.	Complied	New Directors have been appointed during the financial year of 2025/2026. The details of these appointments are set out below. **Name** — **Date of appointment** **Ms. Shamalie Madhu Jayatunge** — 1st July 2025 **Mr. Amitha Lal Gooneratne** — 14th July 2025 The newly appointed Director received a comprehensive orientation, including a factory visit, to gain an in-depth understanding of the Company's operations under the Chairman's guidance.
A.2 & A2.1 Chairman and Chief Executive Officer There should be a clear division of responsibilities between the Chairman and the Chief Executive Officer to ensure a balance of power and authority, in such a way that any individual has no unfettered powers of decisions.	Complied	The roles of Chairman and Chief Executive Officer are held by the same individual. Accordingly, the Company has appointed a Senior Independent Director to strengthen governance and ensure an appropriate balance of power and objectivity.
A.3 Chairman's Role The Chairman should lead and manage the Board, ensuring that it discharges its legal and regulatory responsibilities effectively and fully, and preserves order, and facilitates the effective discharge of the Board function.	Complied	The Chairman in running the Board facilitates the effective discharge of Board proceedings. All the Directors are encouraged to participate in decision making and their views are obtained to ensure that the Board functions in an efficient manner which is beneficial to the stakeholders and the Company. Please refer page 20 for the Chairman's role.

Corporate Governance

Code of Best Practice on Corporate Governance	Compliance	Details of Compliance
A.4 Financial Acumen The Board should ensure the availability within of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.	Complied	The Board of Lanka Aluminium Industries PLC consists of professionals as well as entrepreneurs who have many years of experience in the corporate world. Their proficiency in the diverse areas of business, academic and/ or entrepreneurial financial skills, business acumen, broad practical wisdom and unique perspectives enable the efficient and effective decision making and leadership of the Group.
A.5 Board Balance There should be balance of Executive and Non-Executive Directors so that no individual or small group of individuals can dominate the Board's decision-making.	Complied	All Directors are Non Executive Directors except the Executive Chairman. Each of them brings vast experience and the ability to exercise independence and judgment when taking informed decisions.
A5.1 Presence of Non-Executive Directors	Complied	Please refer "Board of Directors" profile on pages 5 to 6.
A5.2 Independent Directors	Complied	Two out of the six Non Executive Directors are considered independent. The requirement as per the Code has been complied with throughout the financial year.
A5.3 Criteria to evaluate Independence of Non-Executive Directors	Complied	The Board considers Non Executive Directors' independence on an annual basis and concluded for the financial year that each of them continues to be free from any business or other relationship that could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.
A5.4 Signed declaration of independence by the Non-Executive Directors	Complied	Independent Directors have submitted written declarations of their independence as required by Schedule K of the Code and section 7.10.2(b) of the Listing Rules.
A5.5 Determination of independence of the Directors by the Board	Complied	The Board annually determines the independence of each Non-Executive Independent Director based on the declarations submitted by them. Circumstances have not arisen for the determination of independence by the Board, beyond the criteria set out in the Code.
A.5.6 Alternate Directors	Not Applicable	No alternative directors have been appointed.
A.5.7 Senior Independent Directors	Complied	Company has appointed a "Senior Independent Director". Please refer page 19.
A 5.8 Confidential discussion with the Senior Independent Director	Not Applicable	Company has appointed a "Senior Independent Director". Please refer page 19.

Corporate Governance

Code of Best Practice on Corporate Governance	Compliance	Details of Compliance
A 5.9 Meeting of Non-Executive Directors The Chairman should hold meetings with the Non-Executive Directors only, without the Executive Directors being present, as necessary and at least once each year.	Complied	The Chairman meets with the Non Executive Directors. There is no Executive Director other than Executive Chairman. However, there were no formal specific meetings held with Non Executive Directors during the year other than the board meetings.
A 5.10 Recording of concerns in Board Minutes Where Directors have concerns about the matters of the Company which cannot be unanimously resolved, they should ensure their concerns are recorded in the Board Minutes	Not Applicable	No such situation arose during the year under review.
A6, A6.1 & A6.2 Supply of Information Obligation of the Management to provide appropriate and timely information and adequate time for circulation of respective Board documents	Complied	The notices of Board Meetings are provided along with the agenda well ahead of the scheduled meeting. The Board Papers are circulated among the Directors ahead of the meeting providing adequate time to review and call for any additional information and clarification to assist them to formulate independent views.
A 7 Appointments to the Board A formal and transparent procedure should be followed for the appointment of new Directors to the Board.	Complied	The Board assesses the suitability of the prospective nominees to the Board and approves the persons as "fit and proper" to serve as a member of the Board. New Directors have been appointed during the financial year of 2025/2026. The details of these appointments are set out below. **Name** — **Date of appointment** **Ms. Shamalie Madhu Jayatunge** — 1st July 2025 **Mr. Amitha Lal Gooneratne** — 14th July 2025
A.7.1 Appointments to the Board	Complied	The Board has established a Nominations Committee to make recommendations on Board appointments.
A.7.2 Assessment of Board composition	Complied	An assessment is made of the Board composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company when considering new appointments to the Board.

Corporate Governance

Code of Best Practice on Corporate Governance	Compliance	Details of Compliance
A.7.3 Disclosure of details of new Directors to shareholders	Complied	Details of new Directors are disclosed to the shareholders at the time of their appointment by way of public announcements to the Colombo Stock Exchange as well as in the Annual Report, along with a brief resume of the Director which includes; • the nature of his expertise in relevant functional area • other Directorships or memberships in Board Sub-Committees • whether the Director is considered "Independent" New Directors have been appointed during the financial year of 2025/2026. The details of these appointments are set out below. **Name** — **Date of appointment** **Ms. Shamalie Madhu Jayatunge** — 1st July 2025 **Mr. Amitha Lal Gooneratne** — 14th July 2025
A.8, A 8.1 & A 8.2 Re-election All Directors should be required to submit themselves for Re-election at regular intervals and at least every three years.	Complied	According to the Articles of association of the company, Director Mr. D. S. Weerakkody and Mr. Sriyan J. de Silva Wijeyeratne retires by rotation and being eligible for re election will stand for re election by shareholders at the Annual General Meeting.
A 8.3 Resignation In the event of a resignation of a director prior to completion of his appointed term, the director should provide a written communication to the board of his reasons for resignation.	Not Applicable	Mr. Amitha Lal Gooneratne resigned with effect from 31st July 2026 after providing written commiunication.
A 9, A 9.1, A9.2, A9.3 & A9.4 Appraisal of board performance The Board should periodically appraise its own performance against the preset targets in order to ensure that the Board responsibilities are satisfactorily discharged.	Complied	The performance of the Board, its sub Committees and individual Directors are being evaluated annually.

Code of Best Practice on Corporate Governance	Compliance	Details of Compliance
A.10 Disclosure of Information in respect of Directors Details in respect of each Director should be disclosed in the Annual Report for the benefit of the shareholders.	Complied	The biographical details of the Directors including their qualifications, nature of expertise in relevant functional areas, memberships in Board Sub-Committees and other directorships are given on pages 5 to 6. Directors' attendance at Board and Board Sub-Committee meetings are given on pages 20, 53, 55, 57 & 59 and Directors' interest in contracts with the Company are disclosed on Pages 118 to 121 of this Report.
A.11, A 11.1 & A 11.2 Appraisal of the Chief Executive Officer Setting the annual targets and the appraisals	Complied	The performance of the Executive Chairman/ Managing Director is being evaluated annually.
B. Directors' Remuneration		
B.1 Remuneration Procedure The Company should establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.	Complied	The Company has a formal and transparent procedure for developing policy on executive remuneration and fixing the remuneration packages of individual Directors. No Director has been involved in deciding his/her remuneration in order to avoid the self-review threat.
B.1.1 Remuneration Committee To avoid potential conflicts of interest, the Board of Directors should set up a Remuneration Committee to make recommendations to the Board, within agreed terms of reference, on the Company's framework of remunerating executive directors.	Complied	The Remuneration Committee makes recommendations to the Board on remuneration policy for the Executive Director and the corporate management that is consistent with the objectives of the Company. The Committee determines and agrees with the Board the broad policy framework for the remuneration of the Executive Chairman/ Managing Director. The Executive Chairman/ Managing Director participates at meetings when deciding the remuneration of the corporate management in order to recruit, retain and motivate the corporate management team.

Corporate Governance

Code of Best Practice on Corporate Governance	Compliance	Details of Compliance
B.1.2 & B 1.3 Composition of the Remuneration Committee Remuneration Committee should consist exclusive of Non-Executive Directors who are Independent of Management. The members of the Remuneration Committee should be listed in the Board's remuneration report to the shareholders.	Complied	The Remuneration Committee comprises of the following three Non Executive Directors. Members of the Remuneration Committee are as follows: • Ms. Shamalie M. Jayatunge - Chairperson - (INED) • Mr. Amitha L. Gooneratne - (INED) (Resigned on 31st July 2026) • Mr. Sanjeev Kumar - (NED) • Mr. Sriyan J. de Silva Wijeyeratne was appointed on 5th August 2026 Further details of the Remuneration Committee are given on this Annual Report on pages 57 to 58.
B.1.4 Remuneration of the Non Executive Directors The Board as a whole, or where required by the Articles of Association, the shareholders should determine the remuneration of Non- Executive Directors, including members of the Remuneration Committee, within the limits set in the Articles of Association. Where permitted by the Articles, the Board may delegate this responsibility to a subcommittee of the Board, which might include the CEO.	Complied	Non Executive Directors are remunerated in accordance with the Articles of Association of the Company.
B.1.5 Consultation of the Chairman and access to professional advice	Complied	The Committee consults the Chairman on proposals relating to the remuneration of the Executive Director and has access to professional advice in discharging their duties.
B.2 Level and make-up of Remuneration The level of remuneration of both Executive and Non-Executive Directors should be sufficient to attract and retain the Directors needed to run the Company successfully. A proportion of Executive Directors' remuneration should be structured to link rewards to the corporate and individual performance	Complied	Please refer Remuneration Committee Report on pages 57 to 58.

Code of Best Practice on Corporate Governance	Compliance	Details of Compliance
B.2.1 & B 2.2 Level and make-up of the remuneration of the Executive Director The Remuneration Committee should provide the packages needed to attract, retain and motivate Executive Directors of the quality required but should avoid paying more than is necessary for this purpose. Executive directors' remuneration should be designed to promote the long-term success of the company.	Complied	The Board makes assessments on the fact that the remuneration of Executive and the Non Executive Directors reflects the market expectations and is sufficient enough to attract and retain the quality of Directors needed to run the Company. The remuneration package of the Executive Chairman/ Managing Director is structured to link rewards to corporate and individual performance, ensuring there is strong alignment between the short term and long term interests of the Company
B.2.3 Comparison of remuneration with other companies The Remuneration Committee should judge where to position levels of remuneration of the Company, relative to other companies. It should be aware what comparable companies are paying and should take account of relative performance, but should use such comparisons with caution, mindful of the risk that they can result in an increase of remuneration levels with no corresponding improvement in performance.	Complied	The Committee ensures that remuneration of executives at each level of management is competitive and in line with their performance. Surveys are conducted as and when necessary to ensure that the remuneration is on par with those of competitive companies.
B.2.4 Comparison of remuneration with other companies in the Group	Complied	It also takes into consideration data concerning executive pay among the related group companies when determining annual salary increases.
B.2.5 Performance related payments to the Executive Chairman/ Managing Director	Complied	Performance based incentives have been determined to ensure that the total earnings of the Executive Chairman is aligned with the achievement of objectives and budgets of the Company.
B.2.6 Executive share options	Not Applicable	The Company has no share option made available to the Directors, Executives or employees of the Company.
B.2.7 Deciding the Executive Directors' Remuneration	Complied	In deciding the remuneration of the Executive Chairman/ Managing Director, the Committee takes note of the provisions set out in Schedule E of the Code

Corporate Governance

Code of Best Practice on Corporate Governance	Compliance	Details of Compliance
B.2.8 Early termination of Directors Remuneration Committees should consider what compensation commitments (including pension contributions) their Directors' contracts of service, if any, entail in the event of early termination. Remuneration Committees should in particular, consider the advantages of providing explicitly for such compensation commitments to apply other than in the case of removal for misconduct, in initial contracts.	Complied	Not applicable to the Board except for the Executive Directors including Executive Chairman/ Managing Director who is an employee of the Company and his terms of Employment is governed by the employment contract.
B.2.9 Early termination not included in the initial contract Where the initial contract does not explicitly provide for compensation commitments, Remuneration Committees should, within legal constraints, tailor their approach in early termination cases to the relevant circumstances. The broad aim should be, to avoid rewarding poor performance while dealing fairly with cases where departure is not due to poor performance.	Complied	Please refer comment in B.2.8 above.
B.2.10 Remuneration of Non-Executive Director	Complied	Please refer B.1.4 above on page 30.
B.3 & B 3.1 Disclosure of Remuneration The Company should disclose the Remuneration Policy and the details of Remuneration of the Board as a whole	Complied	The names of the members of our Remuneration Committee are indicated in pages 57 to 58. Please refer Note 8 To the Financial Statements for the details of remuneration paid to Board of Directors and key management personnel.
C. Relations with Shareholders		
C.1 Constructive use of the Annual General Meeting and Conduct of General Meetings The Board should use the AGM to communicate with shareholders and should encourage their participation.	Complied	The Company conducts Annual General Meeting on effective manner to communicate with shareholders and encourage their active participation.
C.1.1 Notice of the AGM Companies should arrange for the Notice of the AGM and related papers to be sent to shareholders as determined by statute, before the meeting.	Complied	The notice and the agenda for the Annual General Meeting together with the Annual Report of the Company containing the relevant documents are sent to the shareholders giving 15 working days' notice prior to the date of the Annual General Meeting as required by section 135(1) of the Companies Act No 7 of 2007.

Corporate Governance

Code of Best Practice on Corporate Governance	Compliance	Details of Compliance
C.1.2 Separate resolution for all separate issues	Complied	Separate resolution are proposed at an Annual General Meeting on each substantial separate issue.
C.1.3 Use of proxy votes	Complied	We ensure that all proxy votes are counted and the quantum of proxies lodged on each resolution is conveyed to our Chairman.
C.1.4 Availability of all Board Sub-Committee Chairmen at the Annual General Meeting	Complied	At the Annual General Meeting the respective Chairman of the Remuneration Committee, Related Party Transactions Review Committee and Audit & Risk Management Committee are present to provide any clarification to shareholders as necessary.
C.1.5 Adequate notice of Annual General Meeting and summary of procedure	Complied	Please refer c1.1 above
C.2 Communication with shareholders The Board should implement effective communication with shareholders.	Complied	Please refer C.1 above.
C.2.1 to C2.7 Board should use the Annual General Meeting to communicate with investors and encourage their participation	Complied	All shareholders are invited and encourage to be present, actively participate and vote at the Annual General Meeting. The Annual general Meeting provides an opportunity for shareholders to seek and obtain clarifications and information on the performance of the Company. The external Auditors are invited to attend the Annual General Meeting, for any professional assistance that may be requested. Shareholders who are not in the position to attend the Annual General Meeting in person are entitled to have their voting rights exercised by a proxy of their own choice.
C.3, C.3.1 & C 3.2 Major and Material Transactions Directors should disclose to shareholders all proposed material transactions which would materially alter the net asset position of the Company, if entered into	Complied	There were no major transactions during the financial year that materially altered our Company's net asset base or the consolidated Group net asset base.
D. Accountability and Audit		
D.1 Financial Reporting The Board should present a balanced and understandable assessment of the Company's financial position, performance and prospects.	Complied	Lanka Aluminium Industries PLC has reported a true and fair view of its financial position and performance for the year ended 31st March 2026 and at the end of each quarter of 2025/26 financial year. The Board ensures that the quarterly and annual Financial Statements of the Company and Group are prepared and published in compliance with the requirements of the Companies Act No. 7 of 2007, Sri Lanka Accounting Standards (LKASs and SLFRSs) and the Rules of the Colombo Stock Exchange.

Corporate Governance

Code of Best Practice on Corporate Governance	Compliance	Details of Compliance
D.1.1 and D1.2 Board responsibility to present the Financial Statements and annual reports of the directors	Complied	Please refer the Statement of Directors' Responsibility shown on page 63 and directors have made the required declaration on Pages 118 to 121 of this annual report.
D.1.3 Before approve financial statements for a financial period, A declaration should be made by Chief Executive Officer and Chief Financial Officer to the Board In their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the system of risk management and internal control was operating effectively	Complied	Please refer Responsibility Statement of Executive Chairman/ Managing Director and Group General Manager Finance and Administration on page 61 to 62.
D.1.4 Directors Report	Complied	Please refer the Report of the Directors on the State of Affairs of the Company on pages 14 to 17.
D.1.5 Statement by the Directors and the Auditors	Complied	The Statement of Directors' Responsibilities is on page 63 of this Annual Report. The Auditor's Report on the Financial Statements for the year ended 31st March 2026 is presented on pages 66 to 69 of this Annual Report.
D.1.6 Management discussion and analysis	Complied	The management discussion and analysis of the company is covered from Chairman's Review on page 7 of this Annual Report.
D.1.7 Requirement for an Extraordinary General Meeting in a situation of serious loss of capital	Not Applicable	This is not applicable. However should the situation arise, an Extraordinary General Meeting would be called upon and our shareholders would be notified accordingly.
D.1.8 Disclosure of related party transactions	Complied	The Directors disclose their interest in transactions in companies in as and when basis. However, they make disclosures of their interest in transactions with the Company in compliance with the requirements of the companies act and other statutory requirements. The Company maintains an interest register as stipulated in the Companies Act.
D.2. Risk Management and Internal Control The Board should have a process of risk management and a sound system of internal controls to safeguard shareholders' investments and Company's assets.	Complied	The Board of Directors acknowledges its overall responsibility for maintaining a process of risk management and a sound system of internal controls, to safe guard shareholders' investment and the Company's assets.

Corporate Governance

Code of Best Practice on Corporate Governance	Compliance	Details of Compliance
D.2.1 Annual evaluation of the risks facing the Company and the effectiveness of the system of internal controls	Complied	The Board has appointed a three-member Audit & Risk Management Committee comprising of two Independent Non-Executive Directors and an non executive Director. The Audit & Risk Management Committee on quarterly basis monitor the company's risk management system and internal control system in the context of likelihood and their impact to the Group along with the efectiveness of the system of internal controls to address them to a satisfactory level.
D.2.2 Robust assessment of the principal risks facing	Complied	The assessment of the principal risks facing the company and risk mitigation strategies have been discussed on Risk Management Report on pages 43 to 50.
D.2.3 Internal audit function	Complied	The internal auditors under the direction of the Audit & Risk Management Committee are tasked with reviewing the adequacy and the efectiveness of the internal controls of the Company. The internal audit function is carried-out by the company on a continuous basis.
D.2.4 Review of the process and effectiveness of risk management and internal controls by the Audit & Risk Management Committee	Complied	The Audit & Risk Management Committee monitors, reviews and evaluates the effectiveness of the risk management and internal control system including the internal controls over financial reporting. The internal auditors review the adequacy and effectiveness of the Internal control system and report their findings to the Audit & Risk Management Committee. In the financial year under review, the Board of Directors was satisfied with the effectiveness of the system of internal controls of the Company. Please refer Audit & Risk Management Committee Report on pages 54 to 56.
D.2.5 Responsibilities of Directors in maintaining a sound system of internal control	Complied	Please refer Report of the Directors on the State of Affair of the Company on pages 14 to 17.
D.3,D.3.1 & D.3.2 Audit & Risk Management Committee, Composition, Duties & Responsibilities and Disclosures of Audit & Risk Management Committee The Board should have a formal and transparent arrangement in selecting and applying the accounting policies, financial reporting and internal control & risk management principles and maintaining an appropriate relationship with the Company's External Auditors.	Complied	Please refer Audit & Risk Management Committee Report on pages 54 to 56.

Corporate Governance

Code of Best Practice on Corporate Governance	Compliance	Details of Compliance
D.4, D4.1 to D.4.3 Related Party Transaction Review Committee, Composition, Duties & Responsibilities and Disclosures of Related Party Transaction Review Committee The Board should establish a procedure to ensure that the Company does not engage in transactions with "related parties" in a manner that would grant such parties "more favorable treatment" than that accorded to third parties in the normal course of business.	Complied	Please refer Related Party Transactions Review Committee Report on pages 59 to 60.
D.5, D.5.1 to D.5.4 Code of Business Conduct and Ethics The Company should develop a Code of Business Conduct and Ethics for Directors and members of the senior management team	Complied	The Company has developed and institutionalized a strong set of corporate values and code of conduct that is circulated to Directors and all employees. The Board ensures that Directors and employees strictly comply with the code of Business Conduct and Ethics at all levels in the performance of their official duties, communications, role modelling and in any other circumstances, so as to prevent the tarnishing of our Company's image in any manner. The violation of the code of ethics is an offence that is subject to disciplinary action.
D.5 & D.5.1 Corporate Governance Disclosures	Complied	We are adhering to the highest standards of corporate governance as is evident in this Annual Report on pages 18 to 42.
E. Institutional Investors		
E.1 & E.1.1 Shareholders voting Institutional shareholders are required to make considered use of their votes and encouraged to ensure their voting intentions are translated into practice	Complied	The Company is committed to maintain good communications with investors. The Chairman conducts a structured dialogue with the shareholders based on the mutual understanding of objectives and ensures that the views of the shareholders are communicated to the Board as a whole. The Annual General Meeting is used to have an effective dialogue with the shareholders on matters which are relevant and concern to the general membership.
E.2 Evaluation of Corporate Governance initiatives	Complied	Institutional investors are encouraged to give due weight to all relevant factors drawn to their attention when evaluating the governance arrangements particularly in relation to Board structure and composition.
F. Other Investors		
F.1 & F1.1 Investing/ Divesting decision by Individual Shareholders	Complied	Individual shareholders are encouraged to carry out adequate analysis and seek the independent advice prior to make investing or divesting directly in shares of the Company if they formally approach the company.
F.2 Individual shareholders voting	Complied	All shareholders are encouraged to participate at meetings of the Company and a Form of Proxy accompanies each Notice providing shareholders who are unable to attend such meeting the opportunity to cast their vote.

Corporate Governance

Code of Best Practice on Corporate Governance	Compliance	Details of Compliance
G. Information technology and Cyber security		
G.1 The Board should have a process to identify how in the organisation's business model, IT devices within and outside the organisation can connect to the organisation's network to send and receive information and the consequent cyber security risks that may affect the business. Internal and external parties could have computing devices embedded in everyday objects which may enable them to interconnect with the Company's network to send and receive data. Such access could be authorised or unauthorised.	Complied	The board assigned this responsibility to the Information Technology Division and which ensures security of the IT System.
G.2 The Board should appoint a Chief Information Security Officer (CISO) with sufficient expertise, authority and budgetary allocation to introduce and implement a cyber security risk management policy which should be approved by the Board. The policy should include a robust cyber security. Risk management process, incident response system, vendor management system, disaster recovery plan and a governance structure to monitor effective implementation, reporting and the need for cyber security insurance.	Complied	IT Manager performs the duty of Chief Information Security Officer (CISO).
H. Environment, Society and Governance(ESG)		
H.1 & H 1.1 Companies should provide information in relation to: • The relevance of environmental, social and governance factors to their business models and strategy. • How ESG issues may affect their business. • How risks and opportunities pertaining to ESG are recognised managed, measured and reported.	Complied	Sustainability principles related to ESG factors are embedded in the operations of the Company and initiatives implemented to ensure adherence by the Company.
H.1.2 Environmental governance of an organization should adopt an integrated approach that takes into consideration the direct and indirect economic. Social, health, and health and environmental implications of their decisions and activities.	Complied	Refer H.1 and H.1.1 above

Corporate Governance

Code of Best Practice on Corporate Governance	Compliance	Details of Compliance
H.1.3 Social governance of an organisation should include its relationship with the community, customers, employees, suppliers, outsourced providers and any other party that can influence or be influenced by the organisation's business model.	Complied	Sustainability principles related to social factors are embedded in the operations of the Company and initiatives implemented to ensure adherence to social governance by the Company are discussed in the Corporate Social Responsibility Reports and Analysis and compliance section of this report.
H.1.4 Companies should establish a governance structure to support its ability to create value and manage risks in the short, medium and long-term, recognising managing and reporting on all pertinent aspects of ESG. The Company should recognise the key resources/capitals deployed in its business and establish financial and non-financial measures for resource/capital management and related outputs and outcomes. The Company should have a process to ascertain, assess and mange risks which have an impact on the sustainability of the Company. The company should have a process to recognise material matters relating to significant stakeholders and a method of engagement relevant to their level of interest and influence. The disclosures should deal with how the Company has complied with the mandatory and voluntary codes of corporate governance and how its leadership structure, organisational culture, code of conduct and business model supports sustainability of the company in the short, medium and longterm.	Complied	Process of managing risks in line with ESG aspects is discussed in the Risk management report on pages 43 to 50.

Section B

This section covers the Company's extent of adherence to the requirements of the Continuous Listing Requirements Section 7.10 on Corporate Governance Rules for Listed Companies issued by the Colombo Stock Exchange. This reflects the Company's level of conformity to CSE's Listing Rules which comprise the following fundamental principles:

- Non-Executive Directors
- Independent Directors
- Disclosures Relating to Directors
- Remuneration Committee
- Audit & Risk Management Committee
- Related Party Transaction Review Committee

The following table presents the details of the Company's compliance with Section 7.10 and Section 9 of the CSE Listing Rules on Corporate Governance as at 31st March 2026.

Section	Corporate Governance Rule	Compliance	Details of Compliance
Directors			
Non-Executive Directors	7.10.1 Number of Non-Executive Directors –One-third of the total number of Directors, subject to a minimum of two.	Complied	The Board of Directors comprises seven Directors, six of whom are Non-Executive Directors.
Independent Directors	7.10.2(a)Number of Independent Directors – One-third of Non-Executive Directors, subject to a minimum of two.	Complied	Two of the Non-Executive Directors are independent.
Independent Directors	7.10.2(b) Each non-Executive Director should submit a declaration of independence/non independence.	Complied	All Independent Non-Executive Directors have submitted declarations confirming their independence.
Disclosures relating to Directors	7.10.3(a)Names of Independent Directors should be disclosed in the Annual Report	Complied	Please refer board of directors on pages 5 to 6.
Disclosures relating to Directors	7.10.3(b)The Board shall make a determination annually as to the Independence or Non-independence of each Non-Executive Director.	Complied	The Board has determined that the Two Independent Non-Executive Directors, satisfy the criteria for Independent set out in the Listing Rules and annually each Non-Executive Director declares his independence/ non independence compliance with the relevant statutory regulations.

Corporate Governance

Section	Corporate Governance Rule	Compliance	Details of Compliance
Directors			
Disclosures relating to Directors	7.10.3(c)A brief résumé of each Director should be included in the Annual Report including the area of experience.	Complied	Please refer board of directors on pages 5 to 6.
	7.10.3(d)Provide brief résumé of any new Director appointed to the Board.	Complied	New Directors have been appointed during the financial year of 2025/2026. The details of these appointments are set out below. **Ms. Shamalie Madhu Jayatunge** 1st July 2025 **Mr. Amitha Lal Gooneratne** 14th July 2025
Nomination and Governance Committee Report			
Composition	9.11.4 Combination of Non-Executive Directors and Independent Non-Executive directors.	Complied	The Committee consists of three Non - Executive Directors, a majority of whom are independent.
Functions	9.11.5 Function of the Committee.	Complied	The Nomination and Governance Committee Report sets out the functions of the Committee on page 53.
Disclosure in the Annual Report	9.11.6 The Annual Report shall contain a Report of the Nomination and Governance Committee in the prescribed manner.	Complied	Please refer Nomination and Governance Committee Report on page 53.

Corporate Governance

Section	Corporate Governance Rule	Compliance	Details of Compliance
Remuneration Committee			
Composition	7.10.5(a)Number of Independent Non-Executive Directors in the Committee to be – • a minimum of two (where a Company has only two Directors. on the Board), or • in all other instances majority of whom to be independent.	Complied	The Committee comprises two Independent Non Executive Directors and a Non Executive Director.
	Separate Committee to be formed for the Company or the Listed Parent's Remuneration Committee to be used.	Complied	A listed parent's Remuneration Committee functions as the Remuneration Committee of the subsidiary.
	Chairman of the Committee to be a Non-Executive Director.	Complied	The Committee is chaired by an Non - Executive Director.
Functions	7.10.5(b)Function of the Committee.	Complied	The Remuneration Committee Report sets out the functions of the Committee and please refer pages 57 to 58.
Disclosure in the Annual Report	7.10.5(c)The Annual Report should set out– • Names of Directors comprising the Remuneration Committee. • Statement of Remuneration policy. • Aggregate remuneration paid to Executive & non-executive Directors.	Complied	Please refer Remuneration Committee Report on pages 57 to 58.
Audit & Risk Management Committee			
Composition	7.10.6(a)Number of Independent Non-Executive Directors in the Committee to be – a minimum of two (where a Company has only two Directors on the Board), or in all other instances majority of whom to be independent.	Complied	The Committee comprises of two Independent Non-Executive Directors and an Non-Executive Director.

Corporate Governance

Section	Corporate Governance Rule	Compliance	Details of Compliance
Audit & Risk Management Committee			
Composition	Separate Committee to be formed for the Company or the Listed Parent's Committee to be used.	Complied	A listed parent's Audit & Risk Management Committee functions as the Audit & Risk Management Committee of the subsidiary.
	Chairman of the Committee to be a Non-Executive Director.	Complied	The Committee is chaired by an Independent Non-Executive Director.
	Chairman or one member of the Committee to be a member of a recognised professional accounting body.	Complied	The Chairman of the Committee is a member of a recognised professional accounting body.
	CEO and CFO to attend Committee meetings, unless otherwise determined by the Audit & Risk Management Committee.	Complied	Executive Chairman/ Managing Director attends by invitation. Group General Manager – Admin & Finance attends by invitation.
Functions	7.10.6(b) Function of the Committee.	Complied	The Audit & Risk Management Committee Report sets out the functions of the Committee. Please refer pages 54 to 56.
Disclosure in the Annual Report	7.10.6(c) Names of Directors comprising the Audit & Risk Management Committee, The Audit & Risk Management Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination and The Annual report shall contain a Report of the Audit & Risk Management Committee in the prescribed manner.	Complied	Please refer Audit & Risk Management Committee Report on pages 54 to 56.
Related Party Transactions Review Committee			
Composition	9.2.2 Combination of Non-Executive Directors and Independent Non-Executive directors.	Complied	The Committee consists of three Non-Executive Directors, a majority of whom are independent.
	9.2.3 Separate Committee to be formed for the Company or the Listed Parent's Committee to be used.	Complied	A listed parent's Related Party Transactions Review Committee functions as the Related Party Transactions Review Committee of the subsidiary.
Functions	Function of the Committee.	Complied	The Related Party Transactions Review Committee Report sets out the functions of the Committee.
Disclosure in the Annual Report	9.3.2 (c) The Annual Report shall contain a Report of the Related Party Transactions Review Committee in the prescribed manner.	Complied	Please refer Related Party Transactions Review Committee Report on pages 59 to 60.

Risk Management and Business Control

Lanka Aluminium is dedicated to generating value for shareholders, employees, and society as a whole. Achieving this requires responsible operations and sustained profitable growth. A key element in this process is the effective management and control of business risks.

Our approach integrates proactive risk identification, comprehensive assessment, and decisive mitigation strategies to navigate a dynamic business landscape effectively.

Key Elements of Risk Management

1. Enterprise Risk Management (ERM) Framework: Our ERM framework is designed to identify, analyze, evaluate, treat, mitigate, and monitor strategic, operational, legal, and compliance risks. This systematic approach enables us to minimize risks while seizing market opportunities and bolstering our long-term competitive edge. Given that risks can impact multiple business objectives, our strategy focuses on comprehensive risk assessments and the implementation of mitigation measures through regular Board of Directors and Audit & Risk Management Committee meetings.

2. Mitigation Strategies: Implementing effective mitigation strategies is pivotal to our risk management framework. We employ a range of measures, including risk avoidance, reduction, transfer, and acceptance, tailored to mitigate identified risks. This proactive approach minimizes potential disruptions and optimizes opportunities for sustainable growth.

3. Governance and Oversight: Our Board of Directors provides robust governance and oversight of our risk management practices. Regular reviews and updates ensure alignment with our strategic objectives while adhering to regulatory requirements and industry best practices. This ensures that risk management remains an integral part of our corporate governance framework.

4. Internal Controls and Compliance: Strong internal controls are fundamental to maintaining operational efficiency and integrity. We have established a framework of policies, procedures, and controls to safeguard assets, ensure reliable financial reporting, and promote adherence to applicable laws and regulations. Upholding the highest standards of ethics and compliance is non-negotiable, fostering trust among stakeholders and reinforcing our corporate reputation.

5. Continuous Improvement: We are committed to continuous improvement in our risk management and business control practices. Regular audits, feedback mechanisms, and ongoing training initiatives enable us to adapt swiftly to evolving risks and regulatory changes, ensuring resilience and agility in our operations.

Employee Involvement and Organizational Culture

At Lanka Aluminium, managing risk is essential for growth and success. Risk management is embedded in our organizational culture, with employees playing a central role in the process. This approach makes us more adaptable, enabling us to effectively mitigate risks in a dynamic environment. The Board of Directors holds ultimate responsibility for risk oversight, concentrating on the most significant risks facing the company. We view risk management as a crucial component of our operations, building on management's risk assessment and mitigation processes. These include regular reviews of long-term strategic and operational planning, executive development and evaluation, regulatory and litigation compliance, health, safety, and environmental compliance, financial reporting and controls, and information technology and security.

As we look ahead, our focus on proactive risk management and stringent business controls remains unwavering. By prioritizing these foundational elements, we fortify our resilience, protect shareholder value, and sustain long-term success amidst an increasingly complex business environment. Our proactive and systematic approach to risk management, integrated into our corporate governance, enables us to balance an entrepreneurial spirit with the level of risk associated with business opportunitaies.

Risk Management and Business Control

In conclusion, our dedication to effective risk management and robust business controls underscores our commitment to achieving sustainable growth and delivering value to all our stakeholders.

Our risk management framework operates at multiple levels throughout the organization. The primary roles and responsibilities for managing risks within the company are outlined below:

Level	Key roles and responsibilities
Board of Directors (BOD)	• Oversee the establishment and review of corporate objectives, budgets, and forecasts. • Evaluate operational and functional performance. • Ensure executive management prioritizes risk management aligned with key business objectives. • Implement and maintain effective internal control and risk management systems.
Audit & Risk Management Committee	• Monitor the Group's risk management and internal control processes through comprehensive discussions with management and executive directors. • Regularly obtain formal confirmations and assurances from management on the efficiency of internal control and risk management systems and compliance with applicable laws and regulations. • Ensure appropriate monitoring and control of risks by reviewing the Group's principal risks, uncertainties, and management's mitigating actions. • Assess the adequacy of internal controls and the risk management framework to meet SLAS requirements. • Seek technical advice from external consultants as necessary.
Senior Management	• Manage units in accordance with the Company's risk management practices. • Ensure compliance with risk management policies and procedures within their respective business units. • Address risks associated with business decisions within their span of control or area of operations. • Ensure the effectiveness of risk mitigation actions in their units. • Promptly report risk events and incidents related to their unit.
Operational and other staff	• Adhere to risk management policies and procedures. • Implement prescribed risk mitigation actions. • Report risk events and incidents promptly

Risk Management and Business Control

Lanka Aluminium's Commitment to Risk Management

Lanka Aluminium remains steadfast in its dedication to generating value for shareholders, employees, and society. Our approach emphasizes responsible operations and achieving sustained profitable growth. Central to this mission is our effective risk management and business control strategy, which enables us to navigate an evolving industry landscape and secure long-term success.

Business Objectives and Industry Dynamics

In response to the significant transformations within our business and industry, we recognize the increased risks associated with strategic decision-making and execution, alongside traditional operational and compliance risks. Our corporate scorecard outlines the company's business objectives through a series of specific short- and long-term strategic goals, which include:

- Steady financial performance
- Market penetration
- Solution differentiation
- Operational excellence
- Cost-optimization programs
- Talent attraction and retention
- Long-term sustainability

Moreover, we are proactive in developing programs aimed at mitigating the impact of potential changes in national laws and regulations.

Risk Assessment Framework

Risk assessment involves the identification and analysis of existing and emerging risks, forming the basis for effective risk management. Our approach utilizes both bottom-up and top-down processes to ensure a holistic risk management strategy:

- **Bottom-up Approach:** Involves cross-functional meetings with line management to identify and prioritize risks.
- **Top-down Approach:** Reviews and assesses whether risks are comprehensively identified, prioritized, and properly addressed by line management in relation to the Group's objectives.

Types of Risks

1. Strategic Risk

- **Definition:** Risks arising from the choices we make in defining and executing our strategy.
- **Examples:** Industry competitiveness, market offerings, business models, and talent base.
- **Management:** Regular assessment of strategic programs, momentum in new initiatives, and financial performance impact.

2. Operational Risk

- **Definition:** Risks from internal and external factors affecting policies, procedures, people, and systems.
- **Examples:** Disruptions due to natural calamities, cyber security breaches, operational inefficiencies.
- **Management:** Continuous monitoring and improvement of operational processes to ensure service delivery and core value adherence.

3. Legal & Compliance Risk

- **Definition:** Risks from non-compliance with laws, regulations, codes of conduct, or contractual agreements.
- **Examples:** Potential litigations, breaches of agreements, regulatory changes.
- **Management:** Ensuring adherence to legal and regulatory requirements, and proactive mitigation of compliance risks.

Risk Management and Business Control

Risk Management Process

Our Enterprise Risk Management (ERM) System employs risk indicators to monitor high-priority risks. These indicators align with the Group's risk tolerance, representing the magnitude of risk we are willing to take in achieving business goals. Key Performance Indicators (KPIs) for business units are incorporated to measure their progress toward these goals.

Risk Response Strategies

We employ various strategies to address identified risks:

- **Avoid:** Nullifying the risk by refraining from activities that cause it.
- **Share/Transfer:** Sharing the specific risk with another entity.
- **Reduce:** Reducing the level of risk through targeted mitigation actions.
- **Accept:** Allowing the risk to remain as is, based on its severity

Internal Controls and Continuous Improvement

Strong internal controls are essential for maintaining operational efficiency and integrity. Our framework of policies, procedures, and controls safeguards assets, ensures reliable financial reporting, and promotes adherence to applicable laws and regulations. We are committed to continuous improvement in our risk management and business control practices through:

- Regular audits
- Feedback mechanisms
- Ongoing training initiatives

These measures enable us to adapt swiftly to evolving risks and regulatory changes, ensuring resilience and agility in our operations.

Employee Involvement and Organizational Culture

At Lanka Aluminium, managing risk is embedded in our organizational culture. Employees play a central role in the risk management process, making us more adaptable and enabling effective risk mitigation in a dynamic environment. The Board of Directors holds ultimate responsibility for risk oversight, focusing on the most significant risks facing the company. We integrate risk management into our operations through regular reviews of strategic and operational planning, executive development, regulatory compliance, health and safety, financial controls, and IT security.

Lanka Aluminium's unwavering focus on proactive risk management and stringent business controls fortifies our resilience, protects shareholder value, and sustains long-term success. By integrating risk management into our corporate governance, we balance an entrepreneurial spirit with the risks associated with business opportunities. Our commitment to effective risk management and robust business controls underscores our dedication to achieving sustainable growth and delivering value to all our stakeholders.

Risk Management and Business Control

Risk Overview

The following table presents an awareness of Lanka Aluminium's approach to risk management.

Risk Exposure	Company Objectives	Risk response
1. Strategic Risks a. Metal Risks Aluminium is traded on the London Metal Exchange (LME) and is subject to fluctuations in price that have direct impact on direct costs.	To minimize the serious impact on consolidated earnings.	**Reduce & Share** Each Strategic Business Unit (SBU) mitigates this risk by keeping a balanced LME position with defined thresholds for temporary long or short positions. A balanced position is attained when the LME exposure in fixed-priced sales to customers equals metal inventories plus fixed-price metal purchases from suppliers. To the extent that such balance is not achieved through physical positions, the SBU offers LME + premium price to selective customers
b. Possibility to increase billet premium	Expect to have a fairly stable billet premium.	Accept The billet premium has historically been fairly stable. We continuously monitors its exposure and evaluates mitigation actions
c. Increase of Aluminium scrap price and scarcity of aluminium scraps	To purchase Aluminium scrap from external suppliers at competitive minimum price.	**Accept** Prices of scrap also fluctuates depending on the LME prices. Net exposure to fluctuations in the scrap price is considered medium Reduce reliance on a single supplier by diversifying sources of aluminum scraps from multiple suppliers or regions
d. Interest Rate and Foreign Exchange Rate Risk	To minimize adverse effects of interest rate & foreign exchange rate volatility.	**Reduce & Share** It is the Compnay's objective to limit its exposure to changes in interest and exchange rates while retaining the opportunity to benefit. Accordingly the Group manages interest and exchange rate fluctuations with an appropriate mix of fixed and variable rate debts, forward contracts if necessary, through a centralized treasury management function.
e. Technological and Quality related risks	To keep pace with current technological developments and quality standards to avoid obsolescence. To minimize production of stocks that do not meet the standards.	**Accept** Develop a long term plan to replace existing machines with technology advanced machines, obtain certificates from relevant authorities and ensure products comply with most of the local and international standards and already the equipment required to test the quality of products are in place.
f. Risk of competition	To avoid losses of market share.	**Accept** Our businesses are highly competitive. Failure to compete with competitors on areas including price, product range, quality and service would have an adverse effect on the Group's financial results. Hence we aim to have a broad appeal in range and format in a way that allows us to compete effectively.

Risk Management and Business Control

Risk Exposure	Company Objectives	Risk response
g. Political and Regulatory Risks	To foster and sustain relationships with government officials and regulatory bodies for timely policy insights	**Share** This involves collaborating with industry associations or trade groups to collectively advocate for favorable policies and regulations.
2. Operational Risks h. Credit Risk	To minimize risk associated with debtor defaults.	**Reduce** Credit risks emerge from debtors non-payments, potentially causing working capital challenges. Our company extends credit to customers as part of regular operations. We manage this risk by leveraging bank guarantees. Additionally, we enforce our Group credit policy, conduct thorough evaluations of customers before extending credit, regularly review receivables via our Credit Management Committee, suspend credit for overdue accounts, and initiate legal procedures for recovering long overdue receivables. These measures collectively mitigate credit risk exposure.
i. Asset Risk	To minimize losses that can cause from machine breakdown and damages from fire or theft.	**Transfer & Reduce** Obtained comprehensive insurance cover for plant and machinery and carry out planned preventive maintenance programs.
j. Lack of Internal Controls	To maintain sound system of internal controls to safeguard company assets.	**Avoid** The Directors acknowledged their responsibility for the Company's system of internal control. The system is designed to give assurance regarding the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information generated, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.
k. Human Resources	To reduce labour turnover To ensure smooth flow of operations without interruptions To ensure adaptability through training and adopting best practices.	**Reduce** Our greatest asset is our employees. It is critical to our success to attract, retain, develop and motivate the best people with the right capabilities at all levels of operations. We review our people and policies regularly and are committed to investing in development and incentives for our people. There are clear processes for understanding and responding to employees' needs through HR initiatives, and communication of business developments.
l. IT Systems and Infrastructure	To ensure efficient information technology system and minimize possible risks associated with data security, hardware, software and communication systems.	**Reduce** Our operations rely heavily on robust information technology (IT) systems. To uphold the integrity and efficiency of our IT infrastructure and ensure uninterrupted service delivery, we enforce stringent controls. Engaging all relevant staff effectively, we mitigate IT-related risks through rigorous policies, procedures, and heightened awareness. Regular data backups are stored securely offsite (on cloud), and we maintain up-to-date virus scanners through regular upgrades.

Risk Management and Business Control

Risk Exposure	Company Objectives	Risk response
m. Inventory Management Risk	To reduce stock out situations To reduce the accumulation of slow moving stocks To minimize the losses through obsolete stocks To minimize risk of sub standard material being received To minimize inventory	**Reduce** Plan monthly production based on budgets and sales forecasts and review during production planning meetings held monthly. Adopt various quality standards at different stages to verify the quality until the product is delivered. Stocks that are not up to standards are separated as scrap and reproduced local aluminium billets through melting unit. Continuous stocks verification systems to identify nonmoving stocks. Regularly monitor inventory days.
n. Investment in Capital	To reduce the risk of loss in present and future investments.	**Reduce** Investments in assets are properly planned and made on a timely basis and reduce the idle assets as far as possible.
3. Legal & compliance Risk o. Environmental Issues	To minimize adverse impact of operations to the environment.	**Avoid** Comply with the standards set by the relevant authorities and ensure compliance.
p. Legal and Regulatory Issues	To minimize possible losses arising from non compliance with statutory and regulatory requirements . To minimize or take counter measure to reduce the impact arising from changes to regulatory issues.	**Avoid** The legal function proactively identifies and sets up appropriate systems and processes for legal and regulatory compliance in respect of all our investments. Continue to monitor legal framework and amendments and comply with such regulations.

Risk Management and Business Control

Risk Exposure	Company Objectives	Risk response
q. Issues pertaining to employees and industrial relationship	To retain talented employees and maintain good industrial relationship with governmental agencies.	**Reduce** The Board of Lanka Aluminium Industries PLC assesses all the issues with regard to employees and Industrial Relation which influence the performance of the Group. Group takes considerable amount of steps to ensure employees are satisfied at all the levels and their issues are addressed in order to retain talented employees. A well structured grievance handling system is in place to handle the grievance of employees at all levels. We make sure to maintain pertinent industrial relationships with all the governmental agencies. There are no issues which affect the Company's performance to be disclosed.

Corporate Social Responsibility (CSR)

In today's rapidly evolving economic and social landscape, Corporate Social Responsibility (CSR) has become far more than a philanthropic obligation; it is a key strategic driver of sustainable business success. CSR enables organisations to align their business operations with environmental, social, and governance (ESG) principles, supporting long-term value creation while addressing stakeholder expectations.

The significance of CSR can be viewed across several key dimensions:

1. **Strengthening Corporate Reputation and Brand Value**

   Customers, investors, and regulators increasingly assess businesses based on their commitment to ethical and sustainable practices. A strong CSR framework enhances corporate reputation, builds brand loyalty, and attracts socially conscious investors.

2. **Promoting Sustainable Financial Performance**

   Responsible business practices contribute to operational efficiency, reduce environmental and social risks, and strengthen stakeholder relationships, thereby supporting stable long-term financial performance.

3. **Supporting Compliance and Risk Management**

   As a publicly listed entity, the Company operates within a strict regulatory environment. CSR initiatives help the Company adapt to changing environmental and social compliance requirements, minimising legal, financial, and reputational risks.

4. **Enhancing Investor Confidence and Capital Access**

   Global investors are increasingly integrating ESG considerations into their investment decisions. A strong commitment to CSR can improve investor confidence and strengthen access to sustainable financing opportunities.

5. **Attracting and Retaining Talent**

   Employees are increasingly drawn to organisations that demonstrate social and environmental responsibility. Effective CSR initiatives foster employee satisfaction, loyalty, and engagement, which are essential for productivity and innovation.

Creating Sustainable Value Through Responsible Practices

At Lanka Aluminium Industries PLC, we believe that business success extends beyond financial performance. It is equally measured by the positive contribution we make to society, the environment, and our people. As a responsible corporate entity, our CSR initiatives are aligned with our core values of sustainability, innovation, community development, and ethical business growth.

Our aluminium manufacturing operations are guided by the objective of creating long-term value for our stakeholders while safeguarding the environment and contributing positively to society.

Environmental Responsibility

We remain committed to environmental stewardship by embedding sustainable practices into our core operations. As part of this commitment, we have implemented several key initiatives, including the recycling of aluminium to reduce dependency on virgin raw materials. Furthermore, we promote aluminium as a sustainable alternative to timber, thereby contributing to the reduction of deforestation and the preservation of natural ecosystems.

These efforts form the basis of our continued commitment towards protecting natural resources and fostering a cleaner, healthier environment for future generations.

Recycling Aluminium for a Cleaner Planet

We take pride in being at the forefront of aluminium scrap recycling, which significantly reduces the demand for primary raw materials and conserves valuable natural mineral resources. Compared to primary aluminium production, recycling consumes substantially less energy, making it an important contributor to reducing carbon emissions.

Through our recycling initiatives, we:

- Divert significant volumes of aluminium waste from landfills annually.
- Reduce our carbon footprint and support environmental sustainability.
- Preserve bauxite reserves for future generations.

Corporate Social Responsibility

Aluminium as a Sustainable Alternative to Timber

Beyond its recyclability, aluminium serves as an environmentally sustainable substitute for timber in the manufacture of windows, doors, and partition systems. By encouraging the use of aluminium products over timber, we contribute to reducing deforestation and protecting biodiversity.

This initiative supports global climate action efforts while promoting durable and sustainable building solutions.

Training and Development for Fabricators

We recognise the importance of empowering talented youth by creating opportunities for them to build stable and rewarding careers. Through our fabricator training and development programmes, conducted in collaboration with our island-wide dealer network, we continue to support skill development within the aluminium industry.

These programmes:

- Provide practical and technical training in aluminium fabrication.
- Create pathways for employment and entrepreneurship.
- Encourage youth participation in productive economic activities.
- Contribute towards reducing social and economic challenges.

We are proud to witness many of our trainees progressing as skilled professionals, entrepreneurs, and valuable contributors to society.

Strengthening Workplace Relationships

Our employees remain central to our success. To enhance teamwork, strengthen relationships, and foster a strong sense of belonging, we organise several annual engagement initiatives, including:

- **Christmas Get-Together** – A celebration that brings employees together in appreciation and fellowship
- **Factory Cricket Carnival** – A sporting event designed to promote teamwork, wellness, and collaboration.
- **Continuous Staff Training Programmes** – Ongoing training aimed at strengthening internal controls and promoting knowledge sharing across the organisation.

These initiatives play an important role in building a positive and collaborative workplace culture.

Our Commitment to Sustainable Growth

CSR remains an integral part of our long-term business strategy and is not limited to one-time initiatives. We remain committed to expanding and strengthening our CSR programmes in the years ahead.

Our future focus areas include:

- Expanding aluminium recycling operations.
- Introducing greener innovations into manufacturing processes.
- Broadening skill development programmes to reach more young individuals across the country.
- Enhancing employee engagement initiatives to strengthen workplace unity.

By integrating CSR into our business model, we ensure that our growth remains sustainable while making meaningful contributions to society, the environment, and the economy.

We firmly recognise that CSR is a strategic business imperative that balances profitability with environmental and social responsibility. This alignment strengthens our resilience, competitiveness, and long-term sustainability in an ever-evolving global environment.

At Lanka Aluminium Industries PLC, we remain committed to the belief that business success and social responsibility must progress together. Through our environmental initiatives, community development efforts, and employee focused programmes, we strive to create lasting value and shared prosperity for all stakeholders.

Nomination and Governance Committee Report

The Nomination and Governance Committee ("the Committee") of Lanka Aluminium Industries PLC plays an integral role in strengthening the effectiveness, accountability, and diversity of the Board through a structured framework for nominations and governance oversight. The Committee functions in compliance with Rule 9.11 of the Listing Rules of the Colombo Stock Exchange (CSE) and in line with the Terms of Reference approved by the Board.

Objective

The primary objective of the Committee is to manage the selection, appointment, re-election and evaluation of Directors at Board, Board Committee and Key Management Personnel levels. The Committee also periodically reviews and recommends the overall corporate governance framework for the Company and updates the Policy Framework in line with regulatory and legal developments.

Composition of the Committee

The Committee is comprised entirely of Non-Executive Directors, the majority of whom are Independent, thereby complying with Rule 9.11.4 of the Listing Rules of the CSE.

The composition of the Committee is as follows:

Mr. Amitha L. Gooneratne	-	Chairman / Independent Non-Executive Director (Resigned on 31st July 2026)
Ms. Shamalie M. Jayatunge	-	Member/Independent Non-Executive Director
Dr. J.M. Swaminathan	-	Member/ Non-Executive Director
Mr. Sriyan J. de Silva Wijeyeratne	-	Independent Non- Executive Director was appointed as Chairman on 5th August 2026.

Responsibilities and Functions

Key responsibilities of the committee in line with Rule 9.11.5 of the Listing Rules are:

- Evaluate and recommend appointments and reappointments of Directors in line with the Articles of Association and the Company's Policy Framework.
- Review Board diversity in terms of skills, experience, age, and gender to ensure effective Board performance.
- Confirm that all Independent Directors meet the prescribed independence criteria.
- Ensures all Directors meet the Fit and Proper criteria as per Rule 9.7.3.
- Conduct induction programmes for newly appointed Directors and facilitated ongoing updates on corporate governance and regulatory developments.
- Periodically review the Company's Policy Framework for alignment with regulatory and legal requirements.

Re-election of Directors

In accordance with the Articles of Association, all Directors other than those appointed by major shareholders are required to retire and offer themselves for re-election at regular intervals and at least once every three years. The Committee reviews and recommends such re-elections to the Board, taking into account performance, contribution, and other relevant criteria.

Meetings

The Nomination and Governance Committee held one meeting during the financial year ended 31st March 2026. The attendance of the committee members for this meeting was as follows:

Name of the member	25th May 2025
Mr. D S Weerakkody	√
Mr. Sanjeev Kumar	√
Mr. Paras Chandaria	√

(The above were the members of previous Committee)

The Chairperson of the Committee reports to the Board on its activities, and minutes of the Committee meetings are tabled at Board meetings.

Compliance Statement

The Committee confirms that the Company has fully complied with the Corporate Governance requirements stipulated under the Listing Rules of the CSE.

(Sgd.)

Mr. Sriyan J. de Silva Wijeyeratne
Chairman – Nomination and Governance Committee

Colombo
18th August 2026

Audit & Risk Management Committee Report

The Audit & Risk Management Committee of Lanka Aluminium Industries PLC plays an important role in assisting the Board of Directors in fulfilling its responsibilities relating to the financial and related affairs of the Company. The Committee ensures the effectiveness of internal controls, financial reporting, and compliance frameworks, thereby safeguarding the interests of shareholders and other stakeholders.

Committee Responsibilities

The primary responsibilities of the Audit & Risk Management Committee include:

1. Financial Reporting:

- Ensuring the accuracy and integrity of the Company's financial statements.
- Overseeing the preparation and presentation of quarterly and annual financial statements in compliance with Sri Lanka Accounting Standards (SLFRS/LKAS) and other regulatory requirements.

2. Internal Control and Risk Management:

- Reviewing the adequacy and integrity of internal control systems and management information systems.
- Ensuring effective risk management processes are in place to safeguard the Company's assets.
- Monitoring and evaluating the Company's risk management framework and internal control processes through detailed discussions with management and executive Directors.

3. Compliance:

- Ensuring compliance with applicable laws, rules, regulations, and guidelines.
- Overseeing the implementation of best practices in corporate governance and disclosures in financial results and annual reports.

4. Internal Audit:

- Providing independent assurance on the overall system of internal controls and compliance with laws and regulations.
- Monitoring the scope and effectiveness of the internal audit function, including reviewing internal audit plans and follow-up actions taken by management.
- Evaluating the independence, effectiveness, and competency of the Group's Internal Audit function.

5. External Audit:

- Recommending the appointment, reappointment, or removal of the external auditors to the Board of Directors.
- Reviewing and discussing the external audit approach, scope, and plan with the auditors and management.
- Assessing the independence and performance of the external auditors and ensuring their objectivity and effectiveness.

Composition of the Committee

The Audit & Risk Management Committee is a subcommittee of the main Board which is appointed by the Board of Directors of the Company and reports directly to the board.

The Audit & Risk Management Committee consists of three Non-Executive Directors, a majority of whom are independent. The Board is satisfied that the current members of the Committee possess the required financial expertise and experience to perform their duties effectively. The profiles of these Directors are provided on pages 5 to 6.

Members of the Audit & Risk Management Committee before its reconstitution on 15 July 2025 were as follows:

- **Mr. D S Weerakkody** - Chairman/ Independent Non-Executive Director
- **Dr. J M Swaminathan** - Independent Non-Executive Director
- **Mr. Sanjeev Kumar** - Non-Executive Director

Members of the Audit & Risk Management Committee following its reconstitution on 15 July 2025 are as follows

Mr. Amitha L. Gooneratne	-	Chairman / Independent Non-Executive Director (Resigned on 31st July 2026)
Ms. Shamalie M. Jayatunge	-	ndependent Non-Executive Director
Mr. D S Weerakkody	-	Non-Executive Director
Mr. Sriyan J. de Silva Wijeyeratne	-	Independent Non- Executive Director was appointed as Chairman on 5th August 2026.

Regular Attendees by invitation

- **Mr. J D Peiris** - Executive Chairman/ Managing Director
- **Mr. A F Feroze Noon** - Group General Manager Finance & Administration

Secretary to the Committee

- **S S P Corporate Services (Pvt) Ltd.**

Meetings

Audit & Risk Management Committee convened four meetings during the financial year ended 31st March 2026 and the attendance of the members of the Audit & Risk Management Committee was as follows:

Name of the member	29th May 2025	14th Aug 2025	13th Nov 2025	12th Feb 2026
Mr. D S Weerakkody	√	-	√	√
Dr. J M Swaminathan	√	N/A	N/A	N/A
Mr. Sanjeev Kumar	√	N/A	N/A	N/A
Mr. Amitha L. Gooneratne	N/A	√	√	√
Ms. Shamalie M. Jayatunge	N/A	√	√	√

The Quorum for a meeting is two members. The proceedings of the Audit & Risk Management Committee are regularly reported to the Board of Directors, and the minutes of the meetings are made available to the Board of Lanka Aluminium Industries PLC.

Risk Management and Internal Control

The Committee undertakes the following activities to ensure effective risk management and internal control:

- Regularly reviews processes for identifying, evaluating, and managing significant development and operational risks.
- Obtains formal confirmations and assurances from management regarding the efficiency of the internal control system and compliance with applicable laws and regulations.
- Ensures that principal risks and uncertainties are appropriately monitored and controlled, with management taking adequate mitigating actions.
- The Board of Directors and Audit & Risk Management Committee obtain and are guided by technical advice from external consultants as required

Internal Audit Function

The main focus of the Internal Audit function is to provide independent assurance on the overall system of internal controls, business risk management, and governance. This includes evaluating compliance with laws, regulations, and the Group's established policies and procedures. The Audit & Risk Management Committee ensures the following:

The main focus of the Internal Audit function is to provide independent assurance on internal controls, risk management, and governance. The Committee ensures:

- Monitors and reviews the scope of the Internal Audit plan, evaluating management's follow-up actions to ensure effectiveness, and assessing resource requirements for optimal operation.
- Ensures the independence of the Internal Audit function from audited activities, conducts evaluations of its effectiveness and competency, and recommends necessary resource adjustments.
- Oversees the Internal Audit plan's scope and management's follow-up actions to enhance effectiveness, while facilitating efficient coordination between Group Internal Auditors and External Auditors.
- Conducts regular performance evaluations of internal audit processes, recommending enhancements, and adopting new audit techniques to address emerging risks for continuous improvement.

During the year 2025/26, the Company engaged Accounts Assist, Chartered Accountants, as its Internal Auditors. The Internal Auditors reported their findings and recommendations to the Audit & Risk Management Committee on a periodic basis, enabling the Committee to review the adequacy and effectiveness of internal controls and risk management processes. The primary focus of internal audit activities during the year was on showroom operations, with the objective of strengthening operational controls and ensuring compliance with established policies and procedures .

Audit & Risk Management Committee Report

External Audit Function

The Committee reviewed and discussed the external audit approach and scope with the External Auditors and Management before the audit commenced.

- Reviews and evaluates the effectiveness and progress of the external auditor and the audit process, including reviewing and discussing the external audit approach and scope with auditors and management.
- Assess the performance and effectiveness of the external auditors, their independence, professional capabilities and make recommendations to the Board pertaining to the re-appointment of the external auditors.
- Reviews non-audit services provided by external auditors to safeguard their independence and objectivity, making recommendations to the Board regarding their re-appointment.
- Engages in periodic discussions to assess developments in reporting and compliance, considering changes in Auditing Standards, the Inland Revenue Act, and other relevant regulations.

Throughout the audit process, the External Auditors regularly updated the Committee on significant pending matters. After concluding the audit, the Committee engaged with both the External Auditors and Management to discuss audit issues and achieve alignment. The Audit & Risk Management Committee conducted an assessment of the independence and performance of the Company's external auditors, subsequently recommending to the Board of Directors the reappointment of Messrs KPMG, Chartered Accountants for the fiscal year 2026/27.

To the best of the Board's knowledge, the auditors maintain no relationships with the company beyond their auditing role and hold no interests in the company.

Other Activities

The Audit & Risk Management Committee diligently oversaw the preparation, presentation, and adequacy of disclosures in the quarterly and annual financial statements of the Group, ensuring compliance with Sri Lanka Accounting Standards (SLFRS/LKAS) and relevant financial reporting regulations, including those of the Companies Act. It reviewed and discussed these financial statements, recommending their adoption to the Board. Additionally, the Committee evaluated the effectiveness of internal controls designed to provide reasonable assurance to Directors regarding asset safeguarding and the reliability of the financial reporting system for accurate statement preparation and presentation.

Conclusion

After reviewing the findings of the External Auditors, Internal Auditors, and the Risk Management function, the Audit & Risk Management Committee is satisfied that the Group maintains a sound control environment, with accounting policies and operational procedures applied effectively. The Committee affirms that it has exercised due diligence in its oversight role and is confident that the Group's financial position is robust and secure.

(Sgd.)

Mr. Sriyan J. de Silva Wijeyeratne
Chairman - Audit & Risk Management Committee

Colombo
18th August 2026

Remuneration Committee Report

Composition of the Committee

The Remuneration Committee is responsible for setting the company's policy on compensation and benefits and overseeing its implementation. It is also mandated to review significant Human Resources policies that influence company performance. The committee consists of the following members whose profiles are given on pages 5 to 6.

Members of the Remuneration Committee before its reconstitution on 15 July 2025 were as follows:

- **Mr. Sanjeev Kumar** - Chairman/ Non-Executive Director
- **Mr. D S Weerakkody** - Independent Non Executive Director
- **Dr. J M Swaminathan** - Independent Non-Executive Director

Members of the Remuneration Committee following its reconstitution on 15 July 2025 are as follows:

Ms. Shamalie M. Jayatunge	-	Chairperson/ Independent Non- Executive Director
Mr. Amitha L. Gooneratne	-	Independent Non-Executive Director (Resigned on 31st July 2026)
Mr. Sanjeev Kumar	-	Non-Executive Director
Mr. Sriyan J. de Silva Wijeyeratne		Independent Non- Executive Director was appointed on 5th August 2026.

Regular Attendees by invitation

- **Mr. J D Peiris** - Executive Chairman/ Managing Director

Secretary to the Committee

- **S S P Corporate Services (Pvt) Ltd.**

Meetings

The Remuneration Committee held one meeting during the financial year ended 31st March 2026. The attendance of the committee members for this meeting was as follows:

Name of the member	11th Nov 2025
Ms. Shamalie M. Jayatunge	√
Mr. Amitha L. Gooneratne	√
Mr. Sanjeev Kumar	√

The Committee Chairperson may call a special meeting if necessary, ensuring that all members receive adequate notice. A quorum for any meeting requires the presence of at least two members. The outcomes of the Committee meetings were consistently communicated to the Board of Directors.

Operating within defined terms of reference, the Remuneration Committee is dedicated to principles of accountability and transparency, ensuring that remuneration aligns with performance. The Committee emphasizes the importance of recruiting, motivating, and retaining exceptional senior leadership to secure the Company's future. To this end, a thorough process has been implemented to ensure the Board effectively selects, motivates, and retains the right individuals for senior leadership positions, in accordance with the Company's board diversity policy.

Key Objective

Reviewing the current policy on Remuneration Packages of the individual Directors and Key Management Personnel and suggesting recommendations to the Board.

Responsibilities and functions

The Board established the Remuneration Committee in compliance with Rule 7.10.5 of the Colombo Stock Exchange Listing Rules, ensuring its composition and functions align with these regulations.

The Remuneration Committee is responsible for:

- Developing the Group's remuneration policy and determining the remuneration packages of executive employees of the Group.
- Recommending to the Board and its subsidiaries the remuneration to be paid to key Management Personnel.
- Reviewing policies pertaining to the remuneration and perquisites of the Executives of the Company.
- Conducting a formal evaluation of its own performance.

Remuneration Committee Report

Employment Report

At Lanka Aluminium, our employees remain a key driver of the Company's success and sustainable growth. We are committed to investing in their development by promoting continuous learning and enhancing skills to maintain a competent and motivated workforce. The table below outlines the Company's employee profile as at 31st March 2026:

Levels	Total
Top management	3
Senior management	7
Professionally qualified and experienced	42
Skilled technical and academically qualified	90
Factory Staff & Workers	100
Total Permanent	**242**
Employees on contract	25
Total	**267**

Remuneration

The Remuneration Committee of the Board has established and approved the Company's remuneration philosophy, strategy, and policy based on a total rewards approach. This framework is intended to support talent development, employee motivation, retention, and the attraction of skilled professionals where required. The policy sets out the guiding principles and procedures for remuneration and includes a combination of guaranteed pay, comprising fixed salary and bonuses, together with variable pay through short-term performance incentives, based on the level of responsibility and performance.

(Sgd.)

Ms. Shamalie M. Jayatunge
Chairperson - Remuneration Committee

Colombo
18th August 2026

Related Party Transactions Review Committee Report (RPTRC)

Composition of the Committee

The Committee comprises three Non-Executive Directors, the majority of whom are independent.

Members of the Related Party Transaction Review Committee before its reconstitution on 15 July 2025 were as follows:

- **Dr. J M Swaminathan** - Chairman/ Independent Non-Executive Director
- **Mr. D S Weerakkody** - Independent Non-Executive Director
- **Mr. Sanjeev Kumar** - Non-Executive Director

Members of the Related Party Transaction Review Committee following its reconstitution on 15 July 2025 are as follows:

Ms. Shamalie M. Jayatunge	-	Chairperson/ Independent Non- Executive Director
Mr. Amitha L. Gooneratne	-	Independent Non-Executive Director (Resigned on 31st July 2026)
Dr. J M Swaminathan	-	Non-Executive Director
Mr. Sriyan J. de Silva Wijeyeratne		Independent Non- Executive Director was appointed on 5th August 2026.

Regular Attendees by invitation

- **Mr. J D Peiris** - Executive Chairman/ Managing Director
- **Mr. A F Feroze Noon** - Group General Manager Finance & Administration

Secretary to the Committee

- **S S P Corporate Services (Pvt) Ltd.**

Meetings

The Committee held four meetings during the year under review and attendance of the members of the Related Party Transactions Review Committee is given below.

Name of the member	29th May 2025	14th Aug 2025	13th Nov 2025	12th Feb 2026
Dr. J M Swaminathan	√	√	√	√
Mr. D S Weerakkody	√	N/A	N/A	N/A
Mr. Sanjeev Kumar	√	N/A	N/A	N/A
Ms. Shamalie M. Jayatunge	N/A	√	√	√
Mr. Amitha L. Gooneratne	N/A	√	√	√

The Quorum for a meeting is two members. The proceedings of the Committee meetings were regularly reported to the Board of Directors.

Lanka Aluminium Industries PLC established the Related Party Transactions Review Committee to comply with both the Code of Best Practice on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka and Section 9 of the Listing Rules of the Colombo Stock Exchange.

Objectives

- To exercise oversight on behalf of the Board, that all Related Party Transactions (RPTs, other than those exempted by the CSE listing rules on the Related Party Transactions) of Lanka Aluminium Industries PLC and all its subsidiaries are carried out and disclosed in a manner consistent with the CSE listing rules.
- To advise and update the Board of Directors on the related party transactions of each of the subsidiaries on a quarterly basis.
- To ensure compliance with the CSE listing rules on the Related Party Transactions.
- To review policies and procedures of Related Party
- Transactions of the Group.
- To ensure shareholder interests are protected and that fairness and transparency are maintained.

Policies and procedures adopted by the committee

- The Committee reviews all proposed related party transactions to ensure they are carried out on an arm's length basis.
- At each subsequent scheduled meeting of the Committee, the management shall update the Committee as to any proposed material changes in any previously reviewed related party transactions and seek approval of the Committee for such proposed material changes prior to the completion of the transaction.
- The Committee intends to meet as and when a need arises. The minutes of all meetings are properly documented and communicated to the Board of Directors.

Related Party Transactions Review Committee Report (RPTRC)

- The members of the RPTRC ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed related party transactions, and where necessary, they shall obtain appropriate professional and expert advice from an appropriately qualified person.

Duties of the Committee

- To review proposed related party transactions prior to them being entered into with a view to best serve the interests of the Company;
- To monitor all related party transactions to ensure that they are carried out on normal commercial terms so that they are not in any way disadvantageous to the best interests of the Company and its minority shareholders;
- Obtain expert knowledge and advice either from within the Company or from outside to assess proposed related party transactions;

Review of Related Party Transactions

The committee reviewed all the Related Party transactions during the financial year ended 31st March 2026 and has communicated its comments / observations to the Board of Directors.

The Committee is of the opinion that all related party transactions entered into during the year were of recurrent nature. The aggregate value of the recurrent Related Party Transactions does not exceed the threshold values prescribed by the Colombo Stock Exchange. Further no substantial assets acquired/transferred from, or disposed to any Related Party of Entity during the year under review. The details of other related party transactions entered into during the year are given in Note 31 to the financial statements on pages 118 to 121 of this Annual Report.

Conclusion

The Committee confirms that all applicable rules in the Code of Best Practice on Related Party Transactions and Section 9 of CSE Listing Rules have been complied with by the Group as at the date of this Report.

(Sgd.)

Ms. Shamalie M. Jayatunge
Chairperson - Related Party Transactions Review Committee

Colombo
18th August 2026

Responsibility Statement of Executive Chairman/ Managing Director and Group General Manager Finance and Administration

Compliance with Laws and Regulations

The Financial Statements of Lanka Aluminium Industries PLC and the Consolidated Financial Statements of the Company and its subsidiaries (the Group) for the year ended 31st March 2026 are prepared and presented in compliance with the requirements of the following:

- Sri Lanka Accounting Standards issued by The Institute of Chartered Accountants of Sri Lanka (SLFRS/LKAS).
- Companies Act No. 07 of 2007.
- Listing Rules of the Colombo Stock Exchange.
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.
- Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka in 2017

Financial Reporting

The Significant Accounting Policies used in the preparation of the consolidated Financial Statements are appropriate and are consistently applied, except unless otherwise stated in the notes accompanying the Financial Statements. The Significant Accounting Policies and estimates that involved a high degree of judgment and complexity were discussed with the Audit & Risk Management Committee and Company's External Auditors. There are no departures from the prescribed Accounting Standards in their adoption. Comparative information has been reclassified wherever necessary to comply with the current presentation. The Board of Directors and the management of the Company accept responsibility for the integrity and objectivity of these Financial Statements. The estimates and judgments relating to the Financial Statements were made on a prudent and reasonable basis, in order that the Financial Statements reflect a true and fair view and the form and substance of transactions reasonably present the Company's state of affairs. We confirm that to the best of our knowledge, the Financial Statements, significant Accounting Policies and other financial information included in this Annual Report, fairly present all material aspects regarding the financial position, results of the operations and the Cash Flows of the Group during the year under review. We also confirm that the Group has adequate resources to continue in operation and have applied the Going Concern basis in preparing these Financial Statements.

System of Internal Control

The Company has taken proper and sufficient care in installing a system of internal control and accounting records, for safeguarding assets, and for preventing and detecting frauds as well as other irregularities, which are reviewed, evaluated and updated on an ongoing basis. We have evaluated the internal controls and procedures of the Group for the financial period under review and confirm, based on our evaluations that there were no significant deficiencies and material weaknesses in the design or operation of internal controls and frauds that involves management or other employees. The Internal Auditor conduct periodic audits to provide reasonable assurance that the established policies and procedures of the Group were consistently followed. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal control and accounting.

Report of Independent Auditors

The Financial Statements were audited by Messrs KPMG, Chartered Accountants, the Independent Auditors and their report is given on pages 66 to 69.

Audit & Risk Management Committee

The Audit & Risk Management Committee pre-approves the audit and non- audit services provided by Messrs KPMG, Chartered Accountants. The Audit & Risk Management Committee meets periodically with the Internal Auditors and the Independent Auditors to review the manner in which these Auditors are performing their responsibilities, and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the Independent Auditors have full and free access to the members of the Audit & Risk Management Committee to discuss any matter of substance.

The Audit & Risk Management Committee Report is given on pages 54 - 56.

Conclusion

- We confirm that to the best of our knowledge:
- The Group has complied with all applicable laws, regulations and guidelines and there is no material litigation against the Group other than those disclosed in Note 33 of the Financial Statements.
- The system of internal control is operating effectively.

Responsibility Statement of Executive Chairman/ Managing Director and Group General Manager Finance and Administration

- The Financial Statements reflect in a true and fair manner, the form and substance of transactions, and reasonably present the Company's state of affairs and have applied the Going Concern basis in preparing these Financial Statements.
- All taxes, duties, levies and all statutory payments by the Group and all contributions, levies and taxes payable on behalf of and in respect of the employees of the Group as at 31st March 2026 have been paid, or where relevant provision made.

Lanka Aluminium Industries PLC

J D Peiris
Executive Chairman

A F Feroze Noon
Group General Manager
Finance & Administration

Colombo
18th August 2026

Statement of Directors' Responsibility for Financial Reporting

This Statement of Directors' responsibilities is to be read in conjunction with the Report of the Auditors and is made to distinguish the respective responsibilities of the Directors and to the Auditors in relation to the Financial Statements contained in this Annual Reports.

The Board accepts responsibility for the preparation and fair presentation of Financial Statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Financial Statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Group's /Company's Financial Statements, presented in this report for the year ended 31st March 2026; conform to the requirements of Sri Lanka Accounting Standards (SLFRS/ LKAS) and the Companies Act No 7 of 2007. They also confirm that the Financial Statements presented by them gives a true and fair view of Company activities as at that date. The financial information is consistent with that in the Financial Statements.

The Directors are of the view that adequate funds and other resources are available within the Group / Company for the Group/ Company to continue in operation for the foreseeable future.

The Board of Directors has initiated an efficient and concise system of Internal Control. It also includes Internal Checks and Internal Audits, along with the financial and other controls required to carry on the business smoothly, whilst safeguarding assets in a secure and reliable manner. The Directors have also taken all reasonable steps to ensure that the Company and its subsidiaries maintain adequate and accurate accounting books of records which reflects the transparency of transactions and provide an accurate disclosures of the Group's/Company's financial position.
The Directors have provided the auditors Messrs KPMG, Chartered Accountants with every opportunity to carry out reviews and tests that they consider appropriate and necessary for the performance of their responsibilities. The auditors have examined the financial statements together with all financial records and related data and express their opinion.

Compliance Report

The directors confirm that, to the best of their knowledge all taxes and levis payable by the Group/ Company and all contributions, levies and taxes payable on behalf of the employees of the Group/ Company, and all other known statutory obligations as at the reporting date have been paid or provided for in the financial statements.

Approval of Financial Statements

The Directors' report and the financial statements of the Company and the Group were approved by the Board of Directors on 18th August 2026.

For and on behalf of the Board of Directors of

Lanka Aluminium Industries PLC

J D Peiris
Executive Chairman

Dr J M Swaminathan
Director

Colombo
18th August 2026

Statement by the Senior Independent Director

Dear Stakeholders,

As the Senior Independent Director of Lanka Aluminium Industries PLC, I hereby present my report for the financial year ended 31st March 2026, in accordance with the requirements of Section 9.6.3 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance (2023) issued by the Institute of Chartered Accountants of Sri Lanka.

Appointments during the Year

The SID function was carried out by two Directors during the period under review and up to the date of signing this Annual Report:

- Mr. Dinesh Stephan Weerakkody was appointed SID with effect from 29th January 2025 and served until 13th July 2025.
- Mr. Amitha L. Gooneratne was appointed to the Board on 14th July 2025 and subsequently assumed the role of Senior Independent Director and served in this capacity up to his resignation on 31st July 2026.
- I was appointed on 12th August 2026.

Duties and Responsibilities Discharged

During the year under review, the Senior Independent Directors discharged their responsibilities as required under the Listing Rules and governance best practices. The key activities undertaken included:

- Providing counsel to the Chairman and Board: Acted as an independent advisor to the Chairman on governance and succession planning, while constructively challenging and supporting Board decision-making.
- Engagement with Independent Directors: Chaired meetings of Independent Directors without the presence of the Chairman to appraise his performance, and facilitated meetings with Independent Directors to deliberate governance and risk oversight matters.
- Availability for confidential discussions: Served as an alternative channel of communication for shareholders and Directors wishing to raise concerns outside normal Board proceedings.
- Board performance and effectiveness: Contributed to the annual evaluation of the Board, its Committees, and individual Directors, and monitored the continued effectiveness of governance processes.
- Succession planning: Worked closely with the Nominations and Governance Committee to support succession matters for key leadership positions.

Compliance with Governance Requirements

These duties were carried out in accordance with Section 9.6.3 of the CSE Listing Rules and aligned with Principle A.5.7 of the Code of Best Practice on Corporate Governance (2023).

Conclusion

The effective transition of the Senior Independent Director role from Mr. Amitha L. Gooneratne to myself, ensured continuity of governance oversight during the year under review. I also wish to place on record the valuable contributions made by Mr. Amitha L. Gooneratne during their respective periods of service. As the current Senior Independent Director, I remain committed to discharging these responsibilities with independence, transparency, and diligence in the best interests of shareholders and stakeholders.

(Sgd.)

Ms. Shamalie M. Jayatunge
Senior Independent Director

Colombo
18th August 2026

Financial Calendar

Financial Statements 2025/2026	
1st Quarter Interim Financial Statements (30th June 2025 – Unaudited)	14th August 2025
2nd Quarter Interim Financial Statements (30th September 2025 – Unaudited)	13th November 2025
3rd Quarter Interim Financial Statements (31st December 2025– Unaudited)	12th February 2026
4th Quarter Interim Financial Statements (31st March 2026 – Unaudited)	27th May 2026

Annual Report and Accounts	
Annual Report 2025/26	18th August 2026

Meeting	
40th Annual General Meeting	21st September 2026

Financial Information

Independent Auditor’s Report

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

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TO THE SHAREHOLDERS OF LANKA ALUMINIUM INDUSTRIES PLC.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lanka Aluminium Industries 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 March 31, 2026, and the statement of comprehensive income (or statement of profit orand loss and other comprehensive income) , statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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 Company and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

KPMG

Risk description	Our response
01. Impairment allowance for Trade Receivables	
Refer to Note 3.4.4 (Accounting Policy) and Note 18 to these Financial Statements	
The Group has recognized impairment provisions relating to Trade Receivables of Rs. 42.5Mn (Company Rs. 30.6Mn) Impairment allowance represents management's best estimate of the losses expected within receivables as at the financial position date. They are calculated for specific assets and on a collective basis for portfolios of receivables of a similar nature. The calculation of impairment allowance is inherently judgmental for any institution, and the Group use subjective assumptions/ judgements specially for ECL modelling (e. g. macro-economic inputs) as per the requirements of SLFRS 09. Impairment remains one of the most significant judgements made by management.	Our audit procedures included: • Challenging the appropriateness of the selection of accounting policies based on the requirements of the SLFRS 09. • Assessing management's processes and controls implemented over impairment assessment. • Identifying and testing the relevant key controls and evaluating the completeness, accuracy and relevance of data used. • Evaluating the appropriateness of the assumptions used based on our knowledge and information of the client and the industry. • Evaluating and testing the mathematical accuracy of models applied. • Assessing adequacy of the financial statement disclosures required by the accounting standards.

Independent Auditor's Report

KPMG

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3272 .

CHARTERED ACCOUNTANTS
Colombo, Sri Lanka
August 18, 2026

Statement of Profit or Loss

For the year ended 31st March,	Note	COMPANY 2026 Rs.'000	COMPANY 2025 Rs.'000	GROUP 2026 Rs.'000	GROUP 2025 Rs.'000
Revenue	5	3,288,924	3,031,433	3,509,297	3,405,773
Cost of sales		(2,627,841)	(2,389,645)	(2,767,699)	(2,575,314)
Gross profit		661,083	641,788	741,598	830,459
Other income	6	18,682	8,916	18,913	10,847
Gain/(loss) on fair valuation of financial assests recognized through profit or loss	21.2	2,324	621	2,324	621
Administrative expenses		(194,683)	(180,591)	(199,593)	(186,637)
Marketing expenses		(187,126)	(155,118)	(193,831)	(167,365)
Impairment reversal/(charge) on trade receivables		3,333	6,722	3,333	11,051
Operating Profit		303,613	322,338	372,744	498,976
Finance income	7	20,358	13,254	34,038	18,792
Finance cost	7	(5,560)	(6,807)	(5,148)	(6,674)
Finance income (net)	7	14,798	6,447	28,890	12,118
Gain on bargain purchase	15	-	-	27,437	-
Share of Profit/(Loss) of equity-accounted investees, net of tax		-	-	(854)	-
Profit before tax	8	318,411	328,785	428,216	511,094
Income tax expense	9	(93,983)	(99,798)	(119,381)	(155,477)
Profit for the year		224,428	228,987	308,835	355,617
Profit for the year attributable to:					
Equity holders of the company		224,428	228,987	266,667	292,017
Non-controlling interests		-	-	42,168	63,600
Profit for the year		224,428	228,987	308,835	355,617
Basic/diluted earnings per share - Rs.	10	3.28	3.34	3.89	4.26

The accounting policies and notes on pages 76 through 132 form an integral part of these financial statements
Figures in brackets indicates deductions.

Statements of Profit or Loss and Other Comprehensive Income

For the year ended 31st March,	Note	COMPANY 2026 Rs.'000	COMPANY 2025 Rs.'000	GROUP 2026 Rs.'000	GROUP 2025 Rs.'000
Profit for the year		224,428	228,987	308,835	355,617
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Actuarial gains / (losses) on retirement benefit obligations	24.1	(2,227)	(8,238)	(2,538)	(8,978)
Tax on other comprehensive income	9.2	668	2,471	761	2,693
Equity investments at FVOCI - net change in fair value	15	-	(174)	-	(174)
Other comprehensive income for the year, net of tax		(1,559)	(5,941)	(1,777)	(6,459)
Total comprehensive income for the year		222,869	223,046	307,058	349,158
Total comprehensive income attributable to:					
Equity holders of the company		222,869	223,046	264,986	285,735
Non-controlling interests		-	-	42,072	63,423
Total comprehensive income for the year		222,869	223,046	307,058	349,158

The accounting policies and notes on pages 76 through 132 form an integral part of these financial statements
Figures in brackets indicates deductions.

Statements of Financial Position

As at 31st March,	Note	COMPANY 2026 Rs.'000	COMPANY 2025 Rs.'000	GROUP 2026 Rs.'000	GROUP 2025 Rs.'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	1,678,088	1,701,504	1,839,613	1,870,276
Right-of-use assets	12	47,059	35,509	43,316	35,509
Investments in subsidiaries	14	3,600	3,600	-	-
Investment in associate	15	-	-	59,820	-
		1,728,747	1,740,613	1,942,749	1,905,785
Current Assets					
Inventories	17	1,046,220	980,673	1,143,139	1,069,325
Trade and other receivables	18	489,222	344,406	547,808	420,188
Amounts due from related parties	19	6,313	6,125	10,292	8,263
Current tax asset	20	-	-	470	470
Other current financial asset	21	194,784	131,791	250,915	184,165
Cash and cash equivalents	22	138,864	284,112	285,732	435,874
Total Current Assets		1,875,403	1,747,107	2,238,356	2,118,285
Total Assets		3,604,150	3,487,720	4,181,105	4,024,070
EQUITY AND LIABILITIES					
Equity					
Stated capital	23	137,028	137,028	137,028	137,028
Reserves		742,382	742,382	851,090	851,090
Retained earnings		1,879,084	1,758,986	2,095,005	1,932,790
Total equity attributable to the equity holders of the company		2,758,494	2,638,396	3,083,123	2,920,908
Non-controlling interests		-	-	196,258	154,186
Total Equity		2,758,494	2,638,396	3,279,381	3,075,094
Non-Current Liabilities					
Lease liabilities	28	19,582	16,418	17,524	16,418
Retirement benefit obligations	24	111,849	95,622	117,084	99,399
Deferred tax liabilities	25	386,001	399,453	403,009	416,281
Total Non-Current Liabilities		517,432	511,493	537,617	532,098
Current Liabilities					
Trade and other payables	26	255,192	253,125	293,083	295,733
Amounts due to related party	27	6,732	6,318	418	418
Current tax liability	20	36,638	57,977	39,996	100,185
Lease liabilities	28	29,662	20,411	27,808	20,411
Bank overdrafts	22	-	-	2,802	131
Total Current Liabilities		328,224	337,831	364,107	416,878
Total Liabilities		845,656	849,324	901,724	948,976
Total Equity and Liabilities		3,604,150	3,487,720	4,181,105	4,024,070

The accounting policies and notes on pages 76 through 132 form an integral part of these financial statements
I certify that these financial statements are in compliance with the requirements of Companies Act No 7 of 2007.

A F Feroze Noon
Group General Manager - Finance & Administration

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

J D Peiris
Chairman / Managing Director
18th August, 2026 - Colombo

J.M. Swaminathan
Director

Statements of Changes in Equity

COMPANY	Stated Capital Rs.'000	Revaluation Reserve* Rs.'000	Fair Value Reserve ** Rs.'000	Retained Earnings Rs.'000	Total Equity Rs.'000
Balance as at 1st April, 2024	137,028	747,485	(4,929)	1,604,280	2,483,864
Profit for the year	-	-	-	228,987	228,987
Other Comprehensive Income					
Equity Investments at FVOCI - net change in fair value	-	-	(174)	-	(174)
Actuarial gains/(losses) on retirement benefit obligation (net of tax)	-	-	-	(5,767)	(5,767)
Total comprehensive income for the year	-	-	(174)	223,220	223,046
Dividend declared	-	-	-	(68,514)	(68,514)
Balance as at 31st March, 2025	137,028	747,485	(5,103)	1,758,986	2,638,396
Profit for the year	-	-	-	224,428	224,428
Other Comprehensive Income					
Actuarial gains/(losses) on retirement benefit obligation (net of tax)	-	-	-	(1,559)	(1,559)
Total comprehensive income for the year	-	-	-	222,869	222,869
Dividend declared	-	-	-	(102,771)	(102,771)
Balance as at 31st March, 2026	137,028	747,485	(5,103)	1,879,084	2,758,494

** Revluation Reserves: Revaluation reserves relates to revaluation of land & building and represents the increase in the fair value of the land & buildings.*
*** Fair Value Reserve : - The cumulative net change in the fair value of equity securities designated at FVOCI*

The accounting policies and notes on pages 76 through 132 form an integral part of these financial statements
Figures in brackets indicates deduction

Statements of Changes in Equity (Contd.)

GROUP	Attributable to equity holders of the company						
	Stated Capital	Revaluation Reserve*	Fair Value Reserve **	Retained Earnings	Total	Non Controlling Interests	Total Equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01st April, 2024	137,028	856,194	(4,930)	1,715,395	2,703,687	90,763	2,794,450
Profit for the year	-	-	-	292,017	292,017	63,600	355,617
Other Comprehensive Income							
Equity Investments at FVOCI - net change in fair value	-	-	(174)	-	(174)	-	(174)
Actuarial gains/(losses) on retirement benefit obligation (net of tax)	-	-	-	(6,108)	(6,108)	(177)	(6,285)
Total comprehensive income for the year	-	-	(174)	285,909	285,735	63,423	349,158
Dividend declared	-	-	-	(68,514)	(68,514)	-	(68,514)
Balance as at 31st March, 2025	137,028	856,194	(5,104)	1,932,790	2,920,908	154,186	3,075,094
Profit for the year	-	-	-	266,667	266,667	42,168	308,835
Other Comprehensive Income							
Actuarial gains/(losses) on retirement benefit obligation (net of tax)	-	-	-	(1,681)	(1,681)	(96)	(1,777)
Total comprehensive income for the year	-	-	-	264,986	264,986	42,072	307,058
Dividend declared	-	-	-	(102,771)	(102,771)	-	(102,771)
Balance as at 31st March, 2026	137,028	856,194	(5,104)	2,095,005	3,083,123	196,258	3,279,381

** Revluation Reserves: Revaluation reserves relates to revaluation of land & building and represents the increase in the fair value of the land & buildings.*
*** Fair Value Reserve : - The cumulative net change in the fair value of equity securities designated at FVOCI*

The accounting policies and notes on pages 76 through 132 form an integral part of these financial statements
Figures in brackets indicates deduction

Statements of Cash Flows

For the year ended 31st March,	Note	COMPANY 2026 Rs.'000	COMPANY 2025 Rs.'000	GROUP 2026 Rs.'000	GROUP 2025 Rs.'000
CASH FLOW FROM OPERATING ACTIVITIES					
Profit before tax		318,411	328,785	428,216	511,094
Adjustment for					
Depreciation on property, plant and equipment	11	103,491	104,344	111,867	112,945
Amortisation of intangible assets	13	-	214	-	214
Amortisation of right-of-use assets	12	33,458	30,125	31,587	28,519
Gain/(loss) on fair valuation of financial assests recognized through profit or loss	21.2	(2,324)	(621)	(2,324)	(621)
Realized gain on quoted shares	21.2	(4,855)	(190)	(4,855)	(190)
Provision for retirement benefit obligations	24	16,475	13,644	17,622	14,334
Provision for impairment/(reversal of provision) of trade and other receivables	18	(3,332)	(6,723)	(3,332)	(11,052)
Write off of property, plant and equipment	11	801	134	801	134
Provision for inventories	17	3,811	(2,094)	3,811	(933)
Dividend income	6	(771)	(214)	(771)	(214)
Gain on disposal of property, plant & equipment/Insurance claim	6	(10)	-	(10)	-
Gain on bargain purchase	15	-	-	(27,437)	-
Share of Profit/(Loss) from investment in associates company (Net of Tax)	15	-	-	854	-
Interest income	7	(14,438)	(13,254)	(27,781)	(18,346)
Interest expense	7	5,560	4,881	5,148	4,748
Operating profit before working capital changes		456,277	459,031	533,397	640,632
(Increase)/Decrease in inventories	17	(69,358)	24,330	(77,625)	36,442
(Increase)/Decrease in trade and other receivables	18	(141,484)	16,054	(124,288)	3,240
(Increase)/Decrease in amount due from related parties	19	(188)	30,154	(2,029)	12,280
Increase/(Decrease) in trade and other payables	26	1,180	7,697	(3,538)	11,090
Increase/(Decrease) in amount due to related parties	27	414	(8,362)	-	418
Cash generated from operations		246,841	528,904	325,917	704,102
Income tax paid	20	(128,106)	(97,868)	(192,081)	(123,750)
Interest expense paid	7	(6)	(26)	(54)	(45)
Interest paid on lease liability	7	(5,554)	(4,855)	(5,094)	(4,702)
Retiring gratuity paid	24	(2,475)	(2,594)	(2,475)	(2,853)
Net cash generated from operations		110,700	423,561	126,213	572,752
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition and construction of property, plant and equipment	11	(80,916)	(89,710)	(82,045)	(100,234)
Dividend income	6	771	214	771	214
Proceeds from disposal of quoted investment in equity shares	21.2	31,096	1,018	31,096	1,018
Interest income received	7	14,120	14,445	27,339	20,148
Proceeds from disposal of property, plant & equipment	11	50	-	50	-
Investments in Associate	15	-	-	(33,237)	-
Investments made in short term deposit	21	(11,674)	(5,306)	(15,307)	(9,905)
Investment in quoted investment in equity shares	21.2	(74,918)	(29,943)	(74,918)	(29,943)
Net cash flow used in investing activities		(121,471)	(109,282)	(146,251)	(118,702)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to equity holders of the parent		(101,884)	(70,109)	(101,884)	(70,109)
Repayment of lease liabilities	28	(32,593)	(31,764)	(30,891)	(29,937)
Net cash flow used in financing activities		(134,477)	(101,873)	(132,775)	(100,046)
Net increase /(decrease) in cash and cash equivalents		(145,248)	212,406	(152,813)	354,004
Cash and cash equivalents at the beginning of the year	22	284,112	71,706	435,743	81,739
Cash and cash equivalents at the end of the year	22	138,864	284,112	282,930	435,743

The accounting policies and notes on pages 76 through 132 form an integral part of these financial statements
Figures in brackets indicates deductions.

Notes to the Financial Statements

1. REPORTING ENTITY

1.1 Domicile and Legal Form

Lanka Aluminium Industries PLC (the "Company") is a public Limited liability company incorporated and domiciled in Sri Lanka under the Companies Act. No 07 of 2007 and the ordinary shares of the Company are listed on the Colombo Stock Exchange.

The Company's registered office is located at 1st Floor, Lakshman's Building, 321, Galle Road, Colombo 03, and the principal place of business is located at No.20, Temple Road, Ekala, Ja-ela.

The consolidated financial statements of the company as at, and for the year ended 31st March 2026 comprise the financial statements of Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

1.2 Principal Activities and Nature of Operations

COMPANY

The principal activity of the Company is the manufacture and sale of aluminium extrusions.

SUBSIDIARIES

The principal activities of the Company's subsidiaries are as follows:

Comark Lanka (Pvt) Ltd - Trading in aluminium extrusions and accessories.

Castalloys (Pvt) Ltd. - Investment property. However it has been classified under PPE in the Group accounts.

Comark Engineers (Pvt) Ltd. - Manufactures of Builders Hardware and Undertaking contracts for aluminium fabrication.

There were no significant changes in the nature of the principal activities of the Group during the financial year under review other than mentioned above.

ASSOCIATES

Comark Engineers (Pvt) Ltd has an associate namely Equity Investments Lanka Limited which does trading shares and bonds.

1.3 Parent Enterprise

The Company's ultimate parent company is "Clovis Company Limited" (Bermuda) which holds 50% of voting rights which is ultimately hold by a family trust.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The consolidated financial statements of the Group and the separate financial statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (herein referred to as SLFRSs/LKASs) effective from 1st January 2012, laid down by The Institute of Chartered Accountants of Sri Lanka (ICASL).

Statement of Presentation

The Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

These Financial Statements also provide appropriate disclosures as required by the listing rules of the Colombo Stock Exchange.

2.2 Responsibility for Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards and as per the provisions of the Companies Act No. 07 of 2007. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

2.3 Approval of Financial Statements by Directors

The Financial statements of the Group and the company for the year ended 31st March 2026 were authorised for issue by the Board of Directors on the 18th August 2026.

2.4 Basis of Measurement

The Consolidated Financial Statements have been prepared on the accrual basis, the historical cost basis and applied consistently which no adjustments being made for inflationary factors affecting the financial statements, except for the following material items in the statement of financial position.

- Land and building are measured at revalued amounts; and.
- Equity Instruments at FVTPL are measured at fair value;
- Liability for employee benefits is recognized as the present value of the defined benefit obligation less the net total of fair value of the plan assets.

These Financial Statements have been prepared on the basis that the Company / Group would continue as a going concern for the foreseeable future.

2.5 Functional Currency

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

2.6 Use of Estimates and Judgments

The preparation of these Financial Statements in conformity with SLFRSs/LKASs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes:

- Impairment of trade receivables (Note 18)
- Valuation of Land and Building (Note 11)
- ROU Assets and Lease Liability (Note 12 and 28)
- Provision for Inventories (Note 17)
- Impairment of Financial assets (Note 18)
- Current taxation (Note 9)
- Deferred taxation (Note 25)
- Measurement of Employee benefits (Note 24)
- Provisions and contingencies (Note 30)
- Financial Instrument (Note 36)
- Investment in equity instruments classified as FVTPL (Note 21)

2.6.1 Measurement of Fair Value

A number of the Group's accounting policies and disclosures require the measurement of fair value for both financial and nonfinancial assets and liabilities.

The Group/Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, The Group/ Company assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRSs/LKASs, including the level in the fair value hierarchy in which such valuations should be classified.

Further, the external valuers are involved for valuation of significant assets, such as land and building. Selection criteria for external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The Group decides, after discussions with the external valuers, which valuation techniques and inputs to use for individual assets.

Significant valuation issues are reported to the Group's Audit & Risk Management Committee.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

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

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

Notes to the Financial Statements

2.6.2 Useful lives of depreciable assets

Management reviews its estimation of the useful lives of depreciable asset at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the useful life of certain property, plant and equipment.

2.6.3 Business combinations

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Company 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.

2.6.4 Defined Benefit Obligation

Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the defined benefit obligation amount and the annual defined benefit expense.

2.6.5 Fair value of financial instruments

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

2.6.6 Recognition of deferred tax assets

Management applies significant judgment on the extent to which deferred tax assets can be recognised based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various future tax jurisdictions.

2.7 Materiality and Aggregation

Each item, which is similar in nature, is presented separately, if material. Items of dissimilar nature or function, are presented separately, unless they are immaterial as permitted by the Sri Lanka Accounting Standard LKAS 1 on "Presentation of financial statements".

Notes to the financial statements are presented in a systematic manner which ensures the understandability and comparability of financial statements of the Group and the Company. Understandability of the financial statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

2.8 Comparative Information

Comparative information has been reclassified wherever necessary to conform to the current year's presentation in order to provide a better presentation.

2.9 Going Concern

These financial statements have been prepared on the basis that the Company and the Group will continue as a going concern for the foreseeable future. In preparing the financial statements for the year ended 31 March 2026, the Board and Management considered the current economic developments in Sri Lanka, including foreign exchange volatility, interest rates, import restrictions, and cost pressures, to project future operating conditions. The assessment also evaluated the potential effects of these factors on revenue, supply chain, cash flows, funding access, and operating costs. While the environment remains challenging, management is satisfied that, based on currently available information, the Group has adequate resources to continue operations.

The Directors have accordingly assessed the Group's ability to continue as a going concern and are satisfied that it has the necessary resources and strategies to operate for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

2.10 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is expected to be realised or intended to be sold or consumed in the normal operating cycle and held primarily for the purpose of trading.

Or

Is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is expected to be settled in the normal operating cycle and is held primarily for the purpose of trading and is due to be settled within twelve months after the reporting period.

Or

There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements.

3.1 Basis of Consolidation

3.1.1 Business combinations and Goodwill

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

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

The Group measures goodwill at the acquisition date, as excess of the aggregate of the fair value of the consideration transferred; the recognised amount of any non-controlling interests in the acquisition; the fair value of the pre-existing interest in the acquire if the business combination is achieved in stages; and the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed measured at the acquisition date.

The consideration transferred in the acquisition is generally measured at fair value. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

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

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the statement of profit or loss and other comprehensive income.
The goodwill arising on acquisition of subsidiaries is presented as an intangible asset.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired. 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 that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Notes to the Financial Statements

If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity acquired exceed the cost of the acquisition of the entity, the surplus, which is a gain on bargain purchase is recognised immediately in the consolidated statement of profit or loss and other comprehensive income.

Where goodwill has been allocated to 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 of the cash generating unit retained.

3.1.2 Subsidiaries

Subsidiaries are those entities controlled by the Group. Control 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. 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

The Group considers all relevant facts and circumstances in assessing whether it has power over an investee which includes; The contractual arrangement with the other vote holders of the investee, Rights arising from other contractual arrangements and the Group's voting rights and potential voting rights over the investee.

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.

Entities that are subsidiaries of another entity which is a subsidiary of the Company are also treated as subsidiaries of the Company.

The financial statements of subsidiaries are included in the consolidated financial statements from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date when such control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them to the policies adopted by the Group.

Losses applicable to the non-controlling interests in a subsidiary is allocated to the non-controlling interest even if doing so causes the non-controlling interests to have a deficit balance.

Subsidiaries consolidated are:

Name of the Subsidiaries	Holding %
Comark Lanka (Pvt) Ltd.	100
Castalloys (Pvt) Ltd.	100
Comark Engineers (Pvt) Ltd.	51

Associate is:

Name of the Associate	Holding %
Equity Investments Lanka Limited	28.07

3.1.3 Non-Controlling Interest

The proportion of the profits or losses after taxation applicable to outside shareholders of subsidiary companies is included under the heading "Non–controlling interest" in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Losses applicable to the non-controlling interests in a subsidiary is allocated to the non- controlling interest even if doing so causes the non-controlling interest to have a deficit balance.

The interest of the minority shareholders in the net assets employed of these companies are reflected under the heading "Non–controlling interest" in the Consolidated Statement of Financial Position.

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Acquisitions of non-controlling interests are accounted for as transactions with the equity holders in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. Adjustments to non-controlling interest arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

3.1.4 Loss of Control

On the loss of control, the Group immediately derecognises the assets including goodwill and liabilities of the subsidiary, any non-controlling interest and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit and loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a fair value through OCI financial asset depending on the level of influence retained.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

3.1.5 Reporting Date

All the Group subsidiaries, and equity-accounted investees has the same reporting period as the parent company.

3.1.6 Intra-Group Transactions

Transfer prices between Group entities are set on an arms-length basis in a manner similar to transactions with third parties.

3.1.7 Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Operating Segment

An operating segment is a distinguishable component of the Group that engages in business activities from which it earn revenues and incurs expenses, including revenues and expenses that relate to transactions with Group's other segments.

The operations of the Group are categorized under five segments based on the nature of the products or services provided by each segment and the risks and rewards associated with the economic environment in which these segments operate. The performance of the group is evaluated based on the performance of these five main segments by Group's Executive Chairman/ Managing Director (Chief operating decision maker). The internal management reports prepared on these segments are reviewed by the Group's Executive Chairman/ Managing Director on a monthly basis.

Details of the Group companies operating under each segment and the products and services offered under each segment are provided under Group Companies.

3.3 Foreign Currencies

3.3.1 Foreign Currency Transactions

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

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

Notes to the Financial Statements

Foreign currency differences arising on retranslation are recognised in the statement of profit or loss, except for differences arising on the retranslation of a fair value through OCI financial asset, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised in other comprehensive income.

Foreign currency gains and losses are reported on a net basis in the statement of profit or loss and other comprehensive income.

3.4 Financial instruments

3.4.1 Recognition and measurement

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

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

3.4.2 Classification and subsequent measurement

Financial assets

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

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

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

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

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

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

Financial assets - business model assessment:

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

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

- how the performance of the portfolio is evaluated and reported to the Company's management;

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

- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

Financial assets –assessment whether contractual cash flows are solely payments of principal and interest:

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

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

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

- terms that may adjust the contractual coupon rate, including variable-rate features;

- prepayment and extension features; and

- terms that limit the Group claim to cash flows from specified assets (e.g. non-recourse features)

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

Financial assets - subsequent measurement and gains and losses:

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

Notes to the Financial Statements

Financial liabilities – classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.4.3 De-recognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the, contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

Financial liabilities

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

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

3.4.4 Impairment of financial assets

A. Non-derivative financial assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;

- debt investments measured at FVOCI.

The Group measures loss allowance at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs;

- debt securities that are determined to have low credit risk at the reporting date; and

- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instruments) has not increased significantly since initial recognition.

Loss allowance for trade receivables and related party receivables are always measured at an amount equals to life time ECLs.

When determining whether the credit risk of a financial has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group historical experience and informed credit assessment and including forward-looking information.

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

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

- the debtor is unlikely to pay its credit obligation to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

- The financial asset is more than 360 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

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

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

B. Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

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

C. Credit-impaired financial assets

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

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

- significant financial difficulty of the borrower or issuer;

- a breach of contract such as default or being more than 360 days past due;

D. Presentation of allowance for ECL in the statement of financial position

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

E. Write-off

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

3.4.5 Stated Capital

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

3.5 Property, Plant and Equipment

3.5.1 Recognition and Measurement

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to the working condition for its intended use, and borrowing costs if the recognition criteria are met. This also includes cost of dismantling and removing the items and restoring them in the site on which they are located.

Revaluation model is applied for Freehold properties owned by the Company and the Board has decided to revalue its Freehold Land and Building every 3 years thereafter to comply with requirement of Revaluation Model under the LKAS 16 "Property Plant and Equipment".

Where items of Property, Plant and Equipment are revalued, the entire classes of assets are revalued. When an asset is revalued any increase in the carrying value is recognised in other comprehensive income and accumulated in equity as revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statement of profit or loss, in which case the increase is recognised in the statement of profit or loss. Any revaluation deficit that off-sets a previous surplus on the same asset is directly off-set against the surplus in the revaluation reserve and any excess recognised as an expense.

Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to retained earnings and is not taken into account in arriving at the gain or loss on disposal. The details of revaluation of Freehold Properties are disclosed in notes to the financial statements.

Property, Plant and Equipment other than Freehold land and buildings are recorded at cost less accumulated depreciation and impairment losses, in accordance with the "Cost Model" as set out in LKAS 16 "Property, Plant and Equipment".

Notes to the Financial Statements

The carrying amount of an item of Property, Plant and Equipment is derecognised on disposal or when no further economic benefits are expected from its use or disposal.

3.5.2 Significant Components of Property Plant and Equipment

When parts of an item of property, plant and equipment have different useful lives than the underlying asset, they are identified and accounted separately as major components of property, plant and equipment and depreciated separately based on their useful life.

3.5.3 Subsequent Cost

The Group recognises in the carrying amount of property, plant and equipment the cost of replacing a part of an item, when it is probable that the future economic benefits embodied in the item will flow to the Group and the cost of the item can be measured reliably. The carrying amounts of the parts that are replaced are derecognised from the cost of the asset. The cost of day- today servicing of property, plant and equipment are recognised in the statement of profit or loss and other comprehensive income as and when incurred.

3.5.4 Depreciation

Depreciation has been provided on a straight-line basis over periods appropriate to the estimated useful lives of different types of assets, by applying the following percentages on their cost or revalued amounts.

All assets (excluding land) are depreciated from the month the asset is available for use and ceases at the earlier of the date that the asset is classified as held for sale or is derecognised.

	Depreciation Rates Group
Building	3.57% - 5.88%
Motor Vehicles	25%
Furniture,Fittings & Equipment	12.5%
Plant & Machinery	5% - 10%
Dies	25%
Tools	Replacement Basis

The replacement cost of tools (cutting tools, blades, etc) is capitalised and the difference between the replaced cost and the purchase cost of the tools is charge to statement of profit or loss.

Depreciation methods, useful lives and residual values are reviewed regularly.

3.5.5 Borrowing Costs

Interest and related costs incurred on external borrowings relating to property, plant and equipment under construction or installation is capitalised until the assets are ready for their intended use.

3.5.6 Impairment of Property, Plant and Equipment

The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceed the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income unless it reverses a previous revaluation surplus for the same assets.

3.5.7 Capital work-in-progress

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of capital assets.

3.6 Investment Property

The subsidiary, Castalloys (Pvt) Ltd, has classified its premises as an investment property in its individual financial statements, in accordance with LKAS 40 – Investment Property, as it is held for capital appreciation and to earn rental income. The property generates rental income from the parent company under a lease agreement between the parent and the subsidiary.

However, at the time of consolidation, in accordance with SLFRS 10 – Consolidated Financial Statements and the guidance in LKAS 40, properties that are leased within the Group do not qualify as investment property from a Group perspective. Accordingly, this property has been reclassified under LKAS 16 – Property, Plant and Equipment in the consolidated financial statements.

3.6.1 Recognition and Measurement

A property that is held to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purpose; or sale in the ordinary course of business, by the Group are accounted for as investment properties.

An Investment property is measured initially at its cost. The cost of a purchased investment property comprises of its purchase price and any directly attributable expenditure. The cost of a self-constructed investment property is its cost at the date when the construction or development is complete.

Subsequent to initial recognition the Investment Properties are stated at fair values, which reflect market conditions at the reporting date.

Gains or losses arising from changes in fair value are included in the Statement of Profit or Loss in the year in which they arise.

Investment Properties are derecognised when disposed, or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on retirement or disposal are recognised in the Statement of Profit or Loss in the year of retirement or disposal.

However it has been classified under PPE in the Group accounts.

3.6.2 Subsequent Transfers to/from Investment Property

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

For a transfer from investment property to owner occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Group as an 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.

3.6.3 Determining Fair Value

External and independent valuers, having appropriate recognized professional qualifications and recent experience in the location and category of property being valued, values the investment property portfolio once in three years.

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

3.7 Leased Assets

a. Definition of Lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SLFRS 16.

b. As a Lessee

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

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

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

The lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Notes to the Financial Statements

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

- fixed payments, including in-substance fixed payments.
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early. The lease liability is measured at amortised cost using the effective interest method. It is re measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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

The Group presents right-of-use assets that do not meet the definition of investment property in right-of-use assets and lease liabilities in the statement of financial position.

c. Short term leases and leases of low-value assets

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

3.8 Intangible Assets

3.8.1 Recognition and Measurement

The Group recognizes intangible assets if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

Separately acquired intangible assets are measured on initial recognition at cost. The cost of such separately acquired intangible assets include the purchase price, import duties, non-refundable purchase taxes and any directly attributable cost of preparing the asset for its intended use.

3.8.2 Subsequent Costs

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

3.8.3 Subsequent Measurement

After initial recognition an intangible asset is stated at its costs less any accumulated amortization and any accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life of the asset. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting date. Changes in the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated and as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the statement of profit or loss.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

3.9 Inventories

Inventories are valued at lower of cost or net realisable value (NRV), after making due allowance for obsolete and slow moving items. Net realisable value is the price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale. Any write down to NRV is recognised as an expense. Any inventory losses are also recognised as an expense.

The cost of each category of inventories is determined as follow:

Raw Material - At actual cost and Weighted Average Cost

Finished Goods and work-in-progress - At the cost of direct materials, direct labor and an appropriate proportion of fixed production overheads, based on normal operating capacity and at weighted average cost.

Spare Parts and Consumables - At weighted average cost.
Goods in Transit - At actual cost

The Net Realisable Value (NRV) of inventories is determined through comparison of cost with local and international market values and use of management assessments and judgments;

The following factors are considered in determining NRV by management:

- Raw Material-Determination of the replacement cost of similar raw material and selling price of finished goods.
- Machinery Parts - The inventory movements, replacement cost and future use.
- Finished Goods - The market patterns (based on actual event taken place) the cost of disposing efforts (selling cost etc.) and subsequent prices.
- Work in Progress - The process losses and subsequent realisation.

When NRV cannot be determined a provision will be determined, based on the past data and historical events.

3.10 Impairment – Non Financial Assets

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

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets.

Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

3.10.1 Calculation of Recoverable Amount

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

3.10.2 Reversal of Impairment

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversal of impairment losses are recognised in the statement of profit or loss and other comprehensive income.

3.11 Liabilities and Provisions

Liabilities classified as current liabilities in the statement of financial position are those obligations payable on demand or within one year from the reporting date. Items classified as non-current liabilities are those obligations, which expire beyond period of one year from the reporting date.

All known liabilities have been accounted for in preparing the financial statements. Provision and liabilities are recognised when the Group has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.12 Employee Benefits

a) Defined Contribution Plans – Employees' Provident Fund and Employees' Trust Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Notes to the Financial Statements

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

b) Defined benefits plans – Retirement gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on Treasury bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realisable during the life of the plan, or on settlement of the plan liabilities.

However, according to the Payment of Gratuity Act, No. 12 of 1983, the liability of employer arises only on completion of five years of continued service.

The retiring gratuity is not externally funded.

The Group recognizes all actuarial gains and losses arising from defined benefit plans in the other comprehensive income.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gain or losses on the settlement of a defined plan when the settlement occurs.

3.13 Provisions

A provision is recognised if, as a result of past events, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

3.14 Revenue

The Group generates revenue primarily from manufacture and sale of aluminium extrusions, trading in aluminium extrusions and accessories, manufacturing of builders hardware and undertaking contracts for aluminium fabrication.

3.14.1.1 Performance obligations and revenue recognition policies

The following table provides information about the nature and timing of the satisfaction of performance obligation in contracts with customers, including significant payment terms and the related revenue recognition policies.

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under SLFRS 15
Manufacture and sale of aluminium extrusions / Trading in aluminium extrusions and accessories/ manufacturing of builders hardware and undertaking contracts for aluminium fabrication	Customers obtain control of products when the goods are delivered to and have been accepted at their premises. Invoices are generated at that point in time. Invoices are usually payable within 90 days. Cash discounts may provide for the products. As a policy Group does not accept any sales returns unless manufacturing defects. Returned goods are replaced only after the inspection by technical officers.-i.e. no cash refunds are offered.	“Revenue from contracts with customers” ,establishes a comprehensive framework for determining whether, how much and when revenue is recognised. The Group recognises when a customer obtains control of the goods or services. Judgement is used to determine the timing of transfer of control - at a point in time or over time. Revenue from the sale of goods is recognized at the point in time when control of the goods is transferred to the customer, usually on delivery of the goods. Sales are measured at fair value of the consideration received or receivable excluding amounts collected on behalf of third parties (e.g. Sales Taxes) and variable consideration (e.g. discounts and rebates)

Other Income Sources

3.14.1.2 Gains from Disposal of Property, Plant and Equipment

Gains and losses on disposal of property, plant and equipment have been accounted for in the Statement of profit or loss and other comprehensive income.

3.14.1.3 Interest Income

Interest income is recognised in profit or loss as it accrues. For all financial instruments measured at amortised cost and interest bearing financial assets interest income is recorded using the effective interest rate (EIR). EIR 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. For interest bearing financial assets carried at fair value, interest is recognised on discounted cash flow method. Interest income is included under net finance expense in the statement of profit or loss and other comprehensive income.

Notes to the Financial Statements

3.14.1.4 Dividend Income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which is generally when the dividend is declared.

3.14.1.5 Rental Income

Rental income arising from renting of property, plant and equipment is recognised as revenue on a straight-line basis over the term of the lease.

3.15 Expenditure Recognition

3.15.1 Operating Expenses

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

3.15.2 Finance Income/(Expenses)

Finance income comprises interest income on funds invested, other than the income from investments categorised under fair value through OCI financial assets, which income is recognised in other comprehensive income. Gains on the disposal of interest generating investments whether classified under fair value through profit or loss on under fair value through OCI financial assets is recognised under finance income.

Finance expenses comprise interest expense on borrowings and leases, and impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method. However, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the asset. Borrowing costs capitalised are disclosed in respective notes to the financial statements.

3.16 Income Tax Expense

Income tax expense comprises of current and deferred tax. The income tax expense is recognised in profit or loss except to the extent that it relates to the items recognised directly in other comprehensive income or statement of changes in equity, in which case it is recognised directly in the respective statements.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, contingent liabilities and Contingent assets

3.16.1 Current Tax

The current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Taxation for the current and previous periods to the extent unpaid is recognised as a liability in the financial statements. When the amount of taxation already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset in the financial statement.

Provision for current taxation is based on the profit of the year adjusted to arrive at the taxable profit in accordance with the Inland Revenue Act No. 45 of 2022 and amendments there to.

3.16.2 Deferred Tax

Deferred taxation has been provided for under the liability method on temporary differences as at the reporting date between the tax bases of assets and liabilities, and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised forunused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized based on the business plans for individual subsidiaries in the Group.

Deferred Tax is not recognized for,

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- Taxable temporary differences arising on the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that future taxable profit will be available to recover the deferred tax assets.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantially enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

STATEMENT OF CASH FLOWS

The statement of cash flows is reported based on the "Indirect method".

3.17 Earnings per Share

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

3.18 Related Party Transactions

Disclosure has been made in respect of transactions in which one party has the ability to control or exercise significant influence over financial and operating policies/ decisions of the other, irrespective of whether a price is charged or not.

3.19 Capital Commitments and Contingent Liabilities

All discernible risks are accounted for in determining the amount of all known liabilities. The Group share of all contingencies and capital commitments of a subsidiary for which the Company is also liable severally or otherwise are also included with appropriate disclosure.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recorded in the Statement of financial position but are disclosed in the notes to financial statements.

3.20 Events Occurring After the Reporting Period

All material events after the reporting period have been considered, disclosed and adjusted where applicable.

3.21 Changes in material accounting policies during the year

The Group does not have changes in material accounting policies in the current annual reporting period.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following standards and amendments have been issued but are not yet effective as at 31 March 2026. Based on the assessment performed to date, the Group does not expect these standards and amendments to have a material impact on its financial statements.

- Amendment to SLFRS 9 and SLFRS 7: Classification and Measurement of Financial Instruments

- IFRS 19: Subsidiaries without Public Accountability: Disclosures

- SLFRS 18: Presentation and Disclosure in Financial Statements

Notes to the Financial Statements

5. REVENUE

For the year ended 31st March,	COMPANY 2026 Rs.'000	COMPANY 2025 Rs.'000	GROUP 2026 Rs.'000	GROUP 2025 Rs.'000
Revenue from contracts with customers				
Sales of aluminium extrusions	3,896,171	3,616,987	3,722,128	3,304,961
Job orders/trading	13,781	5,387	60,793	33,054
Sales of scrap	9,000	2,414	9,000	2,414
Sales of sundry items	46,574	28,335	46,574	28,335
Sales of builders hardware/solar accessories	-	-	359,292	676,183
Sales of accessories	-	-	698	200
Gross revenue	3,965,526	3,653,123	4,198,485	4,045,147
Less :				
Value Added Tax	(604,911)	(555,878)	(609,286)	(558,791)
Social Security Contribution	(71,691)	(65,812)	(79,902)	(80,583)
Net revenue	3,288,924	3,031,433	3,509,297	3,405,773

5.1 Timing of revenue recognition

For the year ended 31st March,	COMPANY 2026 Rs.'000	COMPANY 2025 Rs.'000	GROUP 2026 Rs.'000	GROUP 2025 Rs.'000
Revenue recognised at a point in time	3,288,924	3,031,433	3,509,297	3,405,773
Revenue from contracts with customers	3,288,924	3,031,433	3,509,297	3,405,773

6. OTHER INCOME

For the year ended 31st March,	COMPANY		GROUP	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Rental income	2,017	1,848	-	-
Gain on disposal of property, plant & equipment	10	-	10	-
Dividend income from short term investments	771	214	771	214
Sundry income (Note 6.1)	11,029	6,664	13,277	10,443
Realized gain/(loss) on equity shares (Note 20.2)	4,855	190	4,855	190
	18,682	8,916	18,913	10,847

6.1 Sundry income

For the year ended 31st March,	COMPANY		GROUP	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Write-back of long-outstanding credit balances of debtors	3,342	2,675	3,342	2,675
Write-back of unidentified credits	3	2,394	3	2,394
Write-back of unclaimed dividends	504	1,596	504	1,596
Write-back of long-outstanding credit balances of foreign creditors	6,666	-	6,666	-
Scrap sales	-	-	1,918	3,230
Others	514	-	844	549
	11,029	6,664	13,277	10,443

Notes to the Financial Statements

7. FINANCE INCOME (NET)

For the year ended 31st March,	COMPANY 2026 Rs. '000	COMPANY 2025 Rs. '000	GROUP 2026 Rs. '000	GROUP 2025 Rs. '000
Finance income				
Interest income on fixed deposits	5,213	5,261	18,556	10,350
Interest income on money market savings	9,205	7,964	9,205	7,964
Interest income on foreign exchange earners account	20	29	20	32
Foreign exchange gain	5,920	-	6,257	446
	20,358	13,254	34,038	18,792
Finance costs				
Interest expense on bank overdraft	6	26	54	46
Interest expense on lease liability (Note 28)	5,554	4,855	5,094	4,702
Foreign exchange loss	-	1,926	-	1,926
	5,560	6,807	5,148	6,674
Finance income (net)	14,798	6,447	28,890	12,118

8. PROFIT BEFORE TAXATION

For the year ended 31st March,	COMPANY 2026 Rs. '000	COMPANY 2025 Rs. '000	GROUP 2026 Rs. '000	GROUP 2025 Rs. '000
Profit before income tax is stated after charging all expenses including the following;				
Directors' emoluments	33,638	30,562	33,638	30,562
Auditors' remuneration				
Statutory Audit	1,550	1,500	2,354	2,158
Non audit services	146	358	387	585
Depreciation on property, plant and equipment	103,491	104,344	111,867	112,945
Amortisation of intangible assets	-	214	-	214
Write-off of property, plant and equipment	801	134	801	134
Impairment reversal/(charge) on trade receivables	(3,332)	(6,722)	(3,332)	(11,051)
Impairment reversal/(charge) of inventories	3,811	(2,094)	3,811	(933)
Amortisation of right-of-use assets	33,458	30,125	31,587	28,519
Donations	85	48	85	48
Legal expense	959	240	959	240
Professional fees	793	419	1,169	961
Sales commission	61,124	44,980	67,589	57,092
Staff costs (Note 8.1)	372,770	318,878	405,664	347,663

8.1 Staff Cost

For the year ended 31st March,	COMPANY 2026 Rs. '000	COMPANY 2025 Rs. '000	GROUP 2026 Rs. '000	GROUP 2025 Rs. '000
Salaries and related cost	326,072	278,812	354,393	304,052
Defined contribution plan cost - EPF and ETF	30,223	26,422	33,649	29,277
Retirement benefit plan cost - Retiring gratuity	16,475	13,644	17,622	14,334
	372,770	318,878	405,664	347,663
Number of employees as at the year end	267	237	317	277

9. INCOME TAX EXPENSE

9.1 Tax recognised in Statement of Profit or Loss

For the year ended 31st March,	COMPANY 2026 Rs. '000	COMPANY 2025 Rs. '000	GROUP 2026 Rs. '000	GROUP 2025 Rs. '000
Current Tax expense (Note 9)				
Income tax on current year profits (Note 9.3)	106,786	106,635	131,947	160,832
Under/(Over) provision in respect of previous years	(19)	3,224	(55)	3,206
	106,767	109,859	131,892	164,038
Deferred Tax expense (Note 25)				
Relating to origination and reversal of temporary differences	(12,784)	(10,061)	(12,512)	(8,561)
Income tax expense reported in the Statement of Profit or Loss	93,983	99,798	119,381	155,477

9.2 Tax recognised in other comprehensive income

For the year ended 31st March, COMPANY	2026 Rs.'000 Before tax	2026 Rs.'000 Tax expense	2026 Rs.'000 Net of tax	2025 Rs.'000 Before tax	2025 Rs.'000 Tax expense	2025 Rs.'000 Net of tax
Acturial gains/(losses) on defined benefit obligations	(2,227)	668	(1,559)	(8,238)	2,471	(5,767)
	(2,227)	668	(1,559)	(8,238)	2,471	(5,767)

Notes to the Financial Statements

9.2 Tax recognised in other comprehensive income (Contd.)

For the year ended 31st March,	2026			2025		
GROUP	Rs.'000 Before tax	Rs.'000 Tax expense	Rs.'000 Net of tax	Rs.'000 Before tax	Rs.'000 Tax expense	Rs.'000 Net of tax
Acturial gains/(losses) on defined benefit obligations	(2,538)	761	(1,777)	(8,978)	2,693	(6,285)
	(2,538)	761	(1,777)	(8,978)	2,693	(6,285)

A reconciliation between tax expense and the product of accounting profit multiplied by income tax rate for the years ended 31 March 2026 and 2025 is as follows:

9.3 Reconciliation of accounting profit to income tax expense.

For the year ended 31st March,	COMPANY		GROUP	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Accounting profit before tax	318,411	328,785	428,216	511,094
Not forming part of statutory income	(5,233)	(5,290)	(5,233)	(5,293)
Non Business Income	(2,017)	(1,848)	(15,360)	(6,937)
Aggregate disallowable expenses and provisions	163,753	156,765	176,683	169,241
Aggregate allowable deductions	(120,978)	(124,811)	(159,984)	(140,920)
Profit from business	353,936	353,601	424,322	527,185
Other income	2,017	1,848	15,360	6,937
Taxable Income/(loss)	355,953	355,449	439,682	534,122
Income tax at the rate of 30%	106,786	106,635	131,947	160,832
Total Current Income Tax on profit for the year	106,786	106,635	131,947	160,832
Effective Tax Rate	34%	32%	31%	31%

9.4 The profits and income of the Company and its subsidiaries are liable for income tax at the following rates

(a) Company

The profits and income of the company is liable for income tax at 30% (2024/25 - 30%)

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to the taxation authorities in respect of the current as well as prior years. The amount of current tax receivable or payable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Accordingly, provision for taxation is based on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and subsequent amendments thereto, at the rates specified in Note 9.3 to the Financial Statements.

(b) Subsidiaries

Comark Lanka (Pvt) Ltd is liable for income tax at 30% (2024/25 at 30%)
Castalloys (Pvt) Ltd is liable for income tax at 30% (2024/25 at 30%)
Comark Engineers (Pvt) Ltd is liable for income tax at 30% (2024/25 at 30%)

(c) Associate

Equity Investments Lanka Limited is liable for income tax at 30%

10 BASIC/DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

The following reflects the earnings and share data used for the computation.

	COMPANY		GROUP	
For the year ended 31st March,	2026	2025	2026	2025
Amounts used as Numerator				
Net Profit attributable to Ordinary Shareholders (Rs. '000)	224,428	228,987	266,667	292,017
Number of Ordinary Shares in issue used as the Denominator				
Weighted Average Number of Ordinary Shares	68,514,115	68,514,115	68,514,115	68,514,115
Basic/diluted earnings per share (Rs.)	3.28	3.34	3.89	4.26

There are no potential dilutive ordinary shares outstanding at anytime during the year. Therefore, diluted earnings per share is same as basic earnings per share as shown above.

Notes to the Financial Statements

11 PROPERTY, PLANT AND EQUIPMENT

11.1 Company

	Land	Buildings	Machinery & Electrical Sub station	Motor Vehicles	Furniture & Fittings Lab Equipment Tools & Dies	Generator & Equipment	Capital work in progress	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost/Valuation								
Balance as at 1st April 2024	531,427	613,117	985,503	59,566	498,214	10,768	42,380	2,740,975
Additions	-	3,640	57,459	-	28,611	-	-	89,710
Impairment	-	-	-	-	(134)	-	-	(134)
Balance as at 31st March 2025	531,427	616,757	1,042,962	59,566	526,691	10,768	42,380	2,830,551
Additions	-	6,012	38,739	-	36,165	-	-	80,916
Disposals	-	-	-	-	(50)	-	-	(50)
Write-off	-	-	-	-	(801)	-	-	(801)
Balance as at 31st March 2026	531,427	622,769	1,081,701	59,566	562,005	10,768	42,380	2,910,616
Accumulated Depreciation								
Balance as at 1st April 2024	-	-	528,289	59,566	426,080	10,768	-	1,024,703
Charge for the year	-	26,252	42,793	-	35,299	-	-	104,344
Balance as at 31st March 2025	-	26,252	571,082	59,566	461,379	10,768	-	1,129,047
Charge for the year	-	26,586	44,870	-	32,035	-	-	103,491
Disposals	-	-	-	-	(10)	-	-	(10)
Balance as at 31st March 2026	-	52,838	615,952	59,566	493,404	10,768	-	1,232,528
Carrying amount								
As at 31st March 2026	531,427	569,931	465,749	-	68,601	-	42,380	1,678,088
As at 31st March 2025	531,427	590,505	471,880	-	65,312	-	42,380	1,701,504

There were no property, plant and equipment pledged by the Company as securities for facilities obtained from bank.

There are no idle machines included in the Property, Plant and Equipment (PPE).

Capital Work in Progress encompasses an air pollution control system, which remains uninstalled due to delays in importing other essential plant components. These components are expected to be imported in the near future.

Notes to the Financial Statements

11.2 Group

	Land	Buildings	Machinery & Electrical Sub station	Motor Vehicles	Furniture & Fittings Lab Equipment Tools & Dies	Generator & Equipment	Capital work in progress	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost/Valuation								
Balance as at 1st April 2024	639,427	623,595	1,039,457	59,567	515,344	18,511	42,380	2,938,281
Additions	-	3,640	67,983	-	28,611	-	-	100,234
Impairment	-	-	-	-	(134)	-	-	(134)
Balance as at 31st March 2025	639,427	627,235	1,107,440	59,567	543,821	18,511	42,380	3,038,381
Additions	-	6,012	39,057	-	36,976	-	-	82,045
Disposals	-	-	-	-	(50)	-	-	(50)
Impairment	-	-	-	-	(801)	-	-	(801)
Balance as at 31st March 2026	639,427	633,247	1,146,497	59,567	579,946	18,511	42,380	3,119,575
Accumulated Depreciation								
Balance as at 1st April 2024	-	-	549,660	59,567	429,916	16,017	-	1,055,160
Charge for the year	-	27,131	47,499	-	38,315	-	-	112,945
Balance as at 31st March 2025	-	27,131	597,159	59,567	468,231	16,017	-	1,168,105
Charge for the year	-	27,465	49,608	-	34,794	-	-	111,867
Balance as at 31st March 2026	-	54,596	646,767	59,567	503,015	16,017	-	1,279,962
Carrying amount								
As at 31st March 2026	639,427	578,651	499,730	-	76,931	2,494	42,380	1,839,613
As at 31st March 2025	639,427	600,104	510,281	-	75,590	2,494	42,380	1,870,276

Plant and machinery of Comark Engineers (Pvt) Ltd is pledged as securities as at reporting date for obtaining banking facilities from Hatton National Bank PLC.

There are no idle machines included in the Property, Plant and Equipment (PPE).

Capital Work in Progress encompasses an air pollution control system, which remains uninstalled due to delays in importing other essential plant components. These components are expected to be imported in the near future.

There are no restrictions that existed on the title of the PPE of the Group/Company as at the reporting date.

Notes to the Financial Statements

Land and buildings are on fair value based on valuation carried out as at 31st March 2024 by Mr. L. J. D. K. Silva, a member of the Institute of Valuers of Sri Lanka, with appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The book values of land and buildings were written up to correspond with the valuation and the surplus/deficit on revaluation has been credited/debited respectively to the Revaluation Reserve in the year ended 31st March 2024.

Name of the Company	Location		Extent	Carrying Amount as at 31.03.2026 Rs.'000	Carrying Amount at cost Rs.'000
Lanka Aluminium Industries PLC	No 20, Temple Rd, Ekala, Ja-ela.	Freehold land	808.63 P	531,427	722
		Building	143,171 (Sq Ft)	569,931	232,218
Castalloys (Pvt) Ltd	No 60, Temple Rd, Ekala, Ja-ela.	Freehold land	160 P	108,000	800
		Building	3,444 (Sq Ft)	8,720	3,002

Land and building are considered under level 3 of the fair value hierarchy. Valuation techniques and significant unobservable inputs used in measuring fairvalue is given on pages 131 to 132.

The Group has 11 buildings as at 31st March 2026.

12 RIGHT-OF-USE ASSETS

	COMPANY		GROUP	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Carrying value of right of use asset Cost				
At the beginning of the year	199,557	159,584	190,222	150,249
Additions during the year	45,870	39,973	40,256	39,973
Disposal during the year	(862)	-	(862)	-
At the end of the year	244,565	199,557	229,616	190,222
Accumulated Amortisation				
At the beginning of the year	164,048	133,923	154,713	126,194
Amortisation for the year	33,458	30,125	31,587	28,519
At the end of the year	197,506	164,048	186,300	154,713
Carrying amount at the end of the year	47,059	35,509	43,316	35,509

13 INTANGIBLE ASSET

	COMPANY		GROUP	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Balance as at 1st April	-	214	-	214
Amortization	-	(214)	-	(214)
Balance on 31st March	-	-	-	-

Intangible assets includes the product performance license acquired and it is stated at cost less accumulated amortisation and impairement losses.The license acquired was amortised over its validity period of 10 years, which ended in the financial year 2024/25. Accordingly, the asset has been fully amortised as at 31st March 2026.

14 INVESTMENTS IN SUBSIDIARIES

	2026			2025		
	No of Shares '000	Holding %	Cost Rs.'000	No of Shares '000	Holding %	Cost Rs.'000
Unquoted						
Comark Lanka (Pvt) Ltd	100	100%	1,000	100	100%	1,000
Comark Engineers (Pvt) Ltd	200	51%	2,000	200	51%	2,000
Castalloys (Pvt) Ltd	780	100%	600	780	100%	600
			3,600			3,600

There were no shares pledged by the Group / Company as securities for facilities obtained from bank.

As at 31st March 2026, the net assets of the subsidiaries are higher than the carrying amounts of the company's investment in the subsidiaries. Accordingly, no impairment provision has been recognized in respect of the investments.

Notes to the Financial Statements

14.1 Non-Controlling Interest (NCI) in Subsidiary - 49%

Comark Engineers (Pvt) Ltd, subsidiary company of Lanka Aluminium Industries PLC that have material non-controlling interests (NCI). Principle place of business of Comark Engineers (Pvt) Ltd is 1st Floor, Lakshman's Building, 321, Galle Road Colombo 3. Company has not paid dividend to non-controling interest during the financial year 2025-26. Financial information of subsidiary company is given below.

As at 31st March	COMARK ENGINEERS (PVT) LTD	
	2026 Rs. '000	2025 Rs. '000
NCI Percentage (%)	49%	49%
Non-Current Assets	108,502	52,555
Current Assets	351,089	357,787
Non-Current Liabilities	8,952	6,060
Current liabilities	50,105	89,617
Net assets attributable to NCI	196,258	154,186
Revenue	370,075	670,141
Profit for the year	85,945	129,944
Other Comprehensive Income	(196)	(361)
Total Comprehensive Income for the year	85,749	129,583
Proft Allocated to NCI	42,113	63,673
Other comprehensive Income allocated to NCI	(96)	(177)
Net cash generated from operations	20,552	145,981
Net Cash flow used in Investing Activities	(24,779)	(9,420)
Net cash flow used in financing activities	(1,441)	(1,320)
Net (Decrease)/Increase in Cash and Cash Equivalents	(5,668)	135,241

15 INVESTMENT IN ASSOCIATE

Comark Engineers (Pvt) Ltd acquired a 28.07% shareholding in Equity Investments Lanka Limited in February 2026. Accordingly, the investment has been recognized as an investment in associate and accounted for under the equity method in accordance with LKAS 28 Investments in Associates and Joint Ventures.

	As at 31.12.2025 Rs.'000	Holding %	Net Asset Attributable to Comark Engineers (Pvt) Ltd Rs.'000
Net Assets of the Equity Investments Lanka Limited	216,125	28.07%	60,674

	No. of Shares '000	Holding %	Rs. '000
Cost of investment	5,036	28.07%	33,237
Gain on Bargain Purchase on Acquisition of Associate			27,437

Share of Profit adjustment	Associate Profit for the period - Rs. Rs.'000	Holding %	Share of Profit - Rs. Rs.'000
Profit After Tax	(3,044)	28.07%	(854)
Net Investment as at 31.03.2026			59,820

16 OTHER NON-CURRENT FINANCIAL ASSETS

As at 31st March	COMPANY		GROUP	
	2026 Equity Shares - at FVOCI	2025 Equity Shares - at FVOCI	2026 Equity Shares - at FVOCI	2025 Equity Shares - at FVOCI
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Fair Value Through OCI Financial Assets				
Unquoted investments in equity shares (15a)	-	4,690	-	4,690
Cumulative change in fair value of investments	-	(4,690)	-	(4,690)
Carrying amount as at 31st March	-	-	-	-

Notes to the Financial Statements

16.a Unquoted investments in equity shares (Company/Group)

As at 31st March	2026			2025		
Timpex (Pvt) Ltd	No of Shares '000	Holding %	Carrying Value RS. '000	No of Shares '000	Holding %	Carrying Value Rs. '000
Cost	510	1.67	-	510	1.67	4,690
Write off/ Change in fair value of investments	-	-	-	-	-	(4,690)
Carrying Value	-	-	-	-	-	-

There were no shares pledged by the Group / Company as securities for facilities obtained from bank.

The Group designated the investments shown above as equity securities at FVOCI becuase these equity securities represents investments that the Group intends to hold for the long term for strategic purposes.

The Company holds an unquoted strategic investment in Timpex (Pvt) Ltd., classified as an equity instrument at fair value through other comprehensive income (FVOCI). This investment has not been disposed of during the year ended 31st March 2026. In line with SLFRS 9, a fair value loss of Rs. 0.174 Mn was recognised during the previous year under Other Comprehensive Income, with no impact on the profit or loss for the period.

17 INVENTORIES

As at 31st March	COMPANY		GROUP	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Raw materials	114,030	150,803	153,846	187,339
Work in progress	111,282	92,440	142,275	116,167
Finished goods	619,787	520,786	640,195	546,414
Spare parts	98,728	81,998	101,986	85,160
Others	131,580	160,022	141,552	167,149
	1,075,407	1,006,049	1,179,854	1,102,229
Provision for inventories	(29,187)	(25,376)	(36,715)	(32,904)
	1,046,220	980,673	1,143,139	1,069,325

17.1 Movement of provision for inventories

As at 31st March	COMPANY		GROUP	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Balance at the beginning of the year	25,376	27,470	32,904	33,837
Provision for/(reversal of) inventory provisions	3,811	(2,094)	3,811	(933)
Balance at the end of the year	29,187	25,376	36,715	32,904

18 TRADE AND OTHER RECEIVABLES

As at 31st March	COMPANY		GROUP	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Trade receivables	456,221	322,330	498,526	378,374
Other receivables	50,000	44,539	78,235	76,202
Advances & deposits	19,812	17,680	23,826	21,723
	526,033	384,549	600,587	476,299
Provision for impairment of trade receivables	(30,584)	(33,916)	(42,497)	(45,829)
Provision for impairment of other receivables	(6,227)	(6,227)	(10,282)	(10,282)
	489,222	344,406	547,808	420,188

18.1 Movement of impairment of trade and other receivables

As at 31st March	COMPANY		GROUP	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Balance at the beginning of the year	40,143	50,923	56,111	71,220
Provision for /(reversal of) impairment of trade and other receivables	(3,332)	(6,722)	(3,332)	(11,051)
Debtors write-off against the provision	-	(4,057)	-	(4,057)
Balance at the end of the year	36,811	40,143	52,779	56,111

* Trade receivables amounting to Rs. 4.057 Mn, written off during the financial year 2024/2025, are not subject to enforcement activities.

19 AMOUNTS DUE FROM RELATED PARTIES

As at 31st March	COMPANY		GROUP	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Comark Lanka (Pvt) Ltd	-	138	-	-
Comark Engineers (Pvt) Ltd	4,923	4,703	-	-
Texpro Industries Limited	1,733	1,733	1,733	1,733
Marshall Investments (Pvt) Ltd	1,079	973	8,753	6,724
Venture Investments & Management Services (Pvt) Ltd	94	94	94	94
	7,829	7,641	10,580	8,551
Impairment of amounts due from Comark Lanka (Pvt) Ltd	-	(206)	-	-
Impairment of amounts due from Comark Engineers (Pvt) Ltd	(1,228)	(1,022)	-	-
Impairment of amounts due from Texpro Industries Limited	(288)	(288)	(288)	(288)
Impairment of amounts due from related parties	(1,516)	(1,516)	(288)	(288)
	6,313	6,125	10,292	8,263

Notes to the Financial Statements

20 INCOME TAX RECOVERABLE/(PAYABLE)

As at 31st March	COMPANY 2026 Rs.'000	COMPANY 2025 Rs.'000	GROUP 2026 Rs.'000	GROUP 2025 Rs.'000
Balance at the beginning of the year	(57,977)	(45,986)	(99,717)	(59,428)
Tax paid during the year	128,106	97,868	192,081	123,750
Provision for the year	(106,786)	(106,635)	(131,947)	(160,832)
Over/(Under) provision in respect of previous years	19	(3,224)	55	(3,206)
Balance at the end of the year	(36,638)	(57,977)	(39,529)	(99,717)
Income Tax Recoverable	-	-	470	470
Income Tax Payable	(36,638)	(57,977)	(39,996)	(100,185)
	(36,638)	(57,977)	(39,526)	(99,715)

21 OTHER CURRENT FINANCIAL ASSETS

As at 31st March	COMPANY 2026 Rs.'000	COMPANY 2025 Rs.'000	GROUP 2026 Rs.'000	GROUP 2025 Rs.'000
Financial Assets measured at Amortized Cost				
Fixed deposits at bank	109,119	97,445	163,510	148,203
Interest receivable	3,096	2,778	4,836	4,394
Balance at the end of the year (Note 21.1)	112,215	100,223	168,346	152,597
Financial Assets held at Fair Value through Profit or Loss - Quoted Securities	82,569	31,568	82,569	31,568
	194,784	131,791	250,915	184,165

21.1 FINANCIAL ASSETS MEASURED AT AMORTIZED COST

Group own fixed deposits with a maturity period of three months, six months and one year.

Bank	Credit Rating of the Bank	Holder of the Fixed Deposit	Maturity Period In Months	Fixed Deposit Rs.'000	Maturity Date	Interest Rate %
COMPANY						
Hatton National Bank PLC	AA-(lka)	Lanka Aluminium Industries PLC	12	17,764	8th April 2026	4.66%
Hatton National Bank PLC	AA-(lka)	Lanka Aluminium Industries PLC	12	40,200	28th July 2026	5.07%
National Development Bank PLC	A-(lka)	Lanka Aluminium Industries PLC	12	18,188	9th April 2026	4.50%
National Development Bank PLC	A-(lka)	Lanka Aluminium Industries PLC	12	32,967	3rd March 2027	4.50%
Interest receivable		Lanka Aluminium Industries PLC		3,096		
Fixed deposits at bank - Company				112,215		
SUBSIDIARY						
Hatton National Bank PLC	AA-(lka)	Comark Engineers (Pvt) Ltd	3	20,251	4th April 2026	7.00%
Hatton National Bank PLC	AA-(lka)	Comark Engineers (Pvt) Ltd	6	17,045	3rd May 2026	8.04%
Hatton National Bank PLC	AA-(lka)	Comark Engineers (Pvt) Ltd	12	17,095	10th August 2026	7.75%
Interest receivable				1,740		
Fixed deposits at bank - Subsidiary				56,131		
Fixed deposits at bank - Group				168,346		

Notes to the Financial Statements

21.2 FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS - QUOTED SECURITIES

COMPANY/GROUP	Market value as at 01.04.2025	Cost of Purchase of shares	Sale of shares	Gain/(loss) on fair valuation of financial assests recognized through profit or loss	Realized gain on quoted shares	Market value as at 31.03.2026	Cost of remaing shares as at 31.03.2026
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial assets held at fair value through profit or loss - quoted securities	31,568	74,918	(31,096)	2,324	4,855	82,569	79,576

COMPANY/GROUP	No. of shares as at 31.03.2026	Cost as at 31.03.2026	Market value as at 31.03.2026	No. of shares as at 31.03.2025	Cost as at 31.03.2025	Market value as at 31.03.2025
		Rs.'000	Rs.'000		Rs.'000	Rs.'000
Banks						
Commercial Bank of Ceylon PLC	60,000	10,492	12,255	20,000	1,813	2,950
Hatton National Bank PLC	70,000	23,827	27,057	16,600	4,897	5,063
National Development Bank PLC	10,000	1,224	1,300	-	-	-
Nation Trust Bank PLC	10,086	3,183	2,917	-	-	-
Sampath Bank PLC	100,000	13,644	14,525	5,000	414	613
Seylan Bank PLC	25,000	2,730	2,631	-	-	-
Capital Goods						
John Keels Holdings PLC	300,000	7,437	5,520	-	-	-
Access Engineering PLC	20,000	971	1,340	200,000	7,382	7,700
Hayleys PLC	10,600	1,942	2,150	-	-	-
Sierra Cables PLC	-	-	-	250,000	4,240	3,925
Consumer Services						
John Keells Hotels PLC	50,000	1,365	810	100,000	2,746	2,020
Diversified Financials						
Central Finance Company PLC	-	-	-	35,000	6,671	6,798
First Capital Holdings PLC	-	-	-	15,000	611	524
LB Finance PLC	10,000	1,441	1,418	-	-	-
Food Beverage & Tobacco						
Bairaha Farms PLC	25,000	2,073	1,775	-	-	-
Melstacorp PLC	10,000	1,931	1,680	-	-	-
Materials						
Acme Printing & Packaging PLC	100	-	-	100	-	-
Tokyo Cement Company (Lanka) PLC	50,000	4,393	4,446	25,000	1,946	1,975
Transportation						
Digital Mobility Solutions Lanka PLC	20,000	2,925	2,745	-	-	-
		79,576	82,569		30,720	31,568

The Company's investments in quoted equity shares are measured at fair value in accordance with SLFRS 13 – Fair Value Measurement. As these are based on quoted prices in active markets, they are classified under the Level 1 fair value hierarchy.

22 CASH AND CASH EQUIVALENTS

As at 31st March	COMPANY		GROUP	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Cash in hand	709	930	917	1,285
Cash at bank	138,155	283,182	284,815	434,589
Cash and cash equivalents in the statement of financial position	138,864	284,112	285,732	435,874
Banks overdrafts for cash management purposes and payable on demand	-	-	(2,802)	(131)
Cash and cash equivalent for the purpose of statement of cash flows	138,864	284,112	282,930	435,743

22.1 CASH AT BANK

Bank	Credit Rating of the Bank	COMPANY		GROUP	
		2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Hatton National Bank PLC	AA-(lka)	33,758	243,144	175,439	387,220
National Development Bank PLC	A-(lka)	5,608	19,861	10,587	27,192
DFCC Bank PLC	A(lka)	76,281	2,916	76,281	2,916
Sampath Bank PLC	AA- (lka)	14,605	13,721	14,605	13,721
Nations Trust Bank PLC	A-(lka)	7,903	3,540	7,903	3,540
		138,155	283,182	284,815	434,589

23 STATED CAPITAL

As at 31st March	COMPANY		GROUP	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Issued & Fully Paid Number of Shares				
68,514,115 Ordinary Shares	137,028	137,028	137,028	137,028

The holder of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per individual present at meetings of the shareholders or one vote per share in the case of poll.

All ordinary shares rank equally with regard to the Company's residual assets.

Notes to the Financial Statements

24 RETIREMENT BENEFIT OBLIGATIONS

As at 31st March	COMPANY		GROUP	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Present value of unfunded liability (Note 24.1)	111,849	95,622	117,084	99,399
Total present value of the obligation	111,849	95,622	117,084	99,399

24.1 Movement in present value of the retirement benefit obligations

As at 31st March	COMPANY		GROUP	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Retirement benefit obligations as at 1st April	95,622	76,334	99,399	78,940
Expenses recognised in Statement of Profit or Loss (Note 24.2)				
Current service cost	6,913	5,247	7,668	5,650
Interest cost	9,562	8,397	9,954	8,684
	16,475	13,644	17,622	14,334
Expenses recognised in other comprehensive income (Note 24.3)				
Acturial (gain)/losses	2,227	8,238	2,538	8,978
Others				
Benefits paid by the plan	(2,475)	(2,594)	(2,475)	(2,853)
Retirement benefit obligations as at 31st March	111,849	95,622	117,084	99,399

24.2 Expenses recognised in profit or loss

As at 31st March	COMPANY		GROUP	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Current service cost	6,913	5,247	7,668	5,650
Interest cost	9,562	8,397	9,954	8,684
	16,475	13,644	17,622	14,334

24.3 Expenses recognised in other comprehensive income

As at 31st March	COMPANY		GROUP	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Actuarial (gains)/ losses	2,227	8,238	2,538	8,978

Maturity Profile of the Company's retirement benefit obligations as at 31st March

	COMPANY		GROUP	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Within next 12 months	63,606	55,370	64,257	55,786
Between 1-2 years	16,134	8,817	16,686	9,313
Between 2-5 years	11,749	15,002	13,595	16,485
Between 5-10 years	13,623	11,027	14,701	11,683
Beyond 10 years	6,737	5,406	7,845	6,132
	111,849	95,622	117,084	99,399

The provision for retirement benefits obligations for the year is based on the actuarial valuation carried out by professionally qualified actuaries, Messrs. Actuarial and Management Consultants (Pvt) Ltd., as at 31st March 2026. The actuarial present value of the promised retirement benefits as at 31st March 2026 amounted to Rs. 117,083,637/- (Company - Rs. 111,848,598/-). The liability is not externally funded.

	2026	2025
Discount rate	10%	10%
Salary increments	10%	10%
Retirement age	60 years	60 years
Staff turnover rate	13% up to age 54 and thereafter zero.	14% up to age 54 and thereafter zero.
Weighted average duration of defined benefit obligation	2.9 years	2.9 years

Assumptions regarding future mortality are based on published statistics and mortality tables.

The discount rate used as at 31 March 2026 was determined with reference to applicable market interest rates on Government Securities adjusted for anticipated long-term rate of inflation and other factors, where applicable.

Demographic Assupmtions

In addition to the above, demogrphic assupmtions such as mortality, withdrawal and disability, and retirement age were considered for the actuarial valuation. "A 67/07 mortality table" issued by the Institute of Actuaries, London was used to estimate the gratuity liability for the Company.

Sensitivity of assumptions employed in actuarial valuation

The following table demonstrates the sensitivity to a reasonable possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement, in respect of the year 2025/2026.

The sensitivity of the Statement of Profit or Loss and Statement of Financial Position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year.

Notes to the Financial Statements

COMPANY	2026				2025			
	Discount Rate		Salary Increment		Discount Rate		Salary Increment	
	1% INCREASE	"1% DECREASE"	"1% INCREASE"	"1% DECREASE"	1% INCREASE	"1% DECREASE"	"1% INCREASE"	"1% DECREASE"
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Impact on statement of financial position	(2,919)	3,190	2,853	(2,642)	(2,457)	2,681	2,391	(2,217)
Impact on statement of profit or loss and other comprehensive income	2,919	(3,190)	(2,853)	2,642	2,457	(2,681)	(2,391)	2,217

GROUP	2026				2025			
	Discount Rate		Salary Increment		Discount Rate		Salary Increment	
	1% INCREASE	"1% DECREASE"	"1% INCREASE"	"1% DECREASE"	1% INCREASE	"1% DECREASE"	"1% INCREASE"	"1% DECREASE"
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Impact on statement of financial position	(3,221)	3,529	3,186	(2,945)	(2,677)	2,927	2,633	(2,438)
Impact on statement of profit or loss and other comprehensive income	3,221	(3,529)	(3,186)	2,945	2,677	(2,927)	(2,633)	2,438

25 DEFERRED TAX LIABILITIES

As at 31st March	COMPANY		GROUP	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at the beginning of the year	399,453	411,985	416,281	427,534
Origination / (reversal) of temporary differences to Profit or Loss due to during the year transactions	(12,784)	(10,061)	(12,511)	(8,560)
Origination / (reversal) of temporary differences to Other Comprehensive Income due to during the year transactions	(668)	(2,471)	(761)	(2,693)
Balance at the end of the year	386,001	399,453	403,009	416,281
Deferred tax assets	(68,582)	(59,846)	(75,927)	(66,755)
Deferred tax liabilities	454,584	459,299	478,936	483,035
	386,001	399,453	403,009	416,281

Deferred income tax and liabilities are offset when there is a legally enforceable right to offset assets against tax liabilities and when the deferred income taxes relate to the same fiscal authority.

COMPOSITION OF DEFERRED TAX ASSETS AND LIABILITIES:

As at 31st March	COMPANY				GROUP			
	2026		2025		2026		2025	
	Temporary Difference Rs. '000	Deferred Tax Rs. '000	Temporary Difference Rs. '000	Deferred Tax Rs. '000	Temporary Difference Rs. '000	Deferred Tax Rs. '000	Temporary Difference Rs. '000	Deferred Tax Rs. '000
Deferred tax liabilities								
Property, plant and equipment excluding land	939,629	281,889	966,901	290,070	1,020,806	306,242	1,046,023	313,807
Revaluation surplus on land	528,586	158,576	528,586	158,576	528,586	158,576	528,586	158,576
Right-of-use asset	47,059	14,118	35,509	10,653	47,059	14,118	35,509	10,653
Deferred tax assets								
Retirement benefit obligation	(111,849)	(33,555)	(95,621)	(28,686)	(117,083)	(35,124)	(99,397)	(29,819)
Lease liability	(49,244)	(14,773)	(36,829)	(11,049)	(49,244)	(14,773)	(36,829)	(11,049)
Provisions	(67,514)	(20,254)	(67,036)	(20,111)	(86,766)	(26,030)	(86,288)	(25,887)
Net deferred tax liabilities	1,286,667	386,001	1,331,510	399,453	1,343,358	403,009	1,387,604	416,281

MOVEMENT OF DEFERRED TAX ASSET AND LIABILITIES:

	Balance as at 01.04.2024 RS. '000	Recognised in Statement of Profit or Loss 2024/2025 RS. '000	Recognised in other comprehensive income 2024/2025 RS. '000	Balance as at 31.03.2025 RS. '000	Recognised in Statement of Profit or Loss 2025/2026 RS. '000	Recognised in other comprehensive income 2025/2026 RS. '000	Balance as at 31.03.2026 RS. '000
COMPANY							
Property, plant and equipment	300,504	(10,434)	-	290,070	(8,181)	-	281,889
Revaluation surplus on land	158,576	-	-	158,576	-	-	158,576
Right-of-use asset	7,698	2,954	-	10,653	3,465	-	14,118
Retirement benefit obligations	(22,900)	(3,315)	(2,471)	(28,686)	(4,200)	(668)	(33,555)
Lease liability	(8,586)	(2,463)	-	(11,049)	(3,724)	-	(14,773)
Provisions	(23,307)	3,196	-	(20,111)	(144)	-	(20,254)
	411,985	(10,061)	(2,471)	399,453	(12,784)	(668)	386,001
GROUP							
Property, plant and equipment	323,657	(9,850)	-	313,807	(7,565)	-	306,242
Revaluation surplus on land	158,576	-	-	158,576	-	-	158,576
Right-of-use asset	7,698	2,954	-	10,653	3,465	-	14,118
Retirement benefit obligations	(23,683)	(3,444)	(2,693)	(29,819)	(4,543)	(761)	(35,124)
Lease liability	(8,586)	(2,463)	-	(11,049)	(3,724)	-	(14,773)
Provisions	(30,033)	4,146	-	(25,887)	(144)	-	(26,030)
Tax losses carried forward	(96)	96	-	-	-	-	-
	427,534	(8,560)	(2,693)	416,281	(12,511)	(761)	403,009

Notes to the Financial Statements

26 TRADE AND OTHER PAYABLES

As at 31st March	COMPANY		GROUP	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Trade and other payables	170,450	177,493	195,390	210,453
Unclaimed dividend	8,255	7,368	8,255	7,368
Accrued expenses	76,487	68,264	89,438	77,912
	255,192	253,125	293,083	295,733

27 AMOUNT DUE TO RELATED PARTIES

As at 31st March	COMPANY		GROUP	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Castalloys (Pvt) Ltd	6,666	6,318	-	-
Comark Lanka (Pvt) Ltd	66	-	-	-
Venture Investments and Management Services (Pvt) Ltd	-	-	418	418
	6,732	6,318	418	418

28 LEASE LIABILITIES

As at 31st March	COMPANY 2026 Rs. '000	COMPANY 2025 Rs. '000	GROUP 2026 Rs. '000	GROUP 2025 Rs. '000
Cost				
Balance as at the beginning of the year	36,829	28,620	36,829	26,793
Additions during the year	45,870	39,973	40,256	39,973
Interest expense	5,554	4,855	5,094	4,702
Payments made during the year	(38,147)	(36,619)	(35,985)	(34,639)
Termination of lease	(862)	-	(862)	-
At the end of the year	49,244	36,829	45,332	36,829
Amounts recognised in profit or loss				
Interest expense on lease liabilities	5,554	4,855	5,094	4,702
	5,554	4,855	5,094	4,702
Operating Lease Liabilities are presented in Financial position as follows;				
Classified as non current liabilities	19,582	16,418	17,524	16,418
Classified as current liabilities	29,662	20,411	27,808	20,411
	49,244	36,829	45,332	36,829
Amounts recognised in statement of cash flow				
Repayment of lease liabilities	32,593	31,764	30,891	29,937
Maturity Analysis of lease payments				
-Less than 1 year	29,662	20,411	27,808	20,411
-1 to 5 years	19,582	16,418	17,524	16,418
	49,244	36,829	45,332	36,829
Maturity analysis - contractual undiscounted cash flows				
-Less than 1 year	31,893	21,849	31,893	21,849
-1 to 5 years	19,571	17,330	19,571	17,330

'The Company has entered into lease agreements for office and showroom premises for fixed periods. The lease liabilities have been recognised based on the present value of future discounted lease payments, which in turn give rise to a corresponding Right-of-Use asset. This asset will be amortised over the lease term in accordance with the respective lease agreements.

29 CAPITAL COMMITMENTS

There are no material capital commitments, except for amounts mentioned below as at 31st March 2026.

As at 31st March	COMPANY 2026 Rs. '000	COMPANY 2025 Rs. '000	GROUP 2026 Rs. '000	GROUP 2025 Rs. '000
Approximate amount approved but not contracted for	190,179	191,251	190,179	191,752

Notes to the Financial Statements

30 CONTINGENT LIABILITIES

There were no contingent liabilities as at reporting date which would require adjustments to or disclosure in the financial statements of the Company or Group.

31 RELATED PARTY DISCLOSURES

31.1 Key Management Personnel Information

Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

The Company has identified the Board of Directors (including Executive and Non-Executive Directors) as KMP of the Company.

Close Family Members (CFM) of a KMP are those family members who may be expected to influence, or be influenced by, that KMP in their dealings with the Company.

Accordingly the Board of Directors and their CFMs have been identified as the KMP of the Company.

As the Company is parent of the Subsidiaries, the Board of Directors of the Company have the authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly. Accordingly the Board of Directors of the Company (Including Executive and Non-Executive) and their CFMs are KMPs of the Group.

Compensation paid to/on behalf of key management personnel of the company/Group are as follows,

	COMPANY		GROUP	
As at 31st March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Short term employee benefits	29,721	26,937	29,721	26,937
Post employment benefits	3,917	3,625	3,917	3,625
	33,638	30,562	33,638	30,562

In addition to the above, the company has not provided non cash benefits during last two years to the key Management Personnel.

Mr. P. Chandaria and Mr. S. Kumar fulfill the role of official representatives on behalf of Clovis Company Limited.

Mr. J.D. Peiris and Dr. J.M. Swaminathan the directors of the Company are also directors of the following companies as set out below and with transactions in Note 31.2 have been carried out.

There were no loans given to Directors of the company during the financial year or as at the year end.

NAME OF THE RELATED PARTY	NAME OF THE DIRECTOR
CASTALLOYS (PVT) LIMITED	Mr. J D Peiris
	Dr. J M Swaminathan
COMARK LANKA (PVT) LIMITED	Mr. J D Peiris
	Dr. J M Swaminathan
METENCO LANKA (PVT) LIMITED	Mr. J D Peiris
	Dr. J M Swaminathan
COMARK ENGINEERS (PVT) LIMITED	Mr. J D Peiris
	Dr. J M Swaminathan
MARSHALL INVESTMENTS (PVT) LTD	Mr. J D Peiris
	Dr. J M Swaminathan
VENTURE INVESTMENTS & MANAGEMENT SERVICES (PVT) LTD	Mr. J D Peiris
	Dr. J M Swaminathan
EQUITY INVESTMENTS LANKA LIMITED	Mr. J D Peiris
	Dr. J M Swaminathan
MERBOK MDF LANKA (PVT) LTD	Mr. J D Peiris
	Dr. J M Swaminathan
ALMECO (PVT) LIMITED	Mr. J D Peiris

31.2 Transactions with Related Entities

31.2 (a) Transactions with Subsidiaries

'The Group carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard 24 "Related Party Disclosure" the details of which are reported below.

Name of Related Entities	Relationship	Nature of Transaction	Amount 2026 Rs. '000	Amount 2025 Rs. '000
CASTALLOYS (PVT) LIMITED	Subsidiary	**Opening balance**	(6,318)	(7,075)
		Expense recovery	896	739
		Settlements	701	1,800
		Rent expense (net of taxes)	(1,945)	(1,782)
		Closing balance	(6,666)	(6,318)
COMARK LANKA (PVT) LIMITED	Subsidiary	**Opening balance**	138	(7,605)
		Rent income (net of taxes)	680	623
		Expense recovery	1,228	1,228
		Funds transferred net	(2,112)	5,892
		Closing balance	(66)	138
COMARK ENGINEERS (PVT) LTD	Subsidiary	**Opening balance**	4,703	26,706
		Rent income (net of taxes)	1,556	1,425
		Sale of extrusions	201,179	364,312
		Service charges receivable	4,193	3,879
		Expense recovery	6	-
		Purchase of Scrap	(5,034)	(5,430)
		Settlements	(201,680)	(386,189)
		Closing balance	4,923	4,703

Notes to the Financial Statements

31.2 (b) Transactions with Other Related Entities - Company

Name of Related Entities	Relationship	Nature of Transaction	Amount 2026 Rs. '000	Amount 2025 Rs. '000
TEXPRO INDUSTRIES LIMITED	KMP with Significant influence	**Opening balance**	1,733	10,364
		Expenses reimburesments	-	(8,631)
		Closing balance	1,733	1,733
METECNO LANKA (PVT) LIMITED	KMP with Significant influence	Expenses reimburesments	4,140	4,140
		Expenses charged	(4,140)	(4,140)
MARSHALL INVESTMENTS (PVT) LTD	KMP with Significant influence	**Opening balance**	973	286
		Expenses charged	-	2,804
		Sale of extrusions	-	45
		Sundry Sales	106	9
		Settlements	-	(2,171)
		Closing balance	1,079	973
VENTURE INVESTMENTS & MANAGEMENT SERVICES (PVT) LTD	KMP with Significant influence	**Opening balance**	94	439
		Settlements	-	(345)
		Closing balance	94	94

31.2 (c) Transactions with Other Related Entities - Subsidiary Companies

Name of Related Entities	Relationship	Nature of Transaction	Amount 2026 Rs. '000	Amount 2025 Rs. '000
MARSHALL INVESTMENTS (PVT) LTD COMARK ENGINEERS (PVT) LTD	KMP with Significant influence	**Opening balance**	5,724	9,296
		Expenses charged	1,923	1,929
		Sale of extrusions	129	129
		Transfer of powder/raw materials	-	780
		Settlements	(129)	(6,410)
		Closing balance	7,647	5,724
VENTURE INVESTMENTS & MANAGEMENT SERVICES (PVT) LTD COMARK ENGINEERS (PVT) LTD	KMP with Significant influence	**Opening balance**	(418)	419
		Settlements	-	(837)
		Closing balance	(418)	(418)
MARSHALL INVESTMENTS (PVT) LTD COMARK LANKA (PVT) LTD	KMP with Significant influence	**Opening balance**	27	27
		Closing balance	27	27

Amount Receivable from/ Payable to Related Parties are disclosed in Note No.19 and 27 respectively to the financial statements.

31.3 Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length. All related party transactions are carried out in the normal course of business and transacted at normal business terms. Transactions and comparable with those that would have been charged from un-related companies. All related party outstanding balances at the year-end are unsecured and are to be settled in cash. The Group does not have any material commitments to related parties, other than those disclosed in note 31 to the financial statements.

31.4 Other transactions - banking facilities

Lanka Aluminium Industries PLC has sub-allocated a banking facility amounting to Rs. 250 Mn. obtained from National Development Bank PLC to its related Company, Comark Lanka (Pvt) Ltd. As at 31st March 2026, a facility of Rs. 250 Mn was available for utilisation by Comark Lanka (Pvt) Ltd.

32 EVENTS AFTER REPORTING PERIOD

There were no material events occurring after the reporting date as at 31st March 2026 that require adjustments to or disclosure in the Financial Statements, other than disclosed below.

The Board of Directors has proposed a first and final dividend of Rs. 1.25 per share amounting to Rs. 85,642,644 on 18th August 2026 for the year ended 31st March 2026.

33 LITIGATION CLAIM

There are no litigations and claims against the Company and its subsidiaries as at the reporting date other than disclosed below.

District Court of Colombo - Case No. DMR/01699/2014

This case was instituted by Isha Alu Design and Distributors (Pvt) Ltd against Lanka Aluminium Industries PLC on 16 July 2014, alleging that the Company had failed to supply aluminium extrusions of the required standard. The Plaintiff sought compensation of Rs. 950,000 for the alleged substandard aluminium extrusions and a further sum of Rs. 4,000,000 for alleged damage to its reputation.

When the case came up for Order on 27 July 2026, the Additional District Judge of Colombo dismissed the action in favour of Lanka Aluminium Industries PLC, with the Order being delivered in open court. As at the date of this report, the written Order has not yet been made available to the parties by the District Court Registry.

Alumex PLC vs Lanka Aluminium Industries PLC (CHC/13/21/IP)

Alumex PLC instituted the captioned action against Lanka Aluminium Industries PLC by way of plaint dated 31st May 2021 claiming that they are the registered owner of ten industrial designs with regard to several aluminium extrusions, and that Lanka Aluminium has violated Alumex's IP rights with regard to these designs. Alumex initially obtained ex parte enjoining orders against Lanka Aluminium restraining and preventing Lanka Aluminium from selling or offering to sell products identical to and/or similar to and/or having an overall resemblance to Alumex's industrial designs. These enjoining orders were subsequently set aside. Interim injunctions sought by Alumex were also refused by the Commercial High Court by way of order dated 11th November 2022. Alumex tendered a leave to appeal application to the Supreme Court from this order. The Supreme Court also refused to grant leave to appeal from the Commercial High Court order refusing interim injunctions. Lanka Aluminium thereafter filed its Answer dated 12th May 2023 and sought claims in reconvention to nullify the registration of Alumex's ten industrial designs. Alumex filed their Replication dated 10th August 2023. Consequently, Alumex served a set of interrogatories on Lanka Aluminium. Upon Lanka Aluminium's objections to this set of interrogatories, the Commercial High Court directed Lanka Aluminium to answer the interrogatories 1(a)-(e) and 3(a) –(p) only out of the full set of interrogatories. The matter was thereafter fixed for the pre-trial conference. Alumex has submitted their proposed terms of settlement and Lanka Aluminium's counter-proposal for a settlement is under discussion. The matter is presently fixed for the 4th September 2026 to inform regarding the possibility of any settlement between the parties.

There are no unasserted claims and assessments that are probable assertions which are required to be provided in the Financial Statements as at reporting date.

Notes to the Financial Statements

34 SEGMENTAL INFORMATION GROUP

The Primary Segments (Business Segments)

For the year ended 31st March,	Extrusions		Imported Extrusions		Investment Property		Fabrication & Builders Hardware		Eliminations		Group	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
(a) Segment Results												
Total revenue	3,288,924	3,031,433	24,341	16,225	2,162	1,980	370,075	670,141	(176,205)	(314,006)	3,509,297	3,405,773
Cost of Sales	(2,627,841)	(2,389,645)	(23,151)	(15,751)	-	-	(296,694)	(487,902)	179,987	317,984	(2,767,699)	(2,575,314)
Profit before taxation	318,411	328,785	(859)	(1,880)	(1,046)	(927)	111,383	185,543	328	(427)	428,216	511,094
(b) Segment Assets and Liabilities												
Property, plant and equipment	1,678,088	1,701,504	-	-	115,338	116,217	46,187	52,555	-	-	1,839,613	1,870,276
Right-of-use assets	47,059	35,509	998	-	-	-	2,495	-	(7,236)	-	43,316	35,509
Investments in subsidiaries	3,600	3,600	-	-	-	-	-	-	(3,600)	(3,600)	-	-
Investments in associate	-	-	-	-	-	-	59,820	-	-	-	59,820	-
Other non-current financial assets	-	-	-	-	-	-	-	-	-	-	-	-
Total current assets	1,875,403	1,747,107	13,399	14,522	8,892	8,986	351,089	357,907	(10,427)	(10,237)	2,238,356	2,118,285
Total segment assets	3,604,150	3,487,720	14,397	14,522	124,230	125,203	459,591	410,462	(21,263)	(13,837)	4,181,105	4,024,070
Segment Liabilities												
Non current liabilities	517,432	511,493	549	-	14,663	14,545	8,952	6,060	(3,979)	-	537,617	532,098
Total current liabilities	328,224	337,831	765	580	251	315	50,105	89,617	(15,238)	(11,464)	364,107	416,878
Total Segment Liabilities	845,655	849,324	1,314	580	14,914	14,860	59,057	95,677	(19,217)	(11,464)	901,723	948,976
Other Information												
Cost incurred during the Year to acquire property, plant and equipments	80,916	89,710	-	-	-	-	1,129	10,524	-	-	82,045	100,234
Depreciation	103,491	104,344	-	-	879	879	7,497	7,722	-	-	111,867	112,945
Amortization of righ-of-use asset	33,458	30,125	499	429	-	-	1,248	1,070	(3,618)	(3,105)	31,587	28,519
Amortization of intangible assets	-	214	-	-	-	-	-	-	-	-	-	214
Retiring gratuity	16,475	13,644	-	-	137	100	1,010	590	-	-	17,622	14,334

The above segmentation for the group is based on the business segments. However, the company does not distinguish its products into different Geographical Segments as they are insignificant.

Extrusions : Manufacture and sale of aluminium extrusions.
Investment Property : Renting land and building.
Imported Extrusions : Trading in aluminium extrusions and accessories.
Fabrication & Builders Hardware : Manufactures of Builders Hardware and Undertaking contracts for aluminium fabrication.

35 FINANCIAL RISK MANAGEMENT

The risk management structures, processes and procedures are explained in the risk report on pages 43 to 50 of the annual report. The objective of the financial risk management strategy of the Group is to minimize the impact of risks that arise due to the use of financial instruments. The risks that are unmanaged can potentially result in the Group being unable to achieve its budgeted profits in a given financial year. Hence, importance is given by the Group to manage risk.

35.1 Market risk management

Market risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate due to the change in market factors such as exchange rates and interest rates. Such risks could affect Group's income and expenses and could have a potentially adverse impact on the profits attributable to the shareholders. The objective of market risk management is to manage and control market risk exposure within acceptable limits while optimizing returns.

Currency Risk

The group exposed to currency risk on sales, purchases, the main foreign currencies in which the Group transacts is the USD and the Euro while its exposures to other foreign currencies are not material. Amount subject to foreign currency risk on foreign currency liabilities was USD 29,894/- at the exchange rate of 319.31 as at 31st March 2026. Foreign currency risk on foreign currency assets was USD 382,528/- at the exchange rate of 311.77 as at 31st March 2026.

Foreign Currency Sensitivity

An estimation of the impact of the currency risk with respect of financial instruments with a 15% change in US Dollar exchange rate and Singapore Dollar are given below in calculation of risk it's assumed that all other variable factors are held constant. The calculation of sensitivity has been performed only on the assets and liabilities denominated in foreign currency of the Group as at 31st March 2026.

FOREIGN CURRENCY LIABILITIES As at 31st March 2026	GROUP USD BY 15% Effect on Profit Before Tax Rs.'000	 Effect on Equity Rs.'000
LKR Depreciated against USD by 15%	(1,432)	(1,432)
LKR appreciated against USD by 15%	1,432	1,432

FOREIGN CURRENCY ASSETS As at 31st March 2026	GROUP USD BY 15% Effect on Profit Before Tax Rs.'000	 Effect on Equity Rs.'000
LKR Depreciated against USD by 15%	17,889	17,889
LKR appreciated against USD by 15%	(17,889)	(17,889)

Notes to the Financial Statements

Interest rate risk

Interest rate risk is the risk that the fair value of the cash flows of financial instruments will fluctuate because of changes in market interest rates; interest rate risk arises on interest bearing financial instruments recognized in the statement of financial position.

The interest rate risk of the company and the group arises from financial instruments which are exposed to variable or fixed rate interest rates. Variable interest rates expose the company and the group to cash flow due to the impact on the quantum of interest payable.

"Financial instruments with fixed interest rates are subject to variations in fair values due to market interest movements. The group closely monitors market interest rate movements and implement appropriate strategies in order to minimize the interest rate risk associated with financial instruments with rates."

INTEREST BEARING DEPOSITS & LOANS	COMPANY		GROUP	
	Financial Assets Rs. '000	Financial Liabilities Rs. '000	Financial Assets Rs. '000	Financial Liabilities Rs. '000
Fixed deposits	112,215	-	168,346	-
Loans and liabilities	-	-	-	2,802

Interest rate sensitivity

At the reporting date the interest rate sensitivity profile of the Group's financial instruments were as follows,

IMPACT ON PROFIT AND LOSS	COMPANY		GROUP	
	Effect on Profit Before Tax Rs. '000	Effect on Equity Rs. '000	Effect on Profit Rs. '000	Effect on Equity Rs. '000
Decrease of 100 Basis Points in Rupee Interest Rate	(1,948)	(1,948)	(2,481)	(2,481)
Increase of 100 Basis Points in Rupee Interest Rate	1,948	1,948	2,481	2,481

Equity Price risk

The Group has adopted that its investment on subsidiaries at cost as per; LKAS 27 - Separate financial statements and therefore it is scoped out from SLFRS 9 - Financial instruments.

All the investments made by the group that are classified as a financial assets are categorized as financial assests measured at FVTPL asset at the reporting date the value of these investments are as follows,

Quoted equity investments	Rs. '000
Access Engineering PLC	1,340
Bairaha Farms PLC	1,775
Commercial Bank of Ceylon PLC	12,255
Digital Mobility Solutions Lanka PLC	2,745
Hayleys PLC	2,150
Hatton National Bank PLC	27,057
John Keels Holdings PLC	5,520
John Keells Hotels PLC	810
LB Finance PLC	1,418
Melstacorp PLC	1,680
National Development Bank PLC	1,300
Nation Trust Bank PLC	2,917
Sampath Bank PLC	14,525
Seylan Bank PLC	2,631
Tokyo Cement Company (Lanka) PLC	4,446

35.2 Liquidity management

The liquidity risk of the group arises from having insufficient cash resources to meet its obligations as they arise. Insufficient liquidity resources could have an adverse impact on the Group's operations while impairing investor, customer and supplier confidence thereby weakening its competitive position. The Group had adopted a number of strategies in order to ensure that sufficient cash resources are available to meet both operational and investment liquidity whilst meeting its debt servicing obligations.

The Group closely monitors cash inflows and outflows both at consolidated and sector levels to ensure matching of cash flows wherever possible.

The Group has sufficient approved banking facilities in reserve and had over Rs. 2,086 Mn undrawn facilities as at the end of the financial year, which could be utilized at a short notice. The Group evaluates its funding requirements at frequent intervals and access debt and capital markets at appropriate times.

The Group has implemented a strategic working capital management plan across all sectors whereby the receivables are closely monitored and debtor's period is minimized. Careful vender evaluations and procurement strategies ensure that correct prices are paid for inputs and maximum credit periods are negotiated to optimize the working capital cycle.

The Group ensures its liquidity is maintained by investing in short, medium and long term financial instruments to support operational and other funding instruments.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Notes to the Financial Statements

As at 31st March 2026	COMPANY					GROUP				
	On Demand	Less than 3 Months	3 – 12 Months	1 – 2 Years	Carrying Value	On Demand	Less than 3 Months	3 – 12 Months	1 – 2 Years	Carrying Value
	RS.'000	RS.'000	RS.'000	RS.'000	RS.'000	RS.'000	RS.'000	RS.'000	RS.'000	RS.'000
Lease Liabilities	-	7,625	22,037	19,582	49,244	-	7,180	20,629	17,523	45,332
Bank overdrafts	-	-	-	-	-	2,802	-	-	-	2,802
Amounts due to related party	6,732	-	-	-	6,732	418	-	-	-	418
Trade payable & other payables	8,255	246,937	-	-	255,192	8,255	284,828	-	-	293,083
Total	14,987	254,562	22,037	19,582	311,168	11,475	292,008	20,629	17,523	341,635

Credit Risk Management

Credit risk refers to the risk carried out by the Group owing to a counter party defaulting on its contractual obligations in relation to a financial instrument or customer contract. The total carrying amount of the credit risk pertaining to the group as at 31st March 2026 is the summation of balances under the following categories of financial assets.

The maximum credit risk of the Group and the company is limited to the carrying value of these financial assets as at 31st March 2026.

EXPOSURE TO THE CREDIT RISK

As at 31st March	Note	COMPANY 2026 RS.'000	COMPANY 2025 RS.'000	GROUP 2026 RS.'000	GROUP 2025 RS.'000
Trade receivables	18	425,637	288,414	456,029	332,545
Other receivables	18	43,773	38,312	67,953	65,920
Advances & deposits	18	19,812	17,680	23,826	21,723
Amounts due from related parties	19	6,313	6,125	10,292	8,263
Fixed Deposits	20	112,215	100,223	168,346	152,597
Cash and cash equivalents	22	138,864	284,112	285,732	435,874
Total		746,614	734,866	1,012,178	1,016,922

Impairment on lossess on financial assets recognized in profit or loss were as follows:

As at 31st March	Note	COMPANY 2026 RS.'000	COMPANY 2025 RS.'000	GROUP 2026 RS.'000	GROUP 2025 RS.'000
Impairment charge/(reversal)- trade receivables	18	(3,332)	(6,723)	(3,332)	(11,052)
		(3,332)	(6,723)	(3,332)	(11,052)

TRADE AND OTHER RECEIVABLES

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographic of the Group's customer base, including the default risk of the industry and area in which customer operate, as these factors may have an influence on credit risk.

The Group is closely monitoring the economic environment in the country and is taking necessary measures to limit its exposure to customers experiencing particular economic volatility.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The main components of this allowance are specific loss component that relates to individually significant exposures, and a collective loss component established for group of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics of those receivables and the future macro economic conditions.

The Group applies the SLFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for trade receivables.

The movement in the allowance for impairment in respect of trade receivables during the year

	COMPANY		GROUP	
As at 31st March	2026 RS.'000	2025 RS.'000	2026 RS.'000	2025 RS.'000
At 1st April	33,916	44,696	45,829	60,938
Provision/(reversal) for the year	(3,332)	(6,723)	(3,332)	(11,052)
Write off	-	(4,057)	-	(4,057)
At 31st March	30,584	33,916	42,497	45,829

AMOUNTS DUE FROM RELATED PARTIES

Impairment on amounts due from related parties has been measured on a 12 month expected credit loss basis and reflect the short maturities of the exposures.

The movement in the allowance for impairment in respect of amounts due from related parties during the year

	COMPANY		GROUP	
As at 31st March	2026 RS.'000	2025 RS.'000	2026 RS.'000	2025 RS.'000
At 1st April	1,516	1,516	288	288
At 31st March	1,516	1,516	288	288

Notes to the Financial Statements

The credit risk arising from the deposits made in financial institutions are managed by the group policy directions provided by the board of Directors.

Lanka Aluminum Industries PLC transacts only with a limited number of institutions all of which have stable credit ratings. The group's exposure and credit rating of counterparties are continuously monitored and a diversified investment portfolio is minimizing the unsystematic risk.

The majority of the trade receivable is due to settlement within 90 days comprising 80% (Company - 78%) of the total receivable as at the end of the financial year. The credit policy is prepared subsequent to analyzing the credit profile of a customer. In this regard factors such as the credit history, legal status, market share, geographical locations of operation, and industry information are considered.

The Group has identified credit limits for each of its customers and if the customer does not meet the criteria or the stipulated benchmark on a transaction, then the business is carried out with such customers only up to the value of the guarantee value or advance obtained.

The Total Guarantee received on trade receivable is Rs 200 Mn."

	COMPANY			GROUP		
As at 31st March 2026	Gross trade receivables	Impairment provision for trade receivable	Net trade receivables	Gross trade receivables	Impairment provision for trade receivable	Net trade receivables
	RS.'000	RS.'000	RS.'000	RS.'000	RS.'000	RS.'000
Less than 30 days	145,447	(109)	145,338	159,093	(109)	158,984
More than 30 days but less than 60 days	177,133	(69)	177,064	184,375	(69)	184,306
More than 60 days but less than 90 days	40,336	(19)	40,317	45,510	(19)	45,491
More than 90	93,305	(30,387)	62,918	109,548	(42,300)	67,248
Total	456,221	(30,584)	425,637	498,526	(42,497)	456,029

35.3 Capital Management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of total equity. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Group monitors capital using a net debt to equity ratio, which is net debt divided by equity. For this purpose, net debt is defined as total liabilities (which includes interest bearing loans and borrowings) less cash and cash equivalents. Equity comprises all components of equity.

The Company's and Group's net debt to equity ratio at the end of the reporting period is as follows. which could be utilized at a short notice. The Group evaluates its funding requirements at frequent intervals and access debt and capital markets at appropriate times.

As at 31st March	COMPANY		GROUP	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Total liabilities	845,656	849,324	901,724	948,976
Less: Cash and cash equivalents	(138,864)	(284,112)	(285,732)	(435,874)
Net debt	706,792	565,212	615,992	513,102
Total equity	2,758,494	2,638,396	3,083,123	2,920,908
Net debt to equity ratio at 31st March (Times)	0.26	0.21	0.20	0.18

36 FINANCIAL INSTRUMENTS

The value of financial assets and financial liabilities, together with the carrying amounts in the statement of financial position as follows:

36.1 Accounting classifications and fair value - Company

31st March 2026	NOTE	Amortized cost Rs.'000	Fair value through FVTPL Rs.'000	Other financial liabilities Rs.'000	Total carrying amount Rs.'000	Fair value Rs.'000
Cash and cash equivalents	22	-	-	-	138,864	-
Trade and other receivables	18	444,739	-	-	444,739	-
Amounts due from related parties	19	6,313	-	-	6,313	-
Other current financial assets	21	112,215	82,569	-	194,784	82,569
		563,267	82,569	-	784,700	82,569
Trade and other payables	26	-	-	198,812	198,812	-
Amount due to related parties	27	-	-	6,732	6,732	-
Lease liabilities	28	49,244	-	-	49,244	-
		49,244	-	205,544	254,788	-

Notes to the Financial Statements

31st March 2025	NOTE	Amortized cost Rs.'000	Fair value through FVTPL Rs.'000	Other financial liabilities Rs.'000	Total carrying amount Rs.'000	Fair value Rs.'000
Cash and cash equivalents	22	-	-	-	284,112	-
Trade and other receivables	18	306,502	-	-	306,502	-
Amounts due from related parties	19	6,125	-	-	6,125	-
Other current financial assets	21	100,223	31,568	-	131,791	31,568
		412,850	31,568	-	728,530	31,568
Trade and other payables	26	-	-	210,810	210,810	-
Amounts due to related parties	27	-	-	6,318	6,318	-
Lease liabilities	28	36,829	-	-	36,829	-
		36,829	-	217,128	253,957	-

The Company has not disclosed the fair values for financial instruments such as cash and cash equivalents (including bank overdrafts), trade and other receivables, amounts due from related parties, loans and borrowings, trade and other payables and amounts due to related parties, because their carrying amounts are a reasonable approximation of fair value.

36.2 Accounting classifications and fair value - Group

31st March 2026	NOTE	Amortized cost Rs.'000	Fair value through FVTPL Rs.'000	Other financial liabilities Rs.'000	Total carrying amount Rs.'000	Fair value Rs.'000
Cash and cash equivalents	22	-	-	-	285,732	-
Trade and other receivables	18	495,430	-	-	495,430	-
Amounts due from related parties	19	10,292	-	-	10,292	-
Other current financial assets	21	168,346	82,569	-	250,915	82,569
		674,068	82,569	-	1,042,369	82,569
Trade and other payables	26	-	-	240,533	240,532	-
Lease liabilities	28	45,332	-	-	45,332	-
Bank overdrafts	22	-	-	2,802	2,802	-
		45,332	-	243,335	288,666	-

31st March 2025	NOTE	Amortized cost Rs.'000	Fair value through FVTPL Rs.'000	Other financial liabilities Rs.'000	Total carrying amount Rs.'000	Fair value Rs.'000
Cash and cash equivalents	22	-	-	-	435,874	-
Trade and other receivables	18	375,714	-	-	375,714	-
Amounts due from related parties	19	8,263	-	-	8,263	-
Other current financial assets	21	152,397	31,568	-	184,165	31,568
		536,374	31,568	-	1,004,016	31,568
Trade and other payables	26	-	-	252,802	252,802	-
Lease liabilities	28	36,829	-	-	36,829	-
Bank overdrafts	22	-	-	131	131	-
		36,829	-	252,933	289,762	-

The Group has not disclosed the fair values for financial instruments such as cash and cash equivalents, trade and other receivables, amounts due from related parties, loans and borrowings, trade and other payables and amounts due to related parties, because their carrying amounts are a reasonable approximation of fair value.

37 FAIR VALUE MEASUREMENT

The Group and the Company uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation techniques:

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

Level 2: inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data or indirectly

The following table provides the fair value measurement hierarchy of the Group's and Company's assets and liabilities.

For the year ended 31st March	Level 1		Level 2		Level 3	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
COMPANY						
Recurring fair value measurements -Assets measured at fair value						
Freehold land	-	-	-	-	531,427	531,427
Building	-	-	-	-	569,931	590,505
Other current financial assets- (Fair value through PL)	82,569	31,568	-	-	-	-

Notes to the Financial Statements

For the year ended 31st March	Level 1		Level 2		Level 3	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
GROUP						
Recurring fair value measurements - Assets measured at fair value						
Freehold land	-	-	-	-	639,427	639,427
Building	-	-	-	-	578,651	600,104
Other current financial assets- (Fair value through PL)	82,569	31,568	-	-	-	-

Valuation techniques and significant unobservable inputs

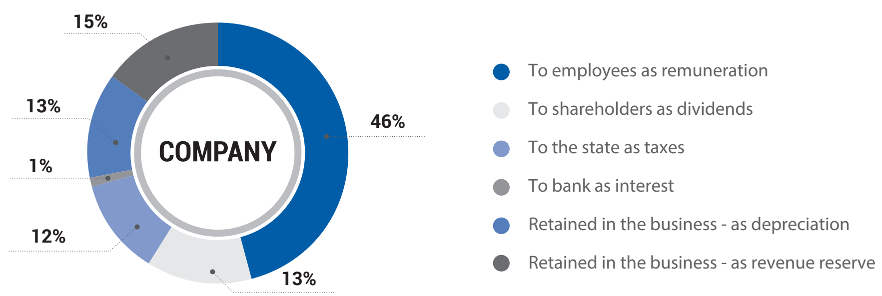
Assets	Valuation Technique	Significant Unobservable Inputs	"Sensitivity of the Input to the fair value"
Property, Plant and equipment - Freehold land	Market comparable method; Considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property.	Price per perch of land Free hold land - 625,000-675,000 per perch	Estimated fair value would increase/(decrease) if ;Price per perch increases/(decreases).
Freehold building	Market comparable method and Depreciated replacement cost method.	Value per square feet determined based on similar properties value and depreciated for period used. Building – 3,500 - 7,500 per square feet	The estimated fair value would increase (decrease) if price per square feet value was higher / (lesser). The estimated fair value would (decrease) / increase if depreciation was higher / (lower).

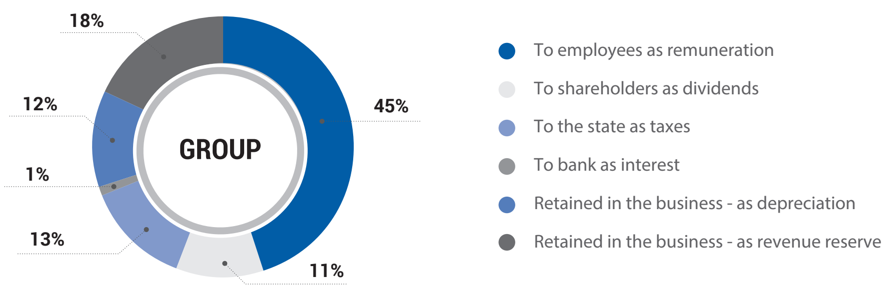
Supplementary Information

Statement of Value Addition

For the year ended 31st March,	COMPANY		GROUP	
	2025/2026	2024/2025	2025/2026	2024/2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Turnover	3,288,924	3,031,433	3,509,297	3,405,773
Other Income	18,682	8,916	18,913	10,847
Finance Income	20,358	13,254	34,038	18,792
	3,327,964	3,053,603	3,562,248	3,435,411
Less:				
Cost of material & services purchased	2,529,290	2,300,556	2,655,201	2,526,743
Value Added	798,674	753,047	907,047	908,668
Value addition as a percentage on turnover & other income	24.00%	24.66%	25.46%	26.45%

For the year ended 31st March,	COMPANY				GROUP			
	2025/ 2026	As a % of Total	2024/ 2025	As a % of Total	2025/ 2026	As a % of Total	2024/ 2025	As a % of Total
	Rs.'000		Rs.'000		Rs.'000		Rs.'000	
To employees as remuneration	372,770	46	318,878	42	405,664	45	347,663	38
To shareholders as dividends	102,771	13	68,514	9	102,771	11	68,514	8
To the state as taxes	93,983	12	99,798	13	119,381	13	155,477	17
To bank as interest	5,560	1	6,807	1	5,148	1	6,674	1
Retained in the business - as depreciation	103,491	13	104,344	14	111,867	12	112,945	12
Retained in the business - as revenue reserve	120,098	15	154,706	21	162,215	18	217,395	24
	798,674	100	753,047	100	907,047	100	908,668	100





Real Estate Portfolio

Classification	Name of the Company	Location	Land Perches		No. of Buildings	Building in (Sq.ft.)	Value (Rs.'000)
			Lease Hold	Free Hold			
Property, plant and equipments	Lanka Aluminium Industries PLC	Ekala, Ja-ela	Nil	808.63	10	140,021	1,101,358
Property, plant and equipments	Castalloys (Pvt) Ltd	Ekala, Ja-ela	Nil	160.00	1	3,444	116,721

Five Year Summary

For the year ended 31st March,	2026 Rs.'000	2025 Rs.'000	2024 Rs.'000	2023 Rs.'000	2022 Rs.'000
A). Summary of operations					
Revenue	3,509,297	3,405,773	2,489,049	2,631,464	2,663,611
Gross Profit	741,598	830,459	659,726	815,031	866,279
Profit before finance expenses and tax	372,744	498,976	354,753	494,248	534,206
Net finance (income)/expenses	28,890	12,118	(19,108)	(155,959)	(69,704)
Taxation	(119,381)	(155,477)	(96,194)	(118,495)	(81,297)
Profit after tax	308,835	355,617	239,451	219,794	383,206
Profit attributable to equity holders of the Company	266,667	292,017	213,963	197,019	363,376
Gross dividend	102,771	68,514	-	-	-
As at 31st March					
B). Summary of Financial Position					
Capital & Reserve					
Stated capital	137,028	137,028	137,028	137,028	137,028
Retained earnings	2,095,005	1,932,790	1,715,395	1,504,225	1,298,336
Shareholders' funds	3,083,123	2,920,908	2,703,687	2,291,627	2,179,235
Minority interest	196,258	154,186	90,763	65,473	42,581
Total equity	3,279,381	3,075,094	2,794,450	2,357,100	2,221,816
Liabilities					
Non-current liabilities	537,617	532,098	513,467	431,114	294,281
Current liabilities	364,107	416,878	367,001	614,736	1,012,194
Total liabilities	901,724	948,976	880,468	1,045,850	1,306,475
Total equity & liabilities	4,181,105	4,024,070	3,674,918	3,402,950	3,528,291
Assets					
Property, plant and equipment	1,839,613	1,870,276	1,883,121	1,660,083	1,660,892
Right-of-use assets	43,316	35,509	24,055	35,750	17,329
Investment in associate	59,820	-	-	-	-
Intangible assets	-	-	214	467	720
Investments	59,820	-	174	174	174
Current assets	2,238,356	2,118,285	1,767,354	1,706,476	1,849,176
Total assets	4,181,105	4,024,070	3,674,918	3,402,950	3,528,291
C) Key Indicators					
Earnings per share (Rs.)	3.89	4.26	3.12	2.88	5.30
Net profit margin (%)	8.80	10.44	9.62	8.35	14.39
Net assets per share (Rs.)	45.00	42.63	39.46	33.45	31.81
Dividend paid per share (Rs.)	1.50	1.00	-	-	-
Dividend pay out (%)	38.56	23.46	-	-	-
Interest cover (Times)	-	-	18.57	3.17	7.66
Current ratio (Times)	6.15	5.08	4.82	2.78	1.83
Gearing ratio (%)	-	-	-	-	0.12
Return on equity (%)	9.42	11.56	8.57	9.32	17.25

Twenty (20) Major Shareholders

	Name of the Shareholder	31st March 2026 Number of Shares	31st March 2026 Percentage	31st March 2025 Number of Shares	31st March 2025 Percentage
1	Clovis Company Limited	34,317,145	50.09	34,317,145	50.09
2	Deutsche Bank Ag Trustee To Lynear Wealth Dynamic Opportunities Fund	2,322,757	3.39		
3	Deutsche Bank Ag-National Equity Fund	2,000,000	2.92	2,030,539	2.96
4	Mr. R.S.A. Silva	1,051,495	1.53	1,051,495	1.53
5	Ranavav Holdings (Pvt) Ltd	1,000,000	1.46		
6	Seylan Bank PLC/Mohamed Mushtaq Fuad	849,480	1.24	352,766	0.51
7	Senkadagala Finance PLC/M.M.Fuad	530,787	0.77	254,987	0.37
8	Hatton National Bank PLC/Softlogic Equity Fund	523,063	0.76		
9	Mr. K.L. Yeoh	474,003	0.69		
10	Est. of Lat K.C. Vignarajah	472,254	0.69		
11	Sandwave Limited	465,094	0.68		
12	Commercial Bank of Ceylon PLC/M.M. Fuad	464,043	0.68	699,898	1.02
13	Mr. T.J. Emmanuel	436,242	0.64		
14	Mrs. P.N. Bhatt	393,065	0.57	393,065	0.57
15	Almas Holdings (Private) Limited	336,664	0.49		
16	Mr. A.S.M. Ali	320,000	0.47		
17	Assetline Finance PLC/M.S.Hamzadeen	319,990	0.47		
18	Senkadagala Finance PLC/M.M.Sugathapala	300,000	0.44		
19	Mr. P. Muralitharan	299,925	0.44	1,556,498	2.27
20	Mr. U.K. Nanayakkara	272,846	0.40		
	Percentage Of Shares Held By The Public		49.85		49.85
	Number Of Shareholders Representing The Public Holding		3,512		2,805

The directors do not hold any shares

PUBLIC HOLDING

- The percentage of shares held by public as per the Colombo Stock Exchange Rules as at 31st March 2026, was 49.85% (2025 – 49.85%) held by 3,512 ordinary shareholders (2025 – 2,805).
- The float adjustment market capitalization of the Company as at 31st March 2026 was Rs. 1,376,417,739/- under Option 5 of Rule 7.13.1 (a) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

Analysis of Shareholders According to the Number of Shares as at 31st March 2026

Shareholding Range	Resident			Non Resident			Total		
	No. of Share holders	No. of Shares	%	No. of Share holders	No. of Shares	%	No. of Share holders	No. of Shares	%
1-1000	2,106	591,721	0.86	9	4,045	0.01	2,115	595,766	0.87
1001-10000	1,019	3,919,200	5.72	5	20,880	0.03	1,024	3,940,080	5.75
10001-100000	306	9,135,817	13.33	7	208,966	0.30	313	9,344,783	13.63
100001-1000000	54	13,718,000	20.02	4	1,224,089	1.79	58	14,942,089	21.81
Over 1 Mn	3	5,374,252	7.85	1	34,317,145	50.09	4	39,691,397	57.94
	3,488	32,738,990	47.78	26	35,775,125	52.22	3,514	68,514,115	100.00

Categories of Shareholders	Number of Share holders	Number of Shares
Individual	3,334	19,524,320
Institutional	180	48,989,795
	3,514	68,514,115

Share Trading Information from 1st April 2025 to 31st March 2026

Share Trading Information	2025/2026	2024/2025
No of trades	25,618	18,249
No of shares traded	74,983,090	87,390,591
Value of shares traded (Rs.)	3,392,685,640	2,630,945,747

Glossary of Financial Terms

Asset Turnover
Total revenue divided by average total assets.

AWDR
The Average Weighted Deposit Rate is calculated by the Central Bank monthly and half yearly based on the weighted average of all outstanding interest bearing deposits of commercial banks and the corresponding interest rates.

AWPLR
The Average Weighted Prime Lending Rate is calculated by the Central Bank weekly, monthly and half yearly based on commercial bank's lending rates offered to their prime customers.

Basis Point
One basis point is equal to 1/100th of 1%.

Business Model
The process adopted by a company to generate revenue and make a profit from operations.

Capital Expenditure
The total of additions to property, plant & equipment, intangible assets, investment property and the purchase of outside investments.

Capital Reserves
Identified for specific purposes and considered not available for distribution.

Carrying Amount
The amount at which as asset is recognised in the statement of financial position.

Collective Impairment provision
Impairment provision is measured on a collective basis for homogeneous groups of debtors that are not considered individually significant.

Contract
An agreement between two or more parties that has clear economic consequences that the parties have little, if any discretion to avoid usually because the agreement is enforceable by law.

Credit Risk
Risk that the counter party to a transaction fails to meet its contractual obligations in accordance to the agreed terms and conditions.

Current Ratio
Current assets divided by current liabilities.

Debt/Equity Ratio
Non-current interest bearing borrowing divided by the total equity and minority interest. It shows the extent to which the firm is financed by debt.

Dividend Cover
Net profit attributable to the ordinary shareholders divided by the total dividend.

Dividend – Payout Ratio
Dividends per share divided by earnings per share. This indicates the percentage of the Company's earning that is paid out to shareholders in cash.

Dividend Yield
Dividend per share divided by the market value of a share.

Dividend per Share (DPS)
Dividend paid and proposed, divided by the number of issued shares, which ranked for those dividends.

Earnings per Share (EPS)
Net profit for the period attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the period.

EBITDA
Earnings before interest, tax, depreciation and amortization.

Effective Rate of Dividend
Rate of dividend per share paid on the number of shares ranking for dividend at the time of each payment.

Effective Rate of Interest
Total long-term and short-term interest divided by average long-term and shortterm liabilities at the beginning and end of the year.

Employee Turnover
Number of employees who leave an organization over a year expressed as a percentage of total workforce.

Fair Value
The amount at which an asset is exchanged or a liability settled, between knowledgeable and willing parties in an arm's length transaction.
Fair Value Through Profit or Loss (FVTPL)
Financial instruments that are held for trading and are designated as at fair value through profit and loss.

Glossary of Financial Terms

Financial Asset
Any asset that is cash or an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity or a contractual right to exchange financial instruments with another entity under conditions that are potentially favorable.

Financial Instruments
Any contract that gives rise to financial assets of one entity and financial liability or equity instrument of another entity.

Financial Leverage
Total average assets divided by total average equity.

Financial Liability
A contractual obligation to deliver cash or another financial asset to another entity or exchange financial instruments with another entity under conditions that are potentially unfavorable.

Goodwill on Consolidation
The excess of the cost of acquisition over the fair value of the share of net assets acquired when purchasing an interest in a company.

Guarantees
A contractual obligation made by a third party (Guarantor), who is not a party to a contract between two others, that the guarantor will be liable if the guarantee fails to fulfill the contractual obligations under that said contract.

Held-to-Maturity (HTM)
A financial asset with fixed and determinable payments and fixed maturity, other than loan and receivables, for which there is a positive intention and ability to hold to maturity.

Gearing
Long term Loans to total equity.

Impairment
Occurs when recoverable amount of an asset is less than its carrying amount.

INED
Independent Non-Executive Director

Intangible Assets
An identify able non-monetary asset without physical substance held for use in the production or supply of goods or services for rental to others or for administrative purposes.

Interest Cover
Operating profit before interest divided by the net interest.

Investment Property
Investments in land and buildings that are held to earn rentals or for capital appreciation or for both.

Internal Rate of Return (IRR)
Rate of return used in capital budgeting to measure and compare the profitability of investments.

LIBOR
The London Inter Bank Offer Rate is an interest rate at which banks can borrow funds, in marketable size, from other banks in the London interbank market.

Liquidity Risk
The risk of an entity having constrains to settle its financial liabilities.

Loans and receivables
A financial asset with fixed and determinable payments that are not quoted in an active market and do not qualify as trading assets.

Market Capitalisation
The number of ordinary shares in issue multiplied by the market price per share.

Market Risk
Possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates, credit spreads and other asset prices.

NED
Non-Executive Director

Net Assets per Share
Total assets less total liabilities including minority interest divided by the number of shares in issue as at 31st March.

Net Profit Margin
Net prof t for the period divided by the revenue.

Non-controlling Interests
Part of the net results of operations and of net assets of a subsidiary attributable to interest which are not owned, directly or indirectly through subsidiaries, by the parent Operating Profit Margin (EBIT Margin) Earnings before interest and tax divided by revenue.

Price Earnings Ratio (PER)
Market value per share divided by the earnings per share.

Price to Book Value Ratio (PBV)
Market price per share divided by net assets per share.

Glossary of Financial Terms

Quantitative Easing

A type of monetary policy used by Central Banks to stimulate the economy when the standard monetary policy has become ineffective.

Quick Asset Ratio

Total current assets less inventories divided by total current liabilities.

Related Parties

Parties who could control or significantly influence the financial and operating decisions of the business.

Return on Equity

Profit after taxation of the Group divided by total equity.

Return on Capital Employed

Group's profit before finance expenses and tax, divided by the sum of total equity and non-current liabilities.

Revaluation Surplus

Surplus amount due to revaluing assets in accordance with its fair value.

Revenue Reserves

Reserves set aside for future distributions and investments.

Total Equity

Total of share capital, reserves, retained earnings and non-controlling interest.

Total Shareholder Return (TSR)

Change in market price of the share between end and beginning of the financial year, plus dividend for the year, divided by the market price of the share at the beginning of the financial year.

Unquoted Shares

Shares which are not listed in the Stock Exchange.

Yield to Maturity

The discount rate that equals present value of all expected interest payment and the repayment of principal.

Weighted Average Cost of Capital (WACC)

The rate that a company is expected to pay on average to all its equity and debt holders.

Working Capital

Current assets less current liabilities.

Notes

Form of Proxy

I/We*..(NIC No..............................)/

(Company Reg. No..............................) of ....

being a member of the above Company, hereby appoint: Mr/Mrs/Miss*..

(NIC No..............................) of .... as my proxy to represent me/us and failing him/her.

Mr. Jude Dinal Peiris	of Colombo or failing him
Dr. Jayantha Mootatamby Swaminathan	of Colombo or failing him
Mr. Paras Chandaria	of London or failing him
Mr. Dinesh Stephen Weerakkody	of Colombo or failing him
Mr. Sanjeev Kumar	of India or failing him
Ms. Shamalie Madhu Jayatunge	of Colombo or failing her
Mr. Sriyan Joseph de Silva Wijeyeratne	of Colombo

To represent me/us* and vote on my/our* behalf at the Annual General Meeting of the Company to be held virtually on 21st September 2026 at 10.30 a.m. and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid meeting and to VOTE as indicated below:

		FOR	*AGAINST*
1	To receive and consider the Audited Financial Statements for the year ended 31st March 2026 together with the Annual Report of the Board of Directors and of the Auditors thereon.		
2	To declare a First and Final Dividend of Rs. 1.25 per share for the financial year ended 31st March 2026.		
3	To re-elect as a Director Mr. D.S. Weerakkody, who retires by rotation in terms of Article No.86 of the Articles of Association as recommended by the Directors.		
4	To re-elect as a Director Mr. Sriyan J. de Silva Wijeyeratne who retires in terms of Article 92 of the Articles of Association as recommended by the Directors		
5	To re-appoint Dr. J. M. Swaminathan who is over 70 years of age as a Director of the Company, by passing the ordinary resolution set out in the Notice of Meeting.		
6	To authorize the Board of Directors to determine the Remuneration of the Auditors, Messrs KPMG, Chartered Accountants who are deemed to have been re-appointed as Auditors.		
7	To authorize the Board of Directors to determine contributions to charities.		

Signed this .... day of ....
Two Thousand and Twenty Six

Signature: ....

* Please delete the inappropriate words.

Note:
1. Instructions for completion of Form of Proxy are given over leaf.
2. Every alternation or addition to the Form of Proxy must be duly authenticated by the full signature of the Shareholder
3. Signing the Form of Proxy. Such signature should as far as possible be placed in proximity to the alteration or addition intended to be authenticated.
4. A proxy need not be a member of the Company.

Form of Proxy

INSTRUCTIONS FOR COMPLETION OF FORM OF PROXY

1. Kindly perfect the Form of Proxy by filling in legibly with your full name and address, and your instructions as to voting, by signing in the space provided and filling in the date of signature.
2. Please indicate with a 'X' in the cages provided how your proxy is to vote on the Resolutions. If no indication is given or if there is any doubt as to how the Proxy should vote by reason of the manner in which the instructions are carried out, the proxy in his/her discretion may vote as he/she thinks fit.
3. The completed Form of Proxy should be deposited at the Registered Office of the Company at 1st Floor, Lakshman's Building, 321, Galle Road, Colombo – 03, not less than 48 hours before the time appointed for holding the meeting.
4. If the Form of Proxy is signed by an attorney, the original power of attorney should accompany the completed form of proxy for registration, if such power of attorney has not already been registered with the Company.

Note:

If the shareholder is a Company or body corporate, Section 138 of the Companies Act No.7 of 2007 applies to corporate shareholders of Lanka Aluminium Industries PLC. Section 138 provides for representation of Companies at meetings of other Companies. A Corporation, whether a Company within the meaning of this Act or not, may, where it is a member of another Corporation, being a Company within the meaning of this Act, by resolution of its Directors or other governing body authorize such person as it thinks fit to act as its representative at any meeting of the Company. A person authorized as aforesaid shall be entitled to exercise the same power on behalf of the Corporation which it represents as that Corporation could exercise if it were an individual shareholder of that other Company.

Sales and Service Centres

KURUNEGALA
132B, Baudhaloka
Mawatha,
Kurunegala.
037-2051250

KADAWATHA
315/B1, Kandy Road,
Kadawatha.
011-2901809

COLOMBO
545 1A, Sri Sangaraja
Mawatha,
Colombo.
011-2388216

MALABE
484, Kaduwela Road,
Thalangama North,
Malabe.
011-2791771

KANDY
88, Matale Road,
Katugasthota
081-3122045

NITTAMBUWA
39/1, Kandy Road,
Nittambuwa.
033-2245281

NEGOMBO
159, Chilaw Road,
Periyamulla,
Negombo.
031-2237665

MAHARAGAMA
10A, Vidyakara Mawatha,
Dehiwala Road,
Maharagama.
011-2089025

GAMPOLA
20, Doluwa Road,
Pallewela,
Gampola.
081-2078080

Lanka Aluminium Industries PLC

REGIONAL SALES & SERVICES CENTRE
545 1/A, Sri Sangaraja Mawatha, Colombo 10.
Tel/Fax: 011 2388216

FACTORY
20, Temple Road, Ekala, Ja-Ela.
Tel: 011 2236941-4, 011 2 997054-5, 011 5354709 Fax: 011 2236942

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