DRIVEN BY PURPOSE
RELENTLESS IN OUR PURSUIT



United Motors Lanka PLC

ANNUAL REPORT 2024 | 2025

DRIVEN BY PURPOSE RELENTLESS IN OUR PURSUIT

With every challenge we encountered, one thing remained constant. It was our unwavering commitment to those who place their trust in us. While the journey had its share of complexities, we moved forward with resilience, guided by purpose, and the collective strength of our stakeholders. Together, we believe that reliability is not merely a promise but a practice refined through perseverance and a shared vision.

Over the past year, United Motors experienced a meaningful revival, marked by an uplift in profitability and renewed momentum across domestic and cross-border operations. What once seemed like survival became a bold stride forward. Our diversification efforts, especially through the acquisition of Dutch Lanka Trailers ushered us into a new era of growth and global relevance.

United Motors stands today not just as a business that endured adversity, but as a business that redefined itself.

ABOUT THIS REPORT



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https://www.unitedmotors.lk

WELCOME TO THE ANNUAL REPORT OF UNITED MOTORS LANKA PLC (UML)

This report offers our stakeholders a concise and balanced overview of how UML generated value during the year, while outlining our strategic priorities for the future. It presents a comprehensive review of our financial and operational performance for the year ended 31 March 2025, along with the strategies we adopted to navigate the year's challenges and position the Group for sustainable growth.

SCOPE AND BOUNDARIES

The report covers the operations of United Motors Lanka PLC (UML) and its subsidiaries: Unimo Enterprises Limited (UEL), U M L Heavy Equipment Limited (UMLH), U M L Property Developments Limited (UMPDL), Dutch Lanka Trailer Manufacturers Limited (DLT), and Dutch Lanka Engineering (Private) Limited (DLE), collectively referred to as the DLT Group. These subsidiaries, along with UML, will be referred to as the 'Group' in this report.

The report covers the period from 1 April 2024 to 31 March 2025. The Group adopts an annual reporting cycle for both its financial and other disclosures reporting, and this report builds on our previous Annual Report for the financial year ended 31 March 2024. Both the financial and non-financial disclosures pertain to the Group, unless specifically mentioned otherwise.

There were no material changes to the Group during the year under review. There were also no material restatements of information published in last year's report.

REPORTING FRAMEWORK

We are committed to aligning our reporting with global best practices in corporate reporting and comply with a range of internationally accepted reporting frameworks as listed below:

- Companies Act No.07 of 2007
- Sri Lanka Financial Reporting Standards (SLFRS)/Sri Lanka Accounting Standards (LKAS)
- Listing requirements of the Colombo Stock Exchange
- Guidelines issued by the Securities and Exchange Commission of Sri Lanka
- Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka

INDEPENDENT ASSUARANCE

Independent Assurance has been obtained from Group Auditors Deloitte Partners on the Company and Consolidated Financial Statements.

FEEDBACK

We are committed to consistently enhancing the quality and readability of our Annual Report and welcome your feedback, suggestions and other comments. Please direct your feedback to, *info@unitedmotors.lk*

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ABOUT US



UNITED MOTORS LANKA PLC-EIGHT DECADES OF EXCELLENCE

With eight decades of excellence, United Motors Lanka PLC (UML) stands as one of Sri Lanka's pioneering and most highly recognised automobile companies. We have earned a place among the country's leading businesses in the automotive sector. Our presence is anchored by a spread of island-wide branches and a formidable dealer network of over 2,500 outlets. Furthermore, we have established ourselves as one of the leading corporate entities in the country. Moreover, we have received consecutive commendations within the LMD 100 rankings, acknowledged as one of the Most Respected Entities within the Sri Lankan business landscape.

Our operational scope has expanded vastly in recent years, which now encompasses the servicing and distribution of a wide range of vehicles, including passenger cars, commercial vehicles, and heavy equipment. We are now the sole distributor for globally renowned brands such as Mitsubishi, Mitsubishi Fuso, Canter, Rosa buses, Perodua and JCB as well as JMC and DFSK.

In addition, we expanded our footprint into export markets through the acquisition of Dutch Lanka Trailers in the previous financial year. The company has since delivered strong performance, contributing positively to the Group's growth with increasing production volumes and export activities. Our assembly plant, too, delivered an invaluable contribution during the year, consistently supporting our operations with strong performance and ensuring the timely delivery of locally assembled vehicles.

Our annual reports are a testament of our commitment to strong governance and credible reporting, and our reports have consistently received awards for being the Best in the Automotive Sector from the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

UML PORTFOLIO SEGMENTATION

The UML Group portfolio extends beyond the automotive sector. Our range includes solutions for the automotive aftercare industry, accessories, lubricants & car care and heavy equipment tailored to the construction field. Moreover, we also provide 3D Printers geared towards commercial and individual preferences.

Our line-up of vehicles features Mitsubishi passenger vehicles and Fuso Buses and commercial trucks from Japan, Perodua cars and SUVs from Malaysia, JMC commercial vehicles and DFSK SUVs from China.

Our portfolio also includes JCB heavy machinery, generators and Access Platform from India, and we carry the complete range of



JCB heavy equipment and SINO trucks in the Maldives, along with LiuGong forklifts in Sri Lanka. Furthermore, we distribute high-quality products, including Yokohama tyres from Japan and India, Nasiol nano coating from Turkey, and Valvoline lubricants, as well as Prestone and Simoniz car care products from the USA.

1. Vehicle Sales and Distribution

- **Passenger Vehicles:** Mitsubishi, Perodua, DFSK
- **Commercial Vehicles:** Mitsubishi, Mitsubishi Fuso and Canter Trucks, Rosa Buses, JMC Trucks and Double Cabs
- **Heavy Equipment:** JCB construction machinery, LiuGong forklifts

2. Automotive Parts and Accessories

- **Tyres:** Yokohama for passenger and commercial vehicles
- **Lubricants and Car Care Products:** Valvoline, Simoniz
- **Spare Parts;** All vehicle brands we represent

3. Vehicle Assembly and Manufacturing

- **Local Assembly Operations for selected models:** DFSK, JMC

4. Service and Maintenance

- Vehicle Servicing and Repairs
- Authorized Dealer Network for maintenance and spare parts
- Technical Support for Fleet Management

5. Manufacturer and Export Operations

- Port and Road Trailers

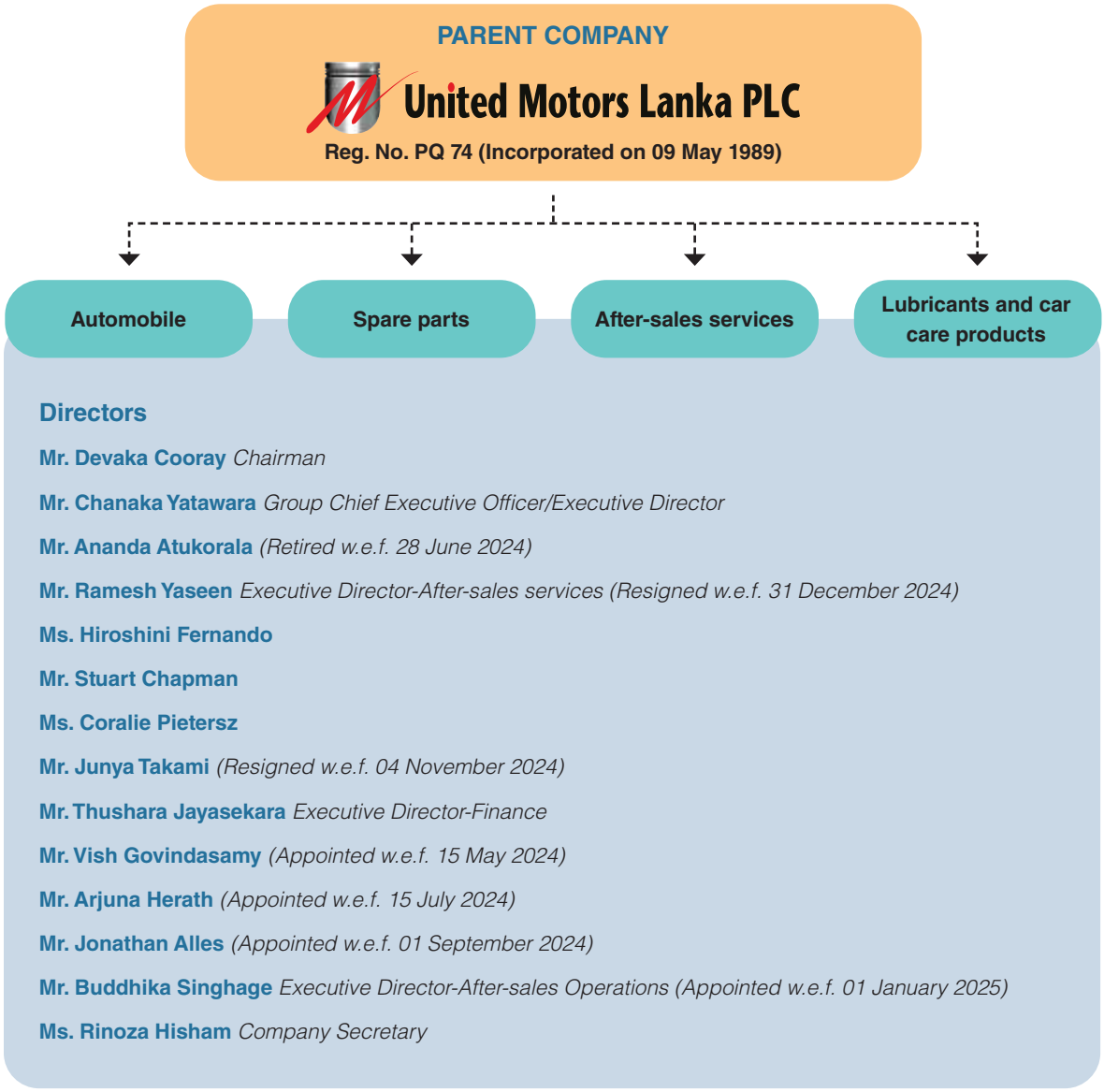
6. Specialty Products and Solutions

- 3D Printers
- Solar Power Projects

7. Nationwide Sales and Distribution Network

- **Branches:** Orugodawatte, Ratmalana, Anuradhapura, Kandy, Kurunegala, Matara, Nugegoda, Ratnapura, Jaffna, Wijerama, Panchikawatte
- Over 2,500 Dealer outlets Island-wide

GROUP STRUCTURE



Directors

Mr. Devaka Cooray *Chairman*

Mr. Chanaka Yatawara *Group Chief Executive Officer/Executive Director*

Mr. Ananda Atukorala *(Retired w.e.f. 28 June 2024)*

Mr. Ramesh Yaseen *Executive Director-After-sales services (Resigned w.e.f. 31 December 2024)*

Ms. Hiroshini Fernando

Mr. Stuart Chapman

Ms. Coralie Pietersz

Mr. Junya Takami *(Resigned w.e.f. 04 November 2024)*

Mr. Thushara Jayasekara *Executive Director-Finance*

Mr. Vish Govindasamy *(Appointed w.e.f. 15 May 2024)*

Mr. Arjuna Herath *(Appointed w.e.f. 15 July 2024)*

Mr. Jonathan Alles *(Appointed w.e.f. 01 September 2024)*

Mr. Buddhika Singhage *Executive Director-After-sales Operations (Appointed w.e.f. 01 January 2025)*

Ms. Rinoza Hisham *Company Secretary*

SUBSIDIARIES

UNIMO ENTERPRISES LIMITED

100% Subsidiary
Reg. No. PB 218
Incorporated on 17 March 1994

Automobile
- Assembly
- Sales
- After-sales services

Equipment and Machinery
- Sales

Tyres
- Sales

Directors
Mr. Devaka Cooray - *Chairman*
Mr. Chanaka Yatawara - *Group Chief Executive Officer/Director*
Mr. Ananda Atukorala *(Resigned w.e.f. 28 June 2024)*
Mr. Ramesh Yaseen
Ms. Hiroshini Fernando
Mr. Thushara Jayasekara
Ms. Rinoza Hisham
Company Secretary

U M L HEAVY EQUIPMENT LIMITED

100% Subsidiary
Reg. No. PB 5403
Incorporated on 07 July 2017

Heavy Machinery and Generators
- Sales
- After sales services

Dealership Business
- Automobile
- Lubricants

Directors
Mr. Devaka Cooray - *Chairman*
Mr. Chanaka Yatawara - *Group Chief Executive Officer/Director*
Ms. Hiroshini Fernando
Mr. Thushara Jayasekara
Mr. Priyantha Ellepola *(Resigned w.e.f. 31 December 2024)*
Mr. Gihan Pilapitiya *(Resigned w.e.f. 31 May 2024)*
Mr. Buddhika Singhage
Mr. Charaka Perera *(Appointed w.e.f. 01 January 2025)*
Ms. Rinoza Hisham
Company Secretary

U M L PROPERTY DEVELOPMENTS LIMITED

100% Subsidiary
Reg. No. PB 253
Incorporated on 08 October 1993

Property
- Renting of premises

Directors
Mr. Devaka Cooray - *Chairman*
Mr. Chanaka Yatawara - *Group Chief Executive Officer/Director*
Mr. Thushara Jayasekara
Ms. Rinoza Hisham
Company Secretary

DUTCH LANKA TRAILER MANUFACTURERS LIMITED

100% Subsidiary
Reg. No. PB 175
Incorporated on 13 March 1992
(Acquired by the parent company on 10 December 2023)

Port and Road Trailers
- Design and manufacture
- Sales - exports/ local market
- Spare part exports sales

DUTCH LANKA ENGINEERING (PVT) LIMITED

100% Subsidiary
Reg. No. PB 7006
Incorporated on 16 May 1997

Road Trailers
- Design and manufacture
- Local sales and services

Heavy steel fabrication

Lorry body fabrication

Directors
Mr. Devaka Cooray - *Chairman*
Mr. Chanaka Yatawara - *Group Chief Executive Officer/Director*
Mr. Prasanna Haturusinghe - *Chief Executive Officer/ Executive Director*
Mr. Charaka Perera *(Appointed w.e.f. 01 January 2025)*
Corporate Services (Pvt) Ltd - *Company Secretaries*

MILESTONES

1945
Commencement of United Motors Limited, marking the beginning of its corporate journey as a private limited liability company, laying the foundation for decades of automotive excellence.

1972
United Motors Limited vested with the Government and commence operations as a Government Owned Business, solidifying its role as a key player in the automotive industry.

1985
Exclusive distributor agreement with Mitsubishi Motors Corporation for sales of the flagship brand "Mitsubishi," establishing UML as a trusted partner of a renowned automotive brand.

1989
Incorporation of United Motors Lanka Limited as a public limited liability company with Stated Capital of LKR 100,000,000

1993
Expansion with the incorporation of U M L Property Developments Limited to construct a warehouse complex at Orugodawatte, demonstrating UML's commitment to infrastructure development.

1994
Strengthening its stronghold with the incorporation of Unimo Enterprises Limited (UEL) to import and sell vehicles, enhancing UML Group's market presence and product offerings.

2009
Opening of a local vehicle assembly facility within the Orugodawatte workshop complex by UEL, showcasing UML Group's commitment to local assembly and operational efficiency.

2014
Relocation of Unimo Enterprises Limited's vehicle assembly facility to Ranala to expand its local vehicle assembly business, furthering UML Group's investment in domestic manufacturing capabilities.

2016

A dedicated workshop for Mitsubishi and Perodua passenger vehicles, Fuso trucks and buses, and a logistics center was established at a 10-acre property at Ratmalana.

2017

Expanding into new territory, UML incorporated its subsidiary U M L Heavy Equipment Limited to import and distribute earth-moving equipment and power generators, as well as provide after-sales services

R I L Property PLC acquired 51% of UML, thereby making UML into a subsidiary of RIL.

2018

Diversification into 3D printing technology by United Motors Lanka PLC, showcasing UML's commitment to innovation and technological advancement.

2019

Installation of a 2MW solar power plant on the roof of the Orugodawatte and Ratmalana workshop to meet the expected growth in demand for renewable energy sources, demonstrating UML's commitment to sustainability and environmental responsibility.

2021

Addition of Nano surface coating products to UML's portfolio, providing customers with cutting-edge technology and further enhancing UML's product offerings.

2022

Securing the Maldivian distributorship for LiuGong heavy machinery and equipment by U M L Heavy Equipment Limited.

2023

Acquisition of Dutch Lanka Trailer Manufacturers Limited by United Motors Lanka PLC, marking a strategic move to enter the export market.

2024

Moving Unimo Vehicle Assembly Plant to Rathmalana

2025

Launch of the Perodua Aruz, JMC Vigus Pro, and new EV models—driving innovation, choice, and sustainability.

OPERATIONAL AND FINANCIAL HIGHLIGHTS

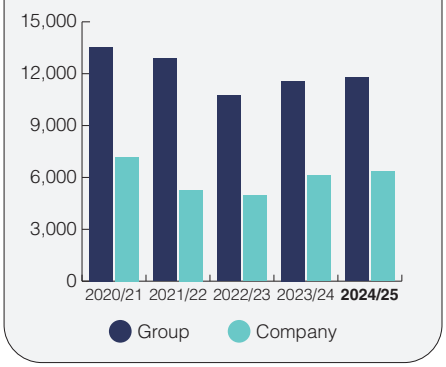
	Group			Company		
	2024/25	2023/24	Change %	2024/25	2023/24	Change %
Profitability (LKR '000)						
Turnover	**11,774,364**	11,577,471	1.70	**6,333,452**	6,129,073	3.33
Profit before tax	**166,296**	(244,212)	168.09	**403,850**	487,451	(17.15)
Profit attributable to equity holders of the company	**73,349**	(272,947)	126.87	**338,303**	355,875	(4.94)
Financial position (LKR '000)						
Investment in PPE and intangible assets	**203,393**	120,472	68.83	**84,329**	46,131	82.80
Non-current assets	**11,397,913**	10,755,272	5.98	**10,212,974**	9,967,786	2.46
Current assets	**14,661,142**	9,453,053	55.09	**6,922,717**	6,105,608	13.38
Current liabilities	**10,988,550**	5,654,039	94.35	**905,324**	436,519	107.40
Non-current liabilities	**1,427,545**	1,129,038	26.44	**1,133,351**	1,011,672	12.03
Shareholder's funds	**13,642,960**	13,425,248	1.62	**15,097,016**	14,625,203	3.23
Ratio						
Interest cover (times)	**1.36**	0.57	138.60	**16.58**	11.52	43.92
Profit before tax to revenue (%)	**1.41**	(2.11)	(166.82)	**6.38**	7.95	(19.75)
Return on capital employed (%)	**0.54**	(2.03)	(126.60)	**2.24**	2.43	(7.82)
Dividend cover (times)	**-**	-	-	**2.24**	2.82	(20.57)
Borrowings to equity (%)	**57.62**	31.05	85.57	**-**	0.07	(100.00)
Current ratio	**1.33**	1.67	(20.36)	**7.65**	13.99	(45.32)
Quick assets ratio	**0.75**	0.94	(20.21)	**5.71**	9.81	(41.79)
Share performance						
Number of shares	**100,900,626**	100,900,626	-	**100,900,626**	100,900,626	-
Earnings per share (LKR)*	**-**	-	-	**3.35**	3.53	(5.10)
Dividend per share (LKR)**	**-**	-	-	**1.50**	1.25	20.00
Dividend yield (%)	**-**	-	-	**1.76**	2.16	(18.52)
Dividend payout (%)	**-**	-	-	**44.78**	35.41	26.26
Net assets per share (LKR)*	**135.21**	133.05	1.62	**149.62**	144.95	3.22
Market value per share as at 31 March (LKR)	**-**	-	-	**85.20**	58.00	46.90
Price earnings ratio	**-**	-	-	**25.43**	16.43	54.78
Market capitalization as at 31 March (LKR '000)	**-**	-	-	**8,596,733**	5,852,236	46.90
Highest recorded share price (LKR)	**-**	-	-	**106.00**	80.00	32.50

* Net assets per share and Earnings per share have been calculated for all periods based on the number of shares in issue as at 31 March 2025.

** Dividend per share represents the per share value at the point of payment.

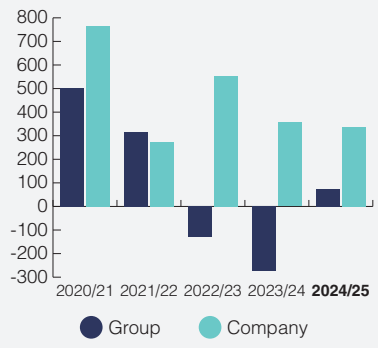
TURNOVER

LKR Mn



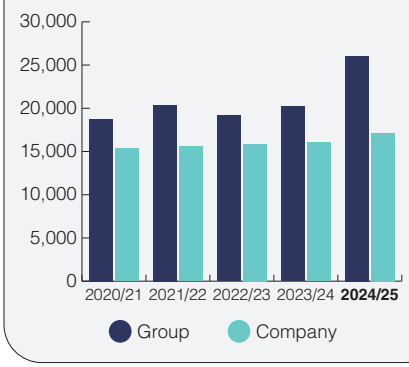
PROFIT AFTER TAX

LKR Mn



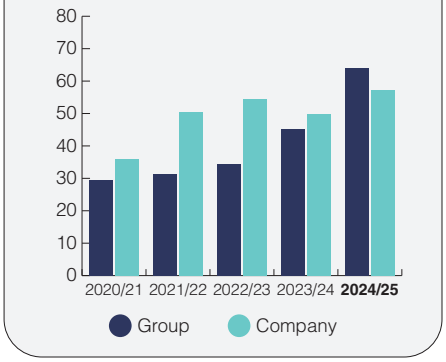
TOTAL ASSETS

LKR Mn



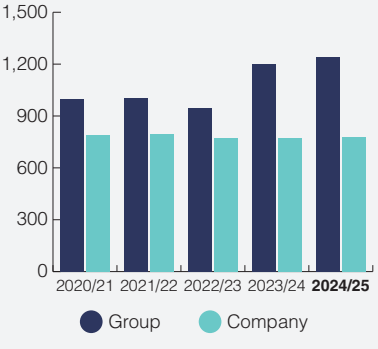
DEBTORS COLLECTION PERIOD

Days



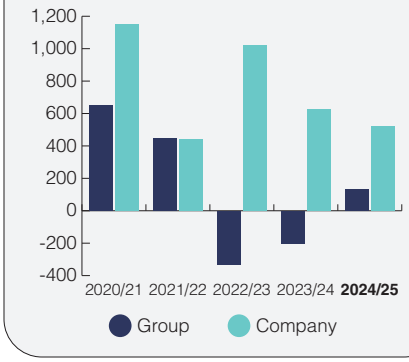
NO. OF EMPLOYEES

Nos.



PBT PER EMPLOYEE

LKR '000



SPARE PARTS

Spare parts division reported a 26% increase in turnover

LKR **2.9** Bn
REVENUE

LUBRICANTS

Lubricants division achieved a volume of 1.5 Mn litres

LKR **2** Bn
REVENUE

TRAILERS

The Trailer manufacturing business has successfully exported

184
UNITS

ASSEMBLED VEHICLES

Introduced two new models; JMC Double Cabs & Trucks total assembled.

137
UNITS

SOLAR POWER

2 MW solar power plant generated 2,630 MW

LKR **40** Mn
REVENUE

FINANCE INCOME

Group finance income

LKR **267** Mn
INCOME


MITSUBISHI MOTORS



STEWARDSHIP

Entrusted with the stability and growth of United Motors Lanka PLC, our leadership has gone above and beyond to ensure the Group's financial health and operational resilience. Their guidance and transformative leadership have guided us through the tough times over the past several financial years. Now with better prospects on the horizon, they are gearing towards the next phase of growth, ready to take UML to the industry heights.

In the past year, their industry expertise, timely insights and instinctive leadership abilities ensured the group's return to profitability. Maintaining integrity in their decision-making processes and accountability for the outcomes of their decisions, they continue to steer the Group and its subsidiaries to safeguard stakeholder interests and return financial value to shareholder investments.

CHAIRMAN'S REVIEW



> Having surpassed immense operational challenges due to the vehicle import restrictions, the Group demonstrated a strong and positive financial performance by delivering a revenue of over LKR 11.7 Bn during the year, which is a 1.7% growth against the previous year's LKR 11.5 Bn. The Group achieved a financial profit during the year of LKR 73 Mn, countering the losses of the previous financial year

Devaka Cooray
Chairman

Dear valued shareholders and stakeholders,

As Chairman of the Board, I welcome you all with immense pleasure to the 36th Annual General Meeting (AGM) of United Motors Lanka PLC, on behalf of the Board of Directors. I am also pleased to present the Annual Report based on the Integrated Reporting framework and audited financial statements, for the fiscal year ended on 31 March 2025.

This year marks another chapter of our shared journey, where we have emerged financially sound and stronger against a myriad of challenges.

EXTERNAL INFLUENCES

The economic conditions of the year under review had a dual-edged impact on our operations. While economic recovery supported business growth, import regulations continued to thwart prospects for growth and strategic undertakings.

Sri Lanka's economy rebounded with a strong GDP growth of 5% for 2024, and continued to show positive growth in the first quarter of 2025. Inflation remained at a stable level and within the expectations of the Central Bank. Headline inflation, according to the Colombo Consumer Price Index, stood at a negative 2% in April 2025 with a core inflation of 0.80% (CCPI). Moreover, the Central Bank of Sri Lanka introduced the overnight policy rate (OPR), reducing interest rates to 8%. Moreover, the currency appreciation in 2024 was driven by improved foreign exchange reserves, which reached substantially low levels in the previous few years. The rupee appreciation resulted from tourism sector recovery, increased remittances and IMF-supported debt restructuring, as well as support from international funding agencies.

Stringent import regulations and incentives for local manufacturing affected the operations and profitability of companies that rely strongly on imported products, highlighting the influence of Government decisions on business stability. The Government's reliance on indirect taxes, such as VAT, continued to place a considerable burden on consumers and businesses, complicating financial recovery efforts. Moreover, economic pressures led consumers to favour more affordable and locally assembled vehicles, necessitating a strategic realignment in the Company's product offerings. The economic crisis and financial pressures reflected in our financial performance in the previous year.

H.E. President Anura Kumara Dissanayake, in his capacity as Finance Minister, lifted the import ban on motor cars, electric and hybrid vehicles, which came into effect in February 2025. This relieves the significant pressure on the automotive sector and provides renewed hope for industry growth, innovation and sustainability.

OPERATIONAL ADVANCES AND STRATEGIC WINS

Import restrictions and macroeconomic challenges prompted us to maintain several strategic changes, adopted in the previous year. We continued to enhance our realigned business model, which entailed prioritising local vehicle assembly and improving our manufacturing capabilities. Further, we adopted a stronger focus on operational efficiencies, which primarily involved diligent inventory management. Our approaches resulted in enhancing local partnerships and strategic adjustments to our business model, ensuring leaner inventories and better supply chain efficiencies. Moreover, we made timely operational adjustments to align with the altered regulatory landscape and the market's demand for affordable vehicles. The latter prompted us to realign our product offerings with economically viable options for prospective consumers.

During the past several years, since the commencement of restrictions, the Group has adopted a slew of innovative sales strategies, including promotional campaigns. This is supported by a robust network of workshops throughout the Western Province and beyond, ensuring effective service for our diverse fleet of vehicles.

During the year under review, we have launched a range of selective vehicle models to meet growing market needs and capitalise on pent-up demand. UML has the distinct opportunity to sell Mitsubishi-branded buses and assembled double cabs/ trucks to the market, which have gained favourable reception from the market. I am pleased to state that we have been able to import buses and trucks from Mitsubishi after several years which enables us to expand the product line within the local market. Moreover, our capabilities to assemble double cabs and trucks within our facilities and sell at competitive price points have enabled us to ensure operational growth amidst import restrictions.

In 2023, we made a strategic acquisition as a means to broaden our capabilities, market reach and diversify our portfolio. The acquisition of Dutch Lanka Trailers (DLT) Group allowed us to solidify our industry position and enabled us to pursue growth avenues. In 2024, DLT Group achieved commendable financial and market growth, proving the success of our decision to acquire the Company.

The construction industry also experienced some positive momentum, with increased demand for construction equipment. This provided some favourable opportunities for us in the year under review. In a strategic expansion, we have also entered the Maldives market, where we are finalising the provision of construction equipment alongside buses. Additionally, we have expanded our tyre offerings with a brand alongside the existing Yokohama range. Furthermore, our presence in the Valvoline oil segment has been strengthened, allowing us to better serve a broader market base.

CHAIRMAN'S REVIEW

The recent lifting of the import ban marks a significant and positive development for our industry, presenting a valuable opportunity for growth. As an agent, we now have the ability to operate without restrictions for the first time in five years. This change is particularly timely, given the considerable pent-up demand in the market, especially for select categories of vehicles.

DEFEATING ADVERSITY

Having surpassed immense operational challenges due to the vehicle import restrictions, the Group demonstrated a strong and positive financial performance by delivering a revenue of over LKR 11.7 Bn during the year, which is a 1.7% growth against the previous year's LKR 11.5 Bn. The Group achieved a financial profit during the year of LKR 73 Mn, countering the losses of the previous financial year.

The financial turnaround is partially attributed to the financial performance of the newly acquired Dutch Lanka Trailers (DLT) Group. DLT Group has shown tremendous progress in sales and after-sales support during the fiscal year, with its order pipeline showing promising prospects for continued success. Moreover, our disciplined financial management enabled us to optimise our cash flows while prudent investments in short and mid-term funds helped maximise revenue, creating enhanced shareholder value. This financial strategy helped to reinforce our resilience and positioned us to weather potential economic changes, safeguarding stakeholder interests. During the year, we paid a first and final dividend of LKR 1.50 for the financial year ended 31 March 2024.

EXECUTIVE STEWARDSHIP

Our Board of Directors excels with diverse professional capabilities across business and commerce, accumulated over many decades. We remain committed to good corporate governance, ensuring that all necessary areas are effectively managed as of 31 March 2025. I take this opportunity to express my gratitude to Mr Ananda Atukorala, Mr Junya Takami and Mr Ramesh Yaseen for their leadership and contributions to the Group during their tenure. They resigned from their Board positions in the year under review.

I welcome Mr Vish Gonvindasamy, Mr Arjuna Herath, Mr Jonathan Alles and Mr Buddika Singhage, who joined the Board during the year under review, bringing on board tremendous expertise and leadership capabilities. Additionally, the Sub-Committees of the Group were reconstituted during the third quarter of the year in October, reflecting our commitment to stewardship and good governance. I am pleased to state that we are in compliance with corporate governance requisites during the year under review.

We have adhered to the Corporate Governance Code by CA Sri Lanka and other relevant regulatory framework, ensuring accountability. Bolstering internal controls, the internal audit function has been strengthened, contributing to improved oversight and risk management within the organisation.

POSITIVE OUTLOOK

The outlook for our industry appears positive, barring any dramatic changes to import regulations. The resumption of vehicle imports has ignited fresh optimism for the Group's passenger and commercial vehicle verticals. We anticipate that sales and financial growth will go hand-in-hand, as we await pent-up demand to unfold in the coming months and provide new business opportunities. Moreover, increasing credit to the private sector and individual citizens under affordable rates amplifies our prospects to tap into customer segments with burgeoning personal and commercial mobility needs.

On the cards are expansions to innovative automotive segments in the immediate future, especially the electric vehicle market, in line with the global trends. Moreover, our focus on environmental sustainability will increase in the coming year, as we introduce top-of-the-line EV passenger vehicles.

APPRECIATIONS AND FINAL REMARKS

Stability and consistent value creation during the year under review would not have been possible without the selfless commitments and exceptional capabilities of the entire team at UML. Trickling from the top of the hierarchy to the operational echelons, I dedicate a note of appreciation to the following individuals, as well as external stakeholders.

To the Board of Directors, I deeply value your commitment to providing strategic guidance during the year under review, being enablers of change amidst adversity. I want to take a moment to appreciate the exceptional leadership of the senior executive team, and Mr. Chanaka Yatawara, for his leadership during some of the toughest years the Group has faced. His insights and expert strategising have resulted in several positive outcomes. Further, I extend my gratitude to our Executive Directors, Mr Thushara Jayasekara and Mr Buddika Singhage, and the entire management team. Their dedication and expertise provide a solid foundation for taking UML to renewed heights in 2024/25, as we navigate the many emerging opportunities in the market.

I convey my appreciation to our employees; their strength and tireless efforts have been the backbone of UML and have supported us in overcoming challenges with resilience. My sincere gratitude goes to our staff members for showing their collective work ethics. I am profoundly grateful to our shareholders for their confidence in UML, especially during the import restrictions. Their optimism proved vital for UML's financial turnaround and strategic expansions in the past year.

I extend my sincerest appreciation to our shareholders for their unwavering confidence and support, which is the foundation of our stability and progress. I commend your continued trust in our shared economic goals. Furthermore, I extend my immense gratitude to our business partners for their continued commitment to shared business interests. Their continued support has provided the right reinforcements to bolster our competitive strengths within a highly saturated market, contributing immensely to our success. I commend their continued trust and partnership.



Devaka Cooray
Chairman

28 May 2025

GROUP CEO'S REVIEW OF OPERATIONS



Across this challenging period faced by the entire automobile industry, every team within the Group remained steadfast in achieving their objectives. As a result, UML as a Company and as a Group ended the year with profits, creating a stable financial backdrop for continued business growth within the post-import ban landscape.

Chanaka Yatawara
Group Chief Executive Officer/
Executive Director

Dear stakeholders,

At the time of compiling this report, a five-year vehicle import ban has just been lifted, making us optimistic and confident of the post-ban environment and our position within it. I am also pleased to state that we regained the Group's financial health during the 2024/25 fiscal year by returning to profitability, despite the import ban being in effect for 11 months of the year.

In the fiscal year 2023/24, UML as a Company secured profitability, while the Group incurred a loss due to constrained revenue sources. However, we were determined to turn around the Group's financial performance in 2024/25 amid challenges. Our strategic approach involved scaling our limited income streams, particularly from after sales operations, enhancing local and export sales of our manufactured trailers, and reducing losses from subsidiaries which were adversely affected by the import ban and other macroeconomic determinants.

Customer satisfaction in after sales became one of our primary strategies. We continuously measured customer service and satisfaction through feedback and focused on bridging any identified gaps by improving efficiencies and customer service levels. Notably, we significantly reduced repair turnaround times and introduced UML apps for customers to engage with us seamlessly. These applications enable customers to perform a variety of functions, including service bookings, spare part searches and speed dial UML contacts during emergencies: all these initiative played a significant role in the growth of our after-sales revenue.

Considering that several of our automotive-related businesses rely on a dealer network of approximately 2,500 partners, we prioritised collaborations with dealers to increase the share of our products in their offerings. We incentivised high-performing partners with attractive rewards and replaced underperforming dealers with new partners.

Working capital management was also another focal point during the year. Our team established stringent management controls to streamline operational cycles while incentivising partners and staff, which yielded considerable improvements in relation to operational liquidity.

The positive cash position of the company was also used prudently for healthy investments in equities and high interest-yielding financial instruments, which further enhanced our overall financial performance during the year. Furthermore, we prioritised capital investments with shorter periods of return and those that enriched customer experiences.

Across this challenging period faced by the entire automobile industry, every team within the Group remained steadfast in achieving their objectives. As a result, UML as a Company and as a Group ended the year with profits, creating a stable financial backdrop for continued business growth within the post-import ban landscape.

UNITED MOTORS LANKA (UML)

United Motors Lanka, as the parent company of this Group, also serves as the distributor for Mitsubishi Passenger vehicles, Daimler FUSO trucks & buses, Valvoline lubricants and Prestone car care products. In addition, the company operates 12 after sales facilities across the nation for four-wheeled vehicles sold by all group companies.

Over the last five years, the operations have primarily focused on after sales services encompassing repairs, parts distribution, Valvoline and Prestone sales as well as treasury management. However, the after sales business is highly dependent on new vehicle imports. In an environment where new vehicles are not being imported, the after sales operations faced significant challenges. Generally, as vehicles age, their visits to franchise workshops also diminish, often changing ownership multiple times throughout their lifecycle.

New owners of older vehicles are inclined to spend less on genuine spares and services, opting instead for smaller, independent garages. However, in a standard market environment, the influx of newly imported cars offsets this trend and supports the continuity of operations.

Within the current situation in our country, older vehicles are being removed from our system as per the norm; however, new vehicles are not entering the market due to the import ban. However, despite this challenge, our after sales team managed to successfully increase our profit contribution by 25% in comparison to the previous year.

Amidst these circumstances, our primary objective was to retain existing customers for extended periods and to encourage the return of customers who had not engaged with us for several years.A strategic combination of efficient data base management, better customer service, targeted marketing activities and improved efficiency against alternate garages played a key role in successfully surmounting these challenges.

TECHNOLOGICAL ENHANCEMENTS

In recent years, we have witnessed significant advancements in technology that have enabled our business to operate more effectively. The implementation of advanced SAP tools has helped our teams gain a deeper understanding of our operations and customers with greater precision. Furthermore, the development of new apps has streamlined customer experiences and engagement, while the utilisation of AI tools has enhanced our marketing efforts. Additionally, the establishment of dealer management systems has provided us with real-time information regarding our dealers, resulting in a marked increase in operational efficiency.

GROUP CEO'S REVIEW OF OPERATIONS

HUMAN CAPITAL DEVELOPMENT

The company continued to face challenges in retaining skilled labour due to increasing immigration opportunities. This issue persisted among the local technical staff, making it difficult to retain experienced personnel and driving the need for continuous employee recruitment. A variety of technical training programmes were implemented across departments, tailored to individual and team training needs. These initiatives aimed to strengthen core competencies, improve service quality, and ensure employees remain aligned with evolving standards. Furthermore, we conducted targeted leadership development programmes to build managerial capabilities and to prepare high-potential employees for future leadership roles. This supports long-term succession planning and organisational sustainability.

UNIMO ENTERPRISES LIMITED (UEL)

Unimo has been one of the worst affected companies since the import ban considering that it is predominantly involved in vehicle sales. While this company holds the agency for the Perodua range of vehicles, which is its main source of income, it also is licensed to assemble vehicles, in Sri Lanka. Due to the ban, Unimo has not been able to import any of the products of Perodua and had to depend on its assembly operation and the Yokohama tyre business as its only source of income.

During the year, the company continued to assemble and sell the mid-range SUV DFSK, as only assembly was allowed. However, following the imposition of VAT in January 2024, the scalability of this single product was adversely affected due to the resulting price increase, which in turn reduced customer affordability.

I want to take this opportunity to also mention that our tyre business Yokohama did extremely well during the year by doubling its sales compared to the previous year. The Yokohama division ended the year with a commendable profit growth , at a time when every additional contribution was critical to the group.

A key milestone during the year was that the company secured licenses to assemble and sell a double cab from JMC and also commercial trucks from JMC. This will be an advantage for Unimo going forward, as there is a price benefit for the assembled double cabs. We estimate the market for double cabs to be about 1,000 units in the upcoming year.

With the lifting of the vehicle import ban in February, we were among the first franchise holders to successfully import an initial stock of vehicles by March; this strategic move allowed us to sell 139 units of the imported Perodua vehicles within the same month. This helped mitigate the losses of the company and yield a profit in the month of March.

Given that Perodua has presented us with 4 models at an entry-level price of LKR 8,250,000, we are confident that the brand will play a significant role in the Company's recovery. Our confidence is further bolstered by the fact that nearly 70% of market demand is concentrated on entry-level passenger cars.

DUTCH LANKA TRAILER MANUFACTURERS LIMITED (DLT)

Acquired in December 2023, Dutch Lanka Trailer Manufacturers Ltd. (DLT) has shown great promise and has achieved commendable growth thus far. DLT delivered a strong financial performance in the fiscal year 2024/25, of LKR 336 Mn Profit After Tax (PAT), driven by a combination of strong performance in local and international markets.

DLT continues to grow in the number of countries that they export to, reaching 64 countries across the world at the end of the year. Going forward, DLT envisions to jointly manufacturing trailers in other parts of the world to benefit from cost advantages. The company has already signed an agreement in this regard, to be more accessible to Europe and its markets.

DLT's subsidiary DLE is set up to manufacture products for local market. After 2 years of minimal sales, we experienced encouraging demand in final quarter of the year, with approximately 33% of sales during the year from local customers and business developments initiatives.

During the year, DLT enhanced their commitment to environmental sustainability and social development. Key actions included environmental certifications and waste management compliances, and initiatives such as tree-planting within the factory premises.

U M L HEAVY EQUIPMENT LIMITED (UMLH)

In the financial year under review, UMLH continued to face considerable headwinds, due to the contracted activities within the construction sector. This company has the JCB construction and earth moving equipment in Sri Lanka and several brands of the same sector in Maldives. Both countries went through economic turmoil during the past several years, impacting UMLH significantly, resulting in continued losses.

However, final quarter showed a considerable improvement in demand in both countries, and losses were significantly reduced in the final quarter. (A key milestone was achieved as UMLH secured the distributorship of JCB and several other brands for Maldives.) The company also diversified its operations into several areas beyond construction equipment, reducing future dependence on a single sector.

Considering that UMLH has a strong partnership with JCB, which is a renowned global brand; we see a turnaround of this operation in the next financial year in both Sri Lanka and Maldives.

OUTLOOK

The new year begins with much excitement and confidence. After five years of managing with only a few income sources, we are finally able to operate our most important and profitable business verticals. We believe that despite higher import taxes, there will be customer demand for our range of vehicles and brand of products.

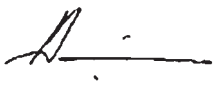
We remain well-positioned, based on our diverse portfolio, which includes entry level passenger cars to mid-range SUVs, commercial vehicles, such as trucks and buses and dual purpose vehicles, which will cater to various sectors. Our partners are also enthusiastic about the commencement of business and have demonstrated their committed support to become a significant player in the market.

Furthermore, Dutch Lanka Trailer Manufacturers Ltd. (DLT) has planned several strategic priorities for 2025/26 for sustainable growth and competitive innovation. DLT will focus on launching new trailer models, based on advancements in trailer technologies, and through partnerships with global port operators. Moreover, as mentioned earlier DLT will explore market expansions, which includes a focus on South America, the Middle East, Europe and Africa.

APPRECIATION

I take this opportunity to extend my sincere gratitude to our Chairman, Mr. Devaka Cooray, and the entire Board of Directors for their steadfast guidance and unwavering support, which continue to serve as beacons of strength for the organization. I also wish to convey my appreciation to the COO, Heads of Division, and the executive leadership and corporate management teams at UML and our subsidiaries for their dedication and resilience in navigating an intensely competitive landscape and a challenging policy environment.

Moreover, I am thankful to our loyal customers for being patrons of UML amidst challenging times, and extend my heartfelt appreciation to our business partners, shareholders, and other stakeholders for their continued trust, collaboration, and support in our journey forward.



Chanaka Yatawara
Group Chief Executive Officer/Executive Director

28 May 2025

BOARD OF DIRECTORS

MR. CHANAKA YATAWARA
Group Chief Executive Officer/ Executive Director

MR. DEVAKA COORAY
Chairman/Non-Executive Director (Independent)



MR. THUSHARA JAYASEKARA
Executive Director-Finance

MS. CORALIE PIETERSZ
Non-Executive Director (Independent)

MR. VISH GOVINDASAMY
Non-Executive Director (Independent)

MR. STUART CHAPMAN
Non-Executive Director (Independent)

MR. JONATHAN ALLES
Non-Executive Director
(Independent)

MR. ARJUNA HERATH
Non-Executive Director
(Independent)



MR. BUDDHIKA SINGHAGE
Executive Director - After Sales Operations

MS. HIROSHINI FERNANDO
Non-Executive Director
(Non-Independent)

MS. RINOZA HISHAM
Company Secretary

BOARD OF DIRECTORS



MR. DEVAKA COORAY

Chairman/Non-Executive Director (Independent)

Date of appointment to the Board	04 May 2021
Tenure on the Board	04 years
Memberships in Board Sub Committees	✶ Human Resources and Remuneration Committee-Member ✶ Nomination and Governance Committee-Member
Shareholding in the Company	0.20%
Number of Directorships in other companies as at 31 March 2025	14

NATURE OF EXPERTISE

Mr. Devaka Cooray is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and the Chartered Institute of Management Accountants of the United Kingdom.

Mr. Devaka Cooray has worked with Ernst & Young for over 40 years of which 30 years was as a Senior Assurance and Talent Partner. He functioned as the Deputy Managing Partner from 2016 to 2019 and served as a member of Ernst & Young's Management Committee from 1998 until his retirement in 2019. He was instrumental in establishing the Ernst & Young Practice in the Republic of Maldives in 1995 and functioned as the Partner responsible for the overall management of the Maldivian Practice from its inception.

He has also served as a member of the Council of the Chartered Institute of Management Accountants, UK.

OTHER CURRENT APPOINTMENTS

Mr. Cooray is an Independent Non-Executive Chairman of Unimo Enterprises Ltd, U M L Heavy Equipment Ltd, U M L Property Developments Ltd, Dutch Lanka Trailer Manufacturers Ltd and Dutch Lanka Engineering (Pvt) Ltd and the Managing Director of Management Systems (Pvt) Ltd. He is the Senior Independent Non-Executive Director of Hatton National Bank PLC and he serves as an Independent Non-Executive Director of JAT Holdings PLC, the Lighthouse Hotel PLC, Jetwing Symphony PLC, HVA Foods PLC, George Stuart and Company Limited and Secretarial Services (Pvt) Limited. He is also Non-Executive Director of the Children Heart Project of Sri Lanka.



MR. CHANAKA YATAWARA

Group Chief Executive Officer/Executive Director

Date of appointment to the Board	22 June 2004
Tenure on the Board	21 years
Memberships in Board Sub Committees	-
Shareholding in the Company	3.67%
Number of Directorships in other companies as at 31 March 2025	06

NATURE OF EXPERTISE

Mr. Chanaka Yatawara holds a degree in Economics from Lewis & Clark College, Oregon, (USA). His expertise lies in sales and marketing.

Mr. Yatawara has had a distinguished career in both the energy and automotive sectors. He joined Shell Gas Sri Lanka in 1999 and, over a span of three years, rose to a regional management role, overseeing marketing operations in Sri Lanka, Vietnam, and Pakistan. During this period, he played a pivotal role in developing and implementing strategies for Shell's LPG business across these markets.

Mr. Yatawara was appointed to the Board of United Motors Lanka PLC as a Non-Executive Director in June 2004, and was later appointed as an Executive Director in November 2004. He has led the UML Group since then.

In 2020, Mr. Yatawara was featured in LMD's "Captains of Business" A-List, highlighting his leadership within Sri Lanka's corporate sector.

Mr. Yatawara is also a former Director of Orient Finance PLC, TVS Lanka (Pvt) Ltd and TVS Automotives (Pvt) Limited.

OTHER CURRENT APPOINTMENTS

Mr. Yatawara is also a Director of Unimo Enterprises Limited, U M L Property Developments Limited, U M L Heavy Equipment Limited, Dutch Lanka Trailer Manufacturers Limited, Dutch Lanka Engineering (Pvt) Limited and Wall Art (Pvt) Limited.



MS. HIROSHINI FERNANDO

Non-Executive Director
(Non-Independent)

Date of appointment to the Board	05 July 2013
Tenure on the Board	12 years
Memberships in Board Sub Committees	✶ Nomination and Governance Committee-Member ✶ Human Resources and Remuneration Committee-Member ✶ Strategic Review Committee-Member
Shareholding in the Company	Nil
Number of Directorships in other companies as at 31 March 2025	16

NATURE OF EXPERTISE

Ms. Hiroshini Fernando is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, a Fellow Member of the Institute of Certified Management Accountants of Sri Lanka and a Member of the Association of Chartered Certified Accountants (UK).

Ms. Fernando has built a broad professional and commercial background in auditing, finance, and management. She is the Chief Executive Officer/Executive Director of R I L Property PLC. She played a pivotal role in transitioning R I L Property from its founder-led roots to the listed corporate space in 2017 and in formulating growth strategies and transforming RIL core business and strategic investment portfolio. Ms. Fernando is a former Director of Readywear Industries Limited and TVS Lanka (Pvt) Limited.

OTHER CURRENT APPOINTMENTS

Ms. Fernando is the Chief Executive Officer/Executive Director of R I L Property PLC, Non-Executive Director of Panasian Power PLC and DFCC Bank PLC. She is also a Director of Unimo Enterprises Ltd., U M L Heavy Equipment Ltd, Padiyapelella Hydropower Ltd., Powergen One (Pvt) Ltd., Rajarata Sustainable Development (Pvt) Ltd., PAP SPGM Solar (Pvt) Ltd., PAP MHPL Solar (Pvt) Ltd, PAP EGSS Solar (Pvt) Ltd., PAP PTS Solar (Pvt) Ltd, R-E-D Capital Asia (Pvt) Ltd., PARKLAND Integrated Solutions (Pvt) Ltd. and Solar One Asia (Pvt) Ltd. She is also a Partner of A & T Associates.



MR. STUART CHAPMAN

Non-Executive Director (Independent)

Date of appointment to the Board	22 September 2016
Tenure on the Board	8 years
Sub Committee roles	✶ Nomination and Governance Committee-Chairman ✶ Board Audit and Risk Committee-Member ✶ Strategic Review Committee-Member ✶ Related Party Transactions Review Committee-Member
Shareholding in the Company	Nil
Number of Directorships in other companies as at 31 March 2025	03

NATURE OF EXPERTISE

Mr. Stuart Chapman holds an MBA from the University of Colombo and a Diploma in Marketing from the Chartered Institute of Marketing, UK. Additionally, he is a Certified Management Accountant (Australia) and possesses a Diploma in Life Insurance Sales and Marketing from the Life Underwriters Training Council, USA, and a Diploma in Business Management from the National Institute of Business Management, Sri Lanka. His distinguished affiliations include being a Fellow Member of the Chartered Institute of Marketing, UK, and the Institute of Management, UK, as well as a Member of the Institute of Certified Management Accountants, Australia.

With over 44 years of managerial experience in Sales, Marketing, and General Management functions, Mr. Chapman has made significant contributions across diverse industries such as Healthcare, FMCG, Consumer Durables, Insurance, Banking, and Telecommunications.

Notably, Mr. Chapman served as a former Director/CEO of Janashakthi Insurance PLC. He is a former Managing Director of GlaxoSmithKline (GSK) Pharmaceuticals and served on the Boards of Glaxo Wellcome Ceylon Limited and SmithKline Beecham (Pvt) Limited. Some of his previous appointments include Managing Director-Hemas Healthcare Sector, Marketing Director - Reckitt Benckiser, Senior Brand Manager-Unilever, Managing Director/CEO-Lanka Orix Leasing Company and Director Life-Ceylinco Insurance. His contributions extend beyond corporate roles, as evidenced by his involvement in industry associations.

OTHER CURRENT APPOINTMENTS

Mr. Chapman is the Chairman of HNB Assurance PLC, HNB General Insurance Limited and an Independent Non-Executive Director of Hemas Pharmaceuticals (Pvt) Limited.

BOARD OF DIRECTORS



MS. CORALIE PIETERSZ

Non-Executive Director
(Independent)

Date of appointment to the Board	01 April 2021
Tenure on the Board	4 years
Sub Committee roles	Board Audit and Risk Committee - Chairperson
Shareholding in the Company	Nil
Number of Directorships in other companies as at 31 March 2025	09

NATURE OF EXPERTISE

Ms. Coralie Pietersz is an Associate Member of the Institute of Chartered Accountants in England and Wales and a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and of the Institute of Certified Management Accountants of Sri Lanka. She has a BSc (Hons) in physics from the University of Sussex and holds an MBA from Heriot-Watt University, Edinburgh.

Ms. Pietersz counts over 30 years of senior level experience in corporate finance, accounting and auditing in both private and public sectors. She served as Finance Director of Finlays Colombo, Hapugastenne Plantations PLC and Udapussellawa Plantations PLC. Prior to that she functioned as the Group CFO at Richard Pieris & Company PLC, a role that entailed responsibility for the finance function of this diversified group, which included five listed companies. Ms. Pietersz also served on the Board of Seylan Bank PLC as a Non-Executive Director for nine years.

OTHER CURRENT APPOINTMENTS

Ms. Pietersz is the Chairperson of Bogala Graphite Lanka PLC. She is also an Independent Non-Executive Director of R I L Property PLC, Panasian Power PLC, Nations Trust Bank PLC, and Hemas Pharmaceuticals (Pvt) Ltd. She is an Executive Director of Compass Advisory Services (Pvt) Limited, and Tambapanni Academic Publishers (Pvt) Limited.



MR. THUSHARA JAYASEKARA

Executive Director-Finance

Date of appointment to the Board	01 April 2022
Tenure on the Board	03 years
Memberships in Board Sub Committees	Related Party Transactions Review Committee- Member
Shareholding in the Company	Nil
Number of Directorships in other companies as at 31 March 2025	03

NATURE OF EXPERTISE

Mr. Thushara Jayasekara is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and the Institute of Certified Management Accountants of Sri Lanka. He is also an Associate Member of the Chartered Institute of Management Accountants of the United Kingdom.

Mr. Jayasekara has over 25 years of senior management experience in accounting, treasury management, tax planning, and auditing across diverse business sectors. In the early stages of his career, he gained experience in the plantation, financial services, and regulatory sectors. He also served at Sri Lanka Accounting and Auditing Standards Monitoring Board and at People's Venture Investments Company laying a strong foundation for his future leadership in finance.

Mr. Jayasekara served as Group Finance Manager at Janashakthi Ltd, where he overlooked the finance functions of Kelsey Homes and Kelsey Development Limited. In 2009, he joined Orient Finance PLC as the Assistant General Manager - Finance before joining United Motors Lanka PLC as a Deputy General Manager in 2011. Subsequently he was promoted as a General Manager in 2012 and joined the Board in April 2022.

OTHER CURRENT APPOINTMENTS

Mr. Jayasekara is also Director of Unimo Enterprises Limited, U M L Property Developments Limited and U M L Heavy Equipment Limited.



MR. VISH GOVINDASAMY

Non-Executive Director
(Independent)

Date of appointment to the Board	15 May 2024
Tenure on the Board	01 year
Sub Committee roles	✶ Strategic Review Committee-Chairman ✶ Nomination and Governance Committee-Member ✶ Human Resources and Remuneration Committee - Member ✶ Related Party Transactions Review Committee-Member
Shareholding in the Company	Nil
Number of Directorships in other companies as at 31 March 2025	12

NATURE OF EXPERTISE

Mr. Vish Govindasamy holds an MBA and a Bachelor of Science in Electrical Engineering from the University of Hartford, USA. Additionally, he is a Fellow Member of the Institute of Certified Professional Managers in Sri Lanka.

Mr. Govindasamy is the Deputy Chairman of Sunshine Holdings PLC. Prior to his current role at Sunshine Holdings, Mr. Govindasamy served as the Chief Executive Officer of Watawala Plantations PLC, a diversified plantation management company. He is widely recognized for his instrumental role in transforming a formerly government-owned plantation into the highest capitalized regional plantation company listed on the Colombo Stock Exchange.

Mr. Govindasamy's esteemed leadership extends beyond the corporate realm. He is an appointed member of the Governing Board of the Central Bank of Sri Lanka, the Immediate Past Chairman of the Ceylon Chamber of Commerce, and a former Chairman of the Employers' Federation of Ceylon.

OTHER CURRENT APPOINTMENTS

Mr. Govindasamy serves as the Deputy Chairman of Sunshine Holdings PLC and as a Non-Independent Non-Executive Director at Watawala Plantations PLC. He is also an Independent Non-Executive Director of Softlogic Life Insurance PLC, Dialog Axiata PLC, Lanka Island Resort Ltd, and Ceylon Business Development Limited.



MR. ARJUNA HERATH

Non-Executive Director
(Independent)

Date of appointment to the Board	15 July 2024
Number of years on the Board	10 months
Sub Committee roles	✶ Human Resources and Remuneration Committee-Chairman ✶ Board Audit and Risk Committee-Member ✶ Strategic Review Committee-Member
Shareholding in the Company	Nil
Number of Directorships in other companies as at 31 March 2025	12

NATURE OF EXPERTISE

Mr. Arjuna Herath holds a Bachelor of Science degree and the Master of Arts in Financial Economics from the University of Colombo and also an MBA from the University of Strathclyde in the United Kingdom. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka.

Mr. Herath served as the Senior Partner and Head of Consulting for Sri Lanka and Maldives at Ernst & Young (EY) at the time of his retirement.

In his career preceding Ernst & Young, he was the Marketing Development Manager at Ceylon Tobacco Company and Director Corporate Finance at Merchant Bank of Sri Lanka. He served as the Chairman of the Data Protection Authority of Sri Lanka, as a Board Member of the Sri Lanka Accounting and Auditing Standards Monitoring Board and as a Commissioner of the Securities and Exchange Commission of Sri Lanka. He also served as a member of the Company Law Advisory Commission.

Mr. Herath was selected as one of the 20 leading men and women from our world of business in 2014 by Lanka Monthly Digest in its fifth edition of Captains of Commerce & Industry in Sri Lanka in recognition of his outstanding work for the corporate sector in the country.

Mr. Herath is a distinguished senior Chartered Accountant and is a Past President of the Institute of Chartered Accountants of Sri Lanka. He was actively involved in the international fora in the field of accounting and is a Past President of the South Asian Federation of Accountants and was a Board Member of the Confederation of Asia Pacific Accountants.

He is the first Sri Lankan to Chair a Committee of the International Federation of Accountants (IFAC), the apex body of the accounting profession and was the Chair of the Professional Accountancy Organization Development Committee of the IFAC.

OTHER CURRENT APPOINTMENTS

Mr. Herath serves as an Independent Non-Executive Director in a number of entities including Colombo Stock Exchange, Senkadagala Finance PLC, Watawala Plantations PLC, Cargills Bank PLC, R I L Property PLC, and several other private companies and public sector institutions.

BOARD OF DIRECTORS



MR. JONATHAN ALLES

Non-Executive Director (Independent)

Date of appointment to the Board	01 September 2024
Tenure on the Board	09 months
Sub Committee roles	✶ Related Party Transactions Review Committee-Chairman ✶ Board Audit and Risk Committee - Member ✶ Strategic Review Committee - Member
Shareholding in the Company	Nil
Number of Directorships in other companies as at 31 March 2025	07

NATURE OF EXPERTISE

Mr. Jonathan Alles holds a First Class MBA in Finance from the University of Stirling in United Kingdom. He is an Associate Member of the Institute of Bankers of Sri Lanka.

Mr. Alles was the Managing Director/Chief Executive Officer of Hatton National Bank PLC ('HNB') and counts over 37 years of banking experience, having served several international banks including the National Bank of Abu-Dhabi, Saudi British Bank-Riyadh, British Bank of the Middle-East and HSBC, Dubai and Colombo before taking on the reins at HNB. He was a Director of the Sri Lanka Banks' Association (SLBA) and its Chairman from 2014 to 2016. He served as Chairman of the Asian Bankers Association for 3 years from 2018 onwards, was a member of its Board of Directors and also served as the Chairman of its Advisory Committee.

OTHER CURRENT APPOINTMENTS

Mr. Alles is an Independent Non-Executive Director of Singer (Sri Lanka) PLC, The Kingsbury PLC, Alumex PLC, Hayleys PLC, Ceylon Beverage Holdings PLC, Lion Brewery Ceylon PLC, Vallibel One PLC and DHT Cement (Pvt) Limited.



MR. BUDDHIKA SINGHAGE

Executive Director - After Sales Operations

Date of appointment to the Board	01 January 2025
Tenure on the Board	03 months
Sub Committee roles	-
Shareholding in the Company	0.01%
Number of Directorships in other companies as at 31 March 2025	01

NATURE OF EXPERTISE

Mr. Buddhika Singhage holds an MBA with a Gold Medal from the University of Wales Trinity Saint David. Mr. Singhage has completed professional development programmes at Harvard Business School, the Association for Overseas Technical Cooperation and Sustainable Partnerships (AOTS) in Japan, and Robert Bosch GmbH in Germany.

Mr. Singhage is a distinguished professional with over 30 years of senior management experience in the automotive industry, with expertise in after-sales operations, business strategy, and customer experience. At United Motors Lanka PLC, he heads the Technical and Spare Parts Divisions-two key profit centers-delivering significant growth in both revenue and profitability. He also played a key role in expanding UML's branch network across Sri Lanka.

He is a former Director of the Ceylon German Technical Training Institute and a Governing Council Member of the Automobile Engineering Training Institute (AETI). Mr. Singhage previously led the Auto Components Division at Diesel & Motor Engineering PLC (DIMO). He has built strong partnerships with global automotive brands including Daimler Fuso, Mitsubishi, Bosch, and Perodua.

OTHER CURRENT APPOINTMENTS

Mr. Singhage is a director of U M L Heavy Equipment Limited.



MS. RINOZA HISHAM

Company Secretary

Ms. Rinoza Hisham was appointed as the Company Secretary in January 2008.

Ms. Hisham is a Fellow Member of the Chartered Governance Institute (CGI-UK). She holds a Bachelor of Laws (LLB) from Buckinghamshire New University, UK, and a Master of Business Administration (MBA) from the Postgraduate Institute of Management (PIM) at the University of Sri Jayawardenepura.

SENIOR MANAGEMENT TEAM

DIRECTOR, GROUP CHIEF OPERATING OFFICER AND GENERAL MANAGERS



Mr. Ramesh Yaseen
Director - After Sales Services



Mr. Charaka Perera
Group Chief Operating Officer



Mr. Raveendra Siriwardene
General Manager
(Human Resources and Administration)



Mr. Anuradh Keppetiwalana
General Manager
(Lubricants & Car Care)

HEAD OF DEPARTMENTS/DEPUTY GENERAL MANAGERS



Ms. Sureshinie Fernando
Deputy General Manager
(Internal Audit and Monitoring)



Ms. Rinoza Hisham
Deputy General Manager
(Human Resources/ Legal) Company Secretary

SENIOR MANAGEMENT TEAM

DEPUTY GENERAL MANAGERS AND ASSISTANT GENERAL MANAGERS



Mr. Anoj Cooray
Deputy General Manager
(Truck and Bus)



Mr. Indike Manthilake
Deputy General Manager
(Information Technology)



Mr. Sajith Gunasena
Deputy General Manager
(Finance)



Mr. Saman Kumara
Assistant General Manager
(Technical)



Mr. Torrel Hopwood
Assistant General Manager
(Special projects)



Mr. Sudhakaran K. Pillai
Assistant General Manager
(Technical)

ASSISTANT GENERAL MANAGERS AND HEADS OF BUSINESS UNITS



Mr. Thusitha Gunathilaka
Assistant General Manager
(Branch Operations)



Mr. Rohana Senaratne
Assistant General Manager
(Sales Operations and Administration)



Mr. Kumara Abeywardana
Assistant General Manager
(Branches)



Mr. Shanaka Pelpola
Assistant General Manager
(New Vehicle Sales)



Ms. Dilini Pieris
Assistant General Manager
(Human Resources and Administration)



Mr. Wijaya Pathirana
Assistant General Manager
(Engineering)

SENIOR MANAGEMENT TEAM

ASSISTANT GENERAL MANAGERS AND HEADS OF BUSINESS UNITS



Mr. Buddhi Dissanayake
Assistant General Manager
(Special Projects)



Mr. Derrick Silva
Assistant General Manager
(Information Technology)



Mr. Tharindu Rajapaksha
Assistant General Manager
(Technical)



Mr. Paveena Senevirathna
Assistant General Manager
(Technical)



Mr. Ramesh Dharmaratne
Assistant General Manager
(Logistics)



Mr. Chandana Hettiarachchi
Assistant General Manager
(Human Resources)



Mr. Roshan Botheju
Assistant General Manager
(Spare Parts)



Mr. Shafraz Basheer
Assistant General Manager
(Business Development)



Mr. Buddhima Nimesha
Assistant General Manager
(Finance)



Mr. Asanka Alwis
Manager - Special Projects

SENIOR MANAGEMENT TEAM

SUBSIDIARY CEO'S



Mr. Prasanna Hathurusinghe
Chief Executive Officer/ Executive Director (Dutch Lanka Trailer Manufacturers Limited)



Mr. Shalain De Silva
Chief Executive Officer (Unimo Enterprises Limited)

SUBSIDIARY DCEO



Mr. Dimuthu Udugamasooriya
Deputy Chief Executive Officer (U M L Heavy Equipment Limited)

SENIOR MANAGEMENT TEAM/HEADS OF BUSINESS UNITS - UNIMO ENTERPRISES LIMITED



Mr. Hemaka Rajapakse
Deputy General Manager (Operations)



Mr. Shirantha Palliyaguru
Assistant General Manager (Chinese Vehicles)



Mr. Dilip Weerasinghe
Assistant General Manager (Tyres)



Ms. Nishani Palihena
Assistant General Manager (Finance)



Mr. Lionel Wijeratne
Assistant General Manager (Perodua)



Mr. Auranga Dissanayake
Assistant General Manager (JMC)

SENIOR MANAGEMENT TEAM

SENIOR MANAGEMENT TEAM/HEADS OF BUSINESS UNIT - UNIMO ENTERPRISES LIMITED



Mr. Tremon Van Gramberg
Assistant General Manager
(Electric Vehicles)



Mr. Amila Palliyaguru
Head of Business Unit

U M L HEAVY EQUIPMENT LIMITED



Mr. Iroshan Dhanapala
Deputy General Manager
(Construction Machine Sales and Spare Parts)

SENIOR MANAGEMENT TEAM - DUTCH LANKA TRAILER MANUFACTURERS LIMITED AND DUTCH LANKA ENGINEERING (PRIVATE) LIMITED



Ms. Ayomi Karunanayake
Assistant General Manager (Engineering)



Mr. Hilary Fernando
Assistant General Manager (Sales and Marketing)



Mr. Nelum Premadasa
Assistant General Manager (Engineering)



Mr. Lakmal Manathunga
Assistant General Manager (Finance)



MANAGEMENT DISCUSSION AND ANALYSIS

The external environment, our management of the six integrated capitals and our commitment to enhancing stakeholder value has been encapsulated within the following review. It is an extension of our financial performance, which has shown soundness during the year and showcases our operational achievements and outlook for growth. The management of our six capitals is an essential focus within this section, and the capital management reports provide a detailed yet concise representation of the year's activities and outcomes.

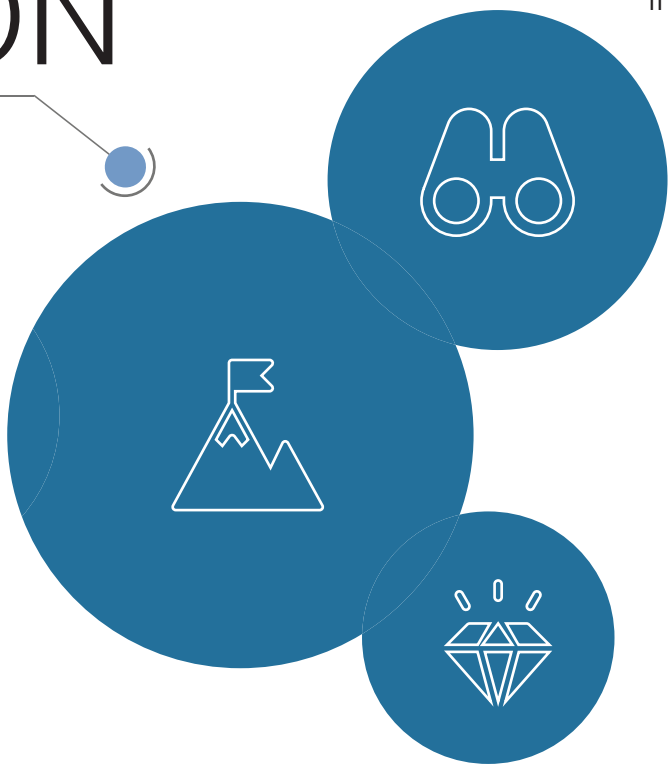
MANAGEMENT DISCUSSION AND ANALYSIS

VISION

To be the best Company in Sri Lanka through diversification while maintaining the leadership position in the transport industry.

MISSION

To delight and make lifelong relationships with our customers by providing high quality products, services and transport solutions using state-of-the-art technology and developing a team of people who are committed to excellence with the highest level of integrity through a corporate culture that encourages participative management to create a socially responsible corporate entity, whilst ensuring optimum returns to shareholders.



Value Creation

Our value-creation model is the roadmap that translates UML's Vision and Mission into tangible outcomes. It draws on six inter-dependent capitals financial, human, intellectual, natural, social, and manufactured and channels them through disciplined strategy execution, a rigorous Corporate Governance framework, and proactive risk management.

By integrating sustainability and ethics at every decision point, we convert these capitals into products, services, and relationships that benefit shareholders and the wider stakeholder community. Continuous monitoring, transparent reporting, and a cycle of improvement keep the model agile, ensuring we adapt to shifting market dynamics while safeguarding long-term economic, social, and environmental value.

MANAGEMENT DISCUSSION AND ANALYSIS

OUR VALUE CREATION MODEL

INPUTS



FINANCIAL CAPITAL

Pool of funds consisting of shareholders' funds and borrowed funds

- Shareholders' funds **LKR 13,643 Mn**
- Borrowings **LKR 7,667 Mn**



SOCIAL AND RELATIONSHIP CAPITAL

The reciprocally beneficial relationships we have with our stakeholders



HUMAN CAPITAL

UML family and their competencies

- No. of Employees **1,240**



MANUFACTURED CAPITAL

Physical, material and technological objects

- Total PPE **LKR 9,425 Mn**
- Buildings **LKR 725 Mn**
- Machinery and equipment **LKR 171 Mn**



NATURAL CAPITAL

Natural resources that are contributing to our business activity

- Our investment in **2MW** solar power generation



INTELLECTUAL CAPITAL

Expertise of our people, brand reputation, systems and procedures in place that ensure the long-term sustainability

STRATEGIES

CORPORATE GOVERNANCE

→ **GROWTH**

→ **SUSTAINABILITY**

→ **SERVICE EXCELLENCE**

→ **PEOPLE DEVELOPMENT**

→ **USE OF TECHNOLOGY**

→ **ENVIRONMENT FRIENDLY**

RISK MANAGEMENT

OUTPUTS

3D Printers



Workshop and Spare Parts



Vehicle Sales



Lubricants and Car Care Products



Equipment and Machinery



Vehicle Assembly



Property



Tyres



Port and Road-Trailers



Export and Local Business



OUTCOMES



FINANCIAL CAPITAL

- Profit **LKR 73 Mn**
- EPS **LKR 0.73**
- NAV per share **LKR 135.21**
- Interest expense **LKR 462 Mn**



SOCIAL AND RELATIONSHIP CAPITAL

- Customer Satisfaction Index **97%**



HUMAN CAPITAL

- Remuneration and rewards **LKR 2,179 Mn**
- Training hours **15,525**



MANUFACTURED CAPITAL

- Revaluation surplus **LKR 357 Mn**



NATURAL CAPITAL

- Electricity generated **2,630 MWh** through solar power



INTELLECTUAL CAPITAL

Won the Gold Award for the 15th Consecutive year for its Annual Report in the Automobile Category in the TAGS Awards awarded by CA Sri Lanka

MANAGEMENT DISCUSSION AND ANALYSIS

ENGAGING WITH OUR STAKEHOLDERS

Effective stakeholder engagement is a cornerstone of our Group's strategy for sustainable and resilient business operations. The necessity for continuous dialogue has been amplified by the recent pandemic and significant shifts in the external environment.

To facilitate this engagement, we employ a variety of formal and transparent mechanisms designed to ensure consistent communication, dialogue, and feedback from our diverse stakeholder groups. These processes not only help us understand stakeholder concerns and expectations but also enhance awareness about the importance of sustainable resource consumption and practices.

We are also dedicated to innovating our communication strategies to gather deeper insights from our stakeholders. By fostering open and continuous dialogue, we aim to build and maintain robust relationships based on trust and mutual understanding, thereby ensuring that we remain responsive and aligned with stakeholder needs.

	SHAREHOLDERS AND INVESTORS		EMPLOYEES	
Stakeholder expectations	✶ Financial performance/return on investment ✶ Governance ✶ Transparency and disclosure ✶ Sustainable growth		✶ Job satisfaction ✶ Training and development ✶ Career advancement opportunities ✶ Rewards and recognition ✶ Work-life balance ✶ Value-driven corporate culture ✶ Diversity	
Our Strategic Response	✶ Maintaining a consistent bottom line ✶ Engaging in greater transparency according to the Corporate Governance Code ✶ Ensuring sustainable return on investment ✶ Maintain the credibility and reputation		✶ Competitive rewards and benefits to attract and retain best talent in the market ✶ Training and development ✶ Performance based incentives ✶ Promote greater diversity ✶ Employee engagements ✶ Ensure employees' welfare	
Mode and frequency	**ENGAGEMENT MECHANISM**	**ENGAGEMENT FREQUENCY**	**ENGAGEMENT MECHANISM**	**ENGAGEMENT FREQUENCY**
	Annual Reports and AGMs	Annually	Performance appraisals and individual reviews	Annually
	Extraordinary General Meetings	As required	Open door policy	As required
	Interim financial statements	Quarterly	Training	As required
	Announcements to CSE	As required	Corporate communication	On a regular basis
	Immediate market disclosures	As required	Employee rewards and recognition	Annually
	One-to-one discussions	As required	Employee engagement activities	As required
	Corporate website	Online	Regular one to one engagements	As required
	CSE website			

	CUSTOMERS		SUPPLIERS AND BUSINESS PARTNERS		COMMUNITY AND ENVIRONMENT	
	✶ Service excellence ✶ Service quality ✶ Affordability of services ✶ Convenience ✶ Rapid response		✶ Contractual performance ✶ Future business opportunities ✶ Maintaining healthy relationship ✶ Timely settlement of dues ✶ Ease of working ✶ Growth potential		✶ Commitment to community upliftment ✶ Ethical business conduct ✶ Environmental performance ✶ Responsible business practices ✶ Minimum negative environment impact from the Company operations	
	✶ Maintain service excellence ✶ Effective complaint resolution ✶ Continuous introduction of new products which promote greater customer convenience ✶ Effective marketing and communication ✶ Price competitiveness		✶ Contractual agreements to promote sustainable procurement ✶ Local sourcing ✶ Engaging in fair and equitable procurement ✶ On time payments		✶ Community engagement ✶ Transparency and governance ✶ Efficient/responsible waste management	
	ENGAGEMENT MECHANISM	**ENGAGEMENT FREQUENCY**	**ENGAGEMENT MECHANISM**	**ENGAGEMENT FREQUENCY**	**ENGAGEMENT MECHANISM**	**ENGAGEMENT FREQUENCY**
	Customer surveys	Continuously	Regular one to one engagements	As required	Events and sponsorships	When required
	Regular one to one engagements	Continuously	Telephone discussions and emails	On a regular basis	Corporate Website/ Face book	Online
	Corporate Website/ Facebook LinkedIn Instagram Google display ads Conventional media (Press, Radio and TV)	Continuously	Supplier relationship management	As required		
	Sales Promotions	As required	On-site visits and meetings	As required		
	Customer visits	As required	Corporate Website/ Face book	Online		
	Customer workshops	As required				

MACROECONOMIC ENVIRONMENT

GLOBAL ECONOMIC SNAPSHOT

The world economy grew steadily in 2024, matching the 3.1% growth of 2023. Monetary policy tightening to control inflation resulted in advanced economies facing a severe slowdown with growth trailing to 1.4% in 2024. Emerging markets, including South Asia and Parts of Africa, showed resilience, while India marked a robust growth at 7% while China's growth slowed due to real estate market pressures and weakened consumer demand.

Wars and tensions in the Middle East and Russian-Ukrainian border continued to impact global concerns. Geopolitical tensions between US and other nations continued to take a volatile turn due to high tariffs imposed by the new US administration. The world witnessed increased immigration controls across the world, especially by the United States, creating global migration concerns. These alongside supply chain disruptions and trade policy shifts impacted economic activity.

World inflation continued to decelerate recording 5.8% in 2024, according to IMF statistics, with projections indicating further decline in 2025. Prices of goods remained stabilised with the exception of service inflation.

Global growth in the coming period is expected to be modest but consistent. Global growth is predicted to fall to 3.1 percent in five years. Emerging Asia benefits from AI-driven semiconductor demand, while Middle East, Central Asia, and Sub-Saharan Africa face downgrades due to commodity disruptions, conflicts, and extreme weather.

LOCAL ECONOMIC SNAPSHOT

Following the severe economic downturn in the previous two years, the country recovered in 2024, resulting in four quarters of positive growth. The country underwent a period of political uncertainty due to the Presidential Elections, but regained normalcy towards the end of the year. The IMF extended fund facility programme required the country to adopt several structural reforms, including new income tax brackets for increased government revenue; moreover, the reforms necessitated state owned enterprises to be restructured and well-managed without becoming liabilities to the State. Moreover, the Central Bank of Sri Lanka reduced its monetary policy, adopting an overnight policy rate of 8%, which lowered the market interest rate.

Real GDP growth reached 5% by the end of the financial year, which was a substantial improvement from the negative GDP Growth of 7.3% experienced in 2022. Overall economic growth is attributable to the revival of industry activities, particularly manufacturing and construction activities. Moreover, growth in transport and accommodation supported also supported the overall economic uptick. Sri Lanka's per capita GDP improved to USD 4,516 from USD 3,801 in 2023. Inflation for the year 2024, was marked as 1.2% as per Central Bank statistics. Inflation reached negative levels towards the end of 2024 and continued to remain in negative territory in the first quarter of 2025.

Sri Lanka rupee appreciated during the year, as exchange rate policy remained flexible. With this appreciation import prices dipped during the year, providing some ease to consumers; however, foreign exchange earners received negative implications of this appreciation.

Gross official reserves reached USD 6.1 Bn by the end of the financial year due to improved export earnings, workers' remittances and through fund inflows from international funding agencies, including the first three tranches from the USD 3 Bn of the IMF's extended fund facility. These inflows enhanced domestic foreign exchange market liquidity and enabled the Central Bank to purchase foreign exchange in 2024. Moreover, as the economy expanded and the macroeconomic dynamics stabilised, private sector credit also improved to 10.7% by the end of the calendar year, improving from the negative 0.6% in 2023.

The country's fiscal sector performance improved notably during 2024, with the primary balance achieving a surplus for two consecutive years. The merchandise trade deficit broadened in 2024, compared to 2023 under large import expenditure which exceeded export earnings. However, excessive import expenditure was restrained due to the restrictions on vehicle imports in 2024.

Vehicles became the last category to receive relaxed import restrictions under several phases in 2024 and 2025. Relaxations commenced with buses, special purpose vehicles and transport vehicles trickling down to personal use vehicles. Personal vehicle imports grew by 139.2% under USD 66.2 Mn; vehicle and machinery parts were imported under the value of USD 301.1 Mn, which saw its imports grow by 58.1% in value.

LOCAL AUTOMOBILE INDUSTRY

In comparison to the previous year, the country recorded a higher number of car registrations, within the first 10 months of 2024. This was a 176% increase. Motorcycle registrations marked the biggest surge within the domestic industry, with growth by 236.5% recording a total of 49,463 motorcycles registered during 2024. This surpassed the previous count of registered motorcycles of 14,698 in 2023. Moreover, dual purpose vehicles saw notable growth, marking a 109% growth. Similarly, goods transport vehicles also saw a significant rise in registrations. Additionally, land vehicle registrations rose by 38.1%.

However, not all vehicle categories experienced positive trends, as motor car registrations declined by 6.6%, and bus registrations saw a sharp drop of 79.9%. This shift in the market comes as Sri Lanka prepares to resume vehicle imports in February 2025, following a five-year suspension since March 2020.

GLOBAL AUTO INDUSTRY TRENDS

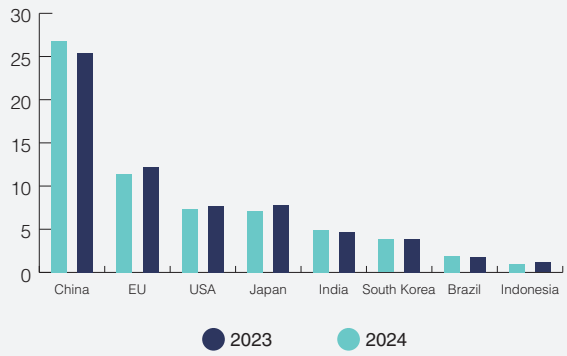
Global Market Growth

In the calendar year under review, global car sales increased up to 74.6 million units according to the European Automobile Manufacturers Association. The automotive industry was shaped

by changing economic conditions, policy shifts and changing consumer preferences. Regional markets, demonstrated varying trajectories based on local economic influences and industry-specific developments. Supply chain disruptions continued to ease amidst varying regional trends. Within the Indian continent, passenger car sales showed growth as the market benefited from a growing demand and seasonal sales hikes. In China, government tax incentives created a favourable environment, encouraging increased car sales and a strong performance in the last quarter of 2024. However, car sales in Japan faced a decline due to waning government subsidies and weak domestic currency. South Korea also witnessed a decline due to inflation and political uncertainties. Passenger car sales in the American region were resilient as it faced increases in South and North America. Moreover, the car market in Europe experienced subdued growth as new car registrations remained low.

Global Car Production

TOP GLOBAL CAR PRODUCERS *Nos Mn*



Source: S&P Global Mobility, cited in the ACEA Economic and Market Report, Global and EU Auto Industry (2024)

In Europe, car production declined during the year, mirroring an alignment in supply and demand. However, car production in Russia showed good momentum. Production also declined in North America while production in South America increased through higher production in Brazil. Similarly, car production in Asia faced upward momentum, driven by China as the world's largest car manufacturer. Indian car production also increased during the year while Japan and South Korea recorded declined production trends. Car production in the Middle Eastern and African region grew at a negligible level driven primarily by Iran. Sluggish demand and energy disruptions became key contributors to this subdued growth. However, car production in Morocco has shown greater resilience.

Automotive production gained much-needed stability due to the easing of supply chain disruptions and semiconductor shortages. Manufacturers met demand under shorter delivery times while using proactive methods, such as diversified suppliers and digital tracking systems to reduce supply chain vulnerability and disruptions. Moreover, technological advancements played a crucial role in improving the safety of vehicles and automation. Through technologies, such as AI the vehicle manufacturing industry has the massive capability of increasing production efficiency and in lowering costs while controlling quality. With the integration of real-time navigation, customized driver assistance, and smooth vehicle-to-infrastructure communication, connectivity features have advanced. Customers' expectations have been altered by these developments, which established intelligent and adaptable cars as the way of the future.

TRENDS IN ELECTRIFIED VEHICLES

In 2024, global electric car sales has crossed 17 million with sales expected to exceed 20 million in 2025, accounting for nearly a quarter of car sales, worldwide. In China EV sales surpassed the national target while emerging markets, such as Brazil and Thailand also saw growth in sales. According to a study by Deloitte on Global Automotive Consumers, consumer interest in acquiring electrified vehicles comes from the desire to reduce operating costs, which outweighs climate concerns. However, a majority of consumers who were part of this survey were concerned on the environmental impact of the EV battery and anticipates sustainable practices throughout the battery life cycle. Surveyed consumers in developed markets were more loyal to brands in comparison to those in developing economies. This was better showcased through respondents from India, who likely switch brands for their next vehicle would purchase, which most likely stems from the desire to approach something different for a new experience.

Amidst challenges, the adoption of EV continued across markets with certain regions reassessing its incentive programmes, resulting in adjusted subsidies and tax concessions.

GLOBAL COMMERCIAL VEHICLES

Globally, North America led global sales followed by European registrations. Greater China saw its commercial vehicle sales dipping but continued to held substantial market share. Within the truck segment, China held a stable global position despite experiencing a slight decline in sales. Moreover, South Asia, North America and Europe also witnessed a decline in truck sales; conversely South America witnessed an incline. In the bus segment, China led with increased sales while South Asia also saw an increase in sales. Europe also experienced a growth.

OUTLOOK FOR THE FUTURE

The future holds continued transformations for the global and local automotive industry. Policy changes towards adopting electrified vehicles and AI-based mobility solutions will define the industry in the coming years.

Stepping into the future, automakers will continue to increase their investment in cleaner technologies as a result of stricter emissions regulations around the world. Governments will continue to encourage businesses to prioritise hybrid and fully electric vehicles by enforcing stricter fuel efficiency regulations in an effort to promote greater sustainability. Green initiatives gained momentum, and infrastructure for vehicle charging increasingly relied on renewable energy sources.

REVIEW OF OPERATIONS

UNITED MOTORS LANKA PLC (GROUP)

During the year under review, the Group concentrated on mitigating the ripple effects of the ongoing vehicle import ban, ultimately recording a profitable financial year. Our strategic focus was centered on expanding after-sales operations, enhancing the used vehicle segment, and implementing initiatives to drive cost efficiencies.

The positive financial outcome for the year was partly driven by strategic investments made in the prior financial period, notably the acquisition of Dutch Lanka Trailer Manufacturers Limited (DLT), as well as the growth in after-sales operations and increased vehicle sales during the latter part of the financial year.

From a consolidated perspective, Group revenue reached LKR 11.7 Bn, with significant contributions from United Motors Lanka PLC and the DLT Group. Consequently, the Group recorded a profit of LKR 73 Mn for the financial year 2024/25, compared to the loss incurred in the previous year. This turnaround was achieved despite the continuation of the vehicle import ban until February 2025. Additionally, we observed a reduction in the cost of sales due to enhanced cost control measures.

Moreover, we continued to capitalise on our capabilities and resources in vehicle assembly operations, used vehicle sales, after sales services, and sales of lubricants and car care products.

Segment wise revenue – Group	2024/25
	LKR '000
Spare parts and workshop	**4,125,997**
Lubricants and car care products	**2,009,378**
Heavy equipment	**446,463**
3D Printers	**4,698**
Tyres	**469,862**
Trailers	**2,755,754**
Vehicles	**1,962,212**
Total revenue	**11,774,364**

UNITED MOTORS LANKA PLC (COMPANY)

The challenges faced in the previous financial year continued with the same intensities for the Company, however, the financial year ended with a satisfactory financial performance; this was due to the varied, yet positive earnings recorded by our business segments during the financial year.

Vehicle import restrictions that existed till February 2025, regulatory shifts, imposition of VAT on vehicle sales and reduced consumer purchasing power continued to impact the vehicle market, despite seeing notable improvements in key economic sectors. Although the country marked consecutive quarters of GDP growth and negative inflation, consumer purchasing power and disposable income met the brunt of higher taxes and the high cost of living.

Despite these challenges, the spare parts and workshop services segment proved resilient, contributing to 66% of the total company revenue, fuelled by increased repair demand from existing vehicles due to the import ban. Moreover, the lubricants and car care products segment also performed strongly, accounting for 32% of revenue.

Company performance (UML PLC)	2024/25	2023/24	2022/23
	LKR '000	LKR '000	LKR '000
Revenue	**6,333,452**	6,129,073	4,940,801
PBT	**403,850**	487,451	789,333
PAT	**338,303**	355,875	552,516
Assets	**17,135,691**	16,073,394	15,881,245
Liabilities	**2,038,675**	1,448,191	1,641,721

BUSINESS SEGMENT PERFORMANCE

Vehicle Sales

During the financial year 2024/25, the NVS division achieved revenue of LKR 62.8 Mn, with a total sale of 59 units of used vehicles amidst the challenging context. The ban on importing brand-new passenger vehicles, trucks, and buses resulted in a loss of LKR 99.6 Mn and constrained our ability to capitalise on our primary vehicle brands and portfolio models. Despite these difficulties, efforts were made to sustain operations through alternative revenue streams.

The Trucks and Buses division achieved a top line of LKR 71 Mn and a loss of LKR 26 Mn; selling 20 used vehicles and five brand new vehicles. The removal of the import suspension for buses (lifted in December, 2024 for trucks and buses in February 2025 for passenger vehicles) paved the way for new opportunities. The T&B team successfully negotiated with MFTBC to expedite the launch of the Rosa Bus in 2025, which was originally planned for 2026; similarly, the NVS division secured the rights for the newly launched Outlander Sports (XForce) model, expanding the vehicle portfolio.

Workshop Operations

Earnings from workshop operations and services demonstrated a growth, with net revenue increasing from LKR 3 Bn in 2023/24 to LKR 3.4 Bn in 2024/25. The 15% increase has stemmed from strong market demand, effective revenue strategies and cost management measures.

Gross profit also improved, rising from LKR 1.3 Bn to LKR 1.6 Bn over the same period. While the gross profit margin dipped slightly in 2023/24 (from 44% to 45%), it recovered to 45% in 2024/25, indicating improved cost efficiencies and profitability.

Profit Before Tax (PBT) has maintained a steady growth, increasing from LKR 353 Mn in 2023/24 to LKR 401 Mn in 2024/25. While the year-on-year growth has been moderate, it reflects sound financial management and the ability to sustain profitability over time.

	2024/25	2023/24	2022/23
Net Revenue-LKR '000	**3,449,861**	3,005,277	2,279,771
Gross Profit-LKR '000	**1,559,554**	1,335,546	1,090,481
Gross Profit Margin	**45%**	44%	48%
PBT-LKR '000	**400,885**	352,715	340,622

Spare Parts

Over the past fiscal year, spare part operations have recorded significant growth in net revenue and profitability. In 2023/24, net revenue stood at LKR 573 Mn, increasing by nearly 31% to LKR 753 Mn in 2024/25: this upward trajectory highlights strong market performance and an increase in customer demand.

Over the past three financial years, Gross profit from spare parts operations has shown considerable improvements. In 2022/23, the gross profit margin was at a healthy 44%, however in 2023/24, it dropped to 36%; this could be attributed to higher costs or pricing strategies. However, the rebound to 43% in 2024/25 indicates improved cost efficiencies and better profit management.

	2024/25	2023/24	2022/23
Net Revenue-LKR '000	**753,237**	573,113	384,867
Gross Profit-LKR '000	**322,266**	207,767	168,837
Gross Profit Margin	**43%**	36%	44%
PBT-LKR '000	**448,794**	359,823	239,722

Profit Before Tax (PBT) has grown in tandem with revenue, reaching LKR 449 Mn in 2024/25, compared to LKR 360 Mn in 2023/24 and LKR 240 Mn in 2022/23. This increase underscores the efficiency of the business in managing its expenses and optimising earnings.

Lubricants and Car Care Products

Despite a surge in sales volumes, profitability was hampered by reduced gross margins from competitive pricing. During the year, the company increased trade discounts to counter ahead the competition from new market entrants as a result of relaxed import license restrictions. Despite the challenges faced during the year, the final quarter reflected a strong recovery, supported by a more disciplined pricing strategy, a well-optimized product mix, and robust RTM efforts that led to an 18% volume growth over final quarter of the previous year. These improvements have strengthened margins and profitability, setting a solid foundation for sustainable growth 2025/26.

Future Focus

In the immediate future, the company aims to strengthen its market position, through key efforts, such as regular market projections, revamped showrooms and branches in line with updated brand guidelines. Moreover, the company will evaluate the need for new locations based on potential demand. Investments in marketing communications will help reinforce brand presence, which will be crucial to tackling intense competition. Moreover, strategic business partnerships with financial and insurance providers will enable the Company to creat tailored packages for customers. The planned launch of the Outlander Sports (XForce) is expected to be a significant contributor to future sales and revenue growth.

UNIMO ENTERPRISES LIMITED

Throughout the year under review, Unimo Enterprises Ltd (UEL) had high inventory levels, which continued from the previous year, when vehicle prices were high, imports triggered by volatile exchange rates during importation. As the year progressed, selling prices hiked sharply amid intense market competition. Nevertheless, sales remained lackluster due to repeated Government statements on the relaxation of import restrictions, which prompted customers to adopt a 'wait-and-see' approach.

Company Performance (UEL)

	2024/25	2023/24	2022/23
	LKR '000	LKR '000	LKR '000
Revenue	**2,384,793**	4,711,567	5,476,586
PBT	**(482,996)**	(738,047)	(883,647)
PAT	**(449,241)**	(494,759)	(517,983)
Assets	**7,367,161**	3,560,831	5,554,106
Liabilities	**8,451,235**	4,207,754	5,707,368

With the lifting of vehicle import band in February 2025, UEL was able to import its flagship automobile brand, Perodua, which includes a portfolio of models, including two Axia hatchback variants, the Bezza Sedan and Aruz SUV. This helped to minimise the company's net loss contraction. Moreover, UEL obtained the rights to introduce new model brands, strengthening its market position in the EV segment.

In the final quarter of the financial year, UEL also launched the locally assembled JMC Double Cab at a competitive market price. Nevertheless, the opening up of imports to new vehicles dampened the initial market reaction to its launch, as prospective car buyers awaited other alternatives.

UEL faced operational delays in regulatory procedures, which posed a challenge to assembly operations of the JMC 14-foot truck and some EV models; This had a negative impact on our expectations of reaching financial targets. The division witnessed a decline in sales as only 120 units of i-Auto units were sold in comparison to 51% more units which were sold in 2023/24.

REVIEW OF OPERATIONS

Operational Enhancements

The Company made a strategic shift in its operations by relocating its assembly facility from Ranala to Ratmalana. The purpose of this shift was to bring assembly operations closer to the workshop and vehicle yard.

The modernised plant now operates with greater efficiency, utilizing SKD kits that align closely with CKD standards, demanding advanced technical expertise and increased labour involvement. Additionally, we have capitalized on the expertise of our sister company, Dutch Lanka, to locally manufacture components and develop machinery critical to the assembly process.

Tyre Division Performance

The tyre division achieved a satisfactory performance amidst stiff competition from direct and indirect competitors in the local market. The result was a profit of LKR 38.4 Mn in the financial year under review. This is a 3,587% increase against the previous year's loss of LKR 1.1 Mn. The increase in sales volume was a result of an expanded dealer network and entry into previously untapped regions. Moreover, the division maintained competitive pricing through ongoing negotiations with principals. During the year under review, the company introduced a second tyre brand to capture the lower end of the market.

Future Focus

With the removal of vehicle import restrictions, UEL remains optimistic on its future growth. The company has made plans to actively promote its Perodua line-up, at competitive price points. Moreover, new models will be introduced under the JMC portfolio, including a 14-foot truck, freezer truck, tipper truck and other commercial offerings. UEL is also committed to enhancing its presence in the EV sector with plans to roll out several models in mid-2025. Stringent cost management strategies will also be adopted to manage profitability.

U M L HEAVY EQUIPMENT LIMITED (UMLH)

In the fiscal year under review, the company achieved improvements in its financial performance through several strategic initiatives. This year the Company revenue also has increased due to rental income. As a result of these efforts, the Company reduced its finance costs and recorded considerable gains in gross profits. Its net losses also contracted in comparison to the previous year.

Company Performance (UMLH)

	2024/25	2023/24	2022/23
	LKR '000	LKR '000	LKR '000
Revenue	**501,107**	486,670	406,267
PBT	**(153,795)**	(217,491)	(255,372)
PAT	**(151,212)**	(321,984)	(197,183)
Assets	**371,057**	389,497	640,766
Liabilities	**1,154,909**	1,021,650	950,256

UMLH shifted its strategic focus to after-sales services, including the servicing of all types of heavy equipment and generators, apart from renting out idle machinery. These efforts helped mitigate the impact of the tough economic and industrial environment. Growth in the construction sector remained constrained due to the lack of new large-scale government projects including the construction of the Ruwanpura Expressway being suspended. However, as construction material prices reduced, certain small-scale projects commenced operations.

JCB New Machine Sales Business

	2024/25	2023/24
Units sold - Nos	**23**	25
Revenue - LKR '000	**316,433**	324,366

Export Market Performance

Export revenue increased to LKR 172 Mn from LKR 150.7 Mn during the year, despite seeing a reduction in units sold. Maldives remained the primary export market due to strong ties with state and private sector clients. We represent the full JCB product portfolio in Maldives. JCB's interest in making a formal representation shows growing potential.

	2024/25	2023/24
Units exported - Nos	**9**	11
Revenue - LKR '000	**172,550**	150,736

Rental and Used Equipment Business

	2024/25	2023/24
Units sold - Nos	**1**	1
Revenue - LKR '000	**6,665**	11,600
Rental revenue - LKR '000	**42,055**	-

Rental income received through a new business opportunity to supply 20-ton class JCB excavators on rent basis to a major local construction firm. This helped to improve cash flows, increase client engagement, and mitigate high monthly financial and inventory costs, despite the broader decline in new equipment sales. Moreover, increasing preference towards renting machinery over new purchases has created new opportunities.

JCB Spare Parts and After-Sales Services

The after-sales segment has been impacted by the decline in imports and suspended projects. Nevertheless, we have sustained through robust customer relationships, expanded services to include non-JCB brands, and secured Annual Maintenance Contracts (AMCs), by offering reliable and high quality service beyond the warranty period.

	2024/25	2023/24
	LKR '000	LKR '000
Spare parts earnings	**31,254**	24,960
Workshop revenue	**69,422**	74,508

JCB Power Generator Business

During the year, four diesel generators were sold driving revenue from LKR 4.1 Mn to LKR 17.7 Mn. Import data indicates growing demand for generators in the 63 KVA to 275 KVA range, fuelled by increased power backup needs in the commercial and industrial sectors, particularly in the HORECA (Hotel, Restaurant, and Catering) segment. This trend reflects rising market confidence and increased project activities. Moving forward, our strategy will focus on expanding into the retail segment with our limited but targeted generator range, anticipating further growth in the upcoming financial year.

	2024/25	2023/24
Units sold - Nos	**4**	1
Revenue - LKR '000	**17,730**	4,130

DUTCH LANKA TRAILER MANUFACTURERS LTD GROUP

Over the past 32 years, Dutch Lanka Trailer Manufacturers Ltd. (DLT) Group has established itself as a leader in movable port handling equipment, securing a strong presence in the international market. Acquired by the UML Group in 2023, DLT has outperformed expectations and targets in the year under review.

DLT Group achieved a stable and commendable financial performance in the fiscal year 2024/25. This was empowered by improvements in operational efficiencies, diversifications, strategic pricing and market expansions. The Company achieved higher profit margins and a significant increase in EBITDA, reflecting effective cost optimization measures and operational streamlining.

A key driver of this financial success was the surge in domestic demand beginning in October 2024, complemented by strategic contract acquisitions. Additionally, sustained international demand and targeted market penetration contributed to revenue growth and strengthened the Company's financial position. These achievements collectively underscore DLT Group's resilience and strategic focus in navigating dynamic market conditions.

DLT Group's commitment to continuous manufacturing excellence export performance, earned it the Gold Award in the Extra-Large Category under the Machinery and Light Engineering Products Sector at the NCE Awards 2024. DLT Group also received its first recognition as Best Performer in Research and Development at the NCE Awards, highlighting enhanced approach to innovation and product advancement.

Group Performance (DLT)

	2024/25	2023/24
	LKR '000	LKR '000
Revenue	**2,793,679**	2,825,756
PAT	**336,694**	281,592
PBT	**377,070**	424,903
Assets	**2,667,224**	1,895,579
Liabilities	**1,558,526**	1,037,210

During the financial year, DLT Group recorded an 20% year-on-year increase in Profit After Tax (PAT). This notable growth was driven by a combination of strong performance in both local and international markets, successfull acquisition of strategic contracts, and the implementation of effective cost management initiatives. These efforts collectively enhanced operational efficiency and strengthened the company's bottom line.

The surge in domestic demand from October 2024 combined with successful re-engagements with key global clients, most notably the ICTSI Group, led to increased production volumes and improved margins. DLT Group surpassed its Annual Business Plan (ABP) by approximately 76%, achieving record sales of over 300 trailers, the highest in five years. This directly translated into higher top-line revenue and a sharp increase in EBITDA.

International expansion strategies, such as the launch of the modular "Lego Model" trailer for SKD (semi-knocked-down) exports, further enhanced margin retention by minimising freight costs and enabling entry into cost-sensitive markets like South America. Strategic investments in automation lean manufacturing, and digitalisation also yielded cost efficiencies across the value chain.

In a significant strategic move during the financial year, the company achieved a historic milestone by diversifying into immovable port handling equipment. This was marked by the successful in-house design and development of DLT's first Pinning Trestles.

REVIEW OF OPERATIONS

The innovation proved commercially viable, with four units sold to CMA CGM Terminal in Kingston, Jamaica. Encouragingly, this initiative has generated strong market interest, as evidenced by an inquiry for an additional 36 units, indicating substantial potential for future growth in this new segment.

The subsidiary of DLT Group, Dutch Lanka Engineering (Pvt) Ltd. (DLE) also, recorded improvements in output and revenue, which can be attributed to the revival of the trailer market towards the end of 2024. In addition, the collaboration between UEL and DLE under the UEL-DLE agreement, contributed significantly to its performance. The collaboration helped DLE to streamline its manufacturing of JMC vehicle components, including full and half-body trucks and rear-load bodies for double cabs. This enhanced their efficiency and optimised capacity usage, ensuring that key performance targets were met and reinforcing its strategic alignment and operational resilience.

Future Focus

DLT Group has established its strategy for 2025/26, which pivots on innovation, market expansion, and strategic partnerships to drive dynamic cross-border growth. The company aims to introduce new trailer models, particularly electric trailer technologies and last-mile logistics solutions. This will align DLT Group with the latest innovations.

Strengthening relationships with key global port operators, including DP World, ICTSI, Hutchison Ports, CMA CGM, and APM Terminals, will enhance its presence in global supply chain ecosystems. Expansion into South America and the Middle East/GCC is a priority, leveraging a dual-channel approach that combines direct customer engagement with an enhanced agent network to maximize market penetration.

Moreover, DLT Group aims to tailor its efforts to target Africa and Latin America; this will involve expanding agent networks and enhancing after-sales service while offering competitive and reliable warranties. By prioritising product innovation, strategic expansion, and operational excellence, DLT Group is well-positioned to navigate market challenges and seize new growth opportunities in 2025/26. In coming years, DLT Group plans to transition to solar power generation, reducing dependence on fossil fuels. This will be part of a broader plan to reduce reliance on non-renewable energy sources and lower the company's carbon footprint.

FINANCIAL CAPITAL

FUELLING WEALTH, SECURING STABILITY

At UML, our approach to diligent financial management and disciplined cost controls has strengthened our financial position. During the year, we experienced a turnaround in our financials with revenue and profitability taking an upward trend.

Our financial stability and adequate reserves are a result of prudent decisions in managing our financial resources, from sources such as revenue, retained profit and earnings through investments.



ALIGNMENT WITH SDGS



VALUE CREATION, PRESERVATION AND EROSION

CREATION	PRESERVATION	EROSION
Revenue growth through market expansions	Effective working capital management	Macroeconomic policy changes and external risks
Access to capital	Risk mitigation	Operational disruptions
	Cost controls	Financial constraints

VALUE CREATION

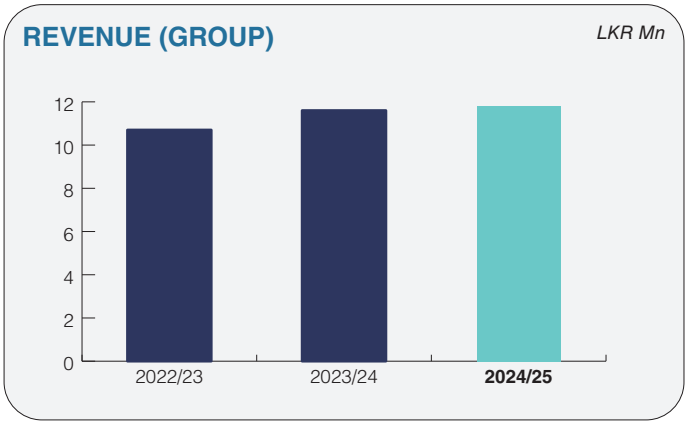
Revenue Growth	Profit Increase	Reduction in Finance Cost	Asset Growth
1.7%	127%	18%	29%

FINANCIAL CAPITAL

The prudent management of our financial capital has fostered financial stability during the year. Moreover, by approaching our financial sources with discipline, we aim to safeguard shareholder investments, enhancing the value of the shareholders' funds.

REVENUE

Group revenue amounted to LKR 11.8 Bn, surpassing the previous year's earnings of LKR 11.6 Bn. This top-line performance demonstrates the strength of our spare parts, trailers, and lubricants, while finance income and heavy equipment provided additional revenue.



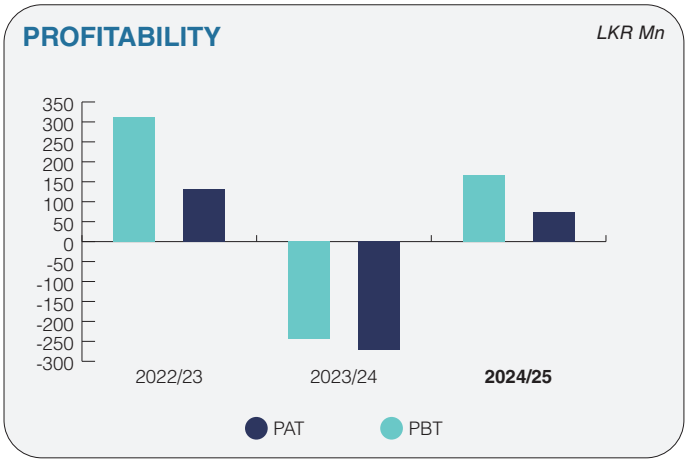
This includes LKR 6.3 Bn from United Motors Lanka as a Company. Segment-wise revenue demonstrates a high contribution from spare parts and workshops amounting to LKR 4.1 Bn during the year. Spare parts have made a contribution of 35% to the total Group revenue. This is followed by earnings from Trailers LKR 2.8 Bn, making up 23%, followed by lubricants at LKR 2.01 Bn (17%). These three segments form the backbone of our business and benefited from several strategies as demonstrated under the Review of Operations.

During the financial year, heavy equipment and tyres have year LKR 446 Mn and LKR 469 Mn, respectively. Despite bringing in moderate revenue, these segments carry high potential in achieving higher revenue in the upcoming financial year. By the end of the financial year, Group's finance income stood at LKR 267 Mn, indicating the value of our financial investments, especially in fixed income investments and other fixed sources.

Solar power projects generated LKR 40 Mn during the year, which holds potential towards expansions based on the Group's potential to capitalise on its 2 MW installation. Vehicle sales contributed with LKR 1,962 Mn in earnings, that came amidst unprecedented challenges.

PROFITABILITY

The Group's profitability increased by 127% during the financial year 2024/25 to LKR 73 Mn, overturning the loss of LKR 273 Mn experienced in the previous year. Group profit before income tax expenses was recorded as LKR 166 Mn a positive outcome compared to the previously negative annual PBT of LKR 244 Mn.



EXPENDITURE

Finance cost was LKR 462 Mn in the year under review. This is a 18% reduction compared to LKR 563 Mn in the previous financial year. The decline in finance cost is a result of low interest rates that prevailed year under review.

During the year, distribution expenses increased to LKR 875 Mn from LKR 665 Mn incurred in the previous year. This is a result of warranty provision and expenses related to the promotion of vehicles and services over the 12 month period. The increase in distribution expenditure is 32%.

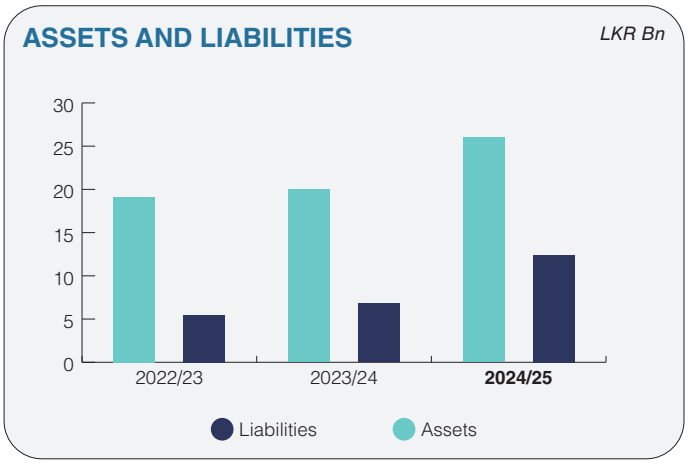
Administrative expenses rose to LKR 2.8 Bn during the year, from LKR 2.4 Bn reported in the previous fiscal period, marked as a 16% increase which is due to administration expenses that was not included in last year related to acquisition of DLT Group.

During the year under review, we incurred a total tax expense of LKR 93 Mn compared to LKR 29 Mn in the previous year. This is an increase of 221% and a result of higher taxable profit.

During the year, funds were prudently utilised to manage the Group's operational goals and objectives. We ensured that allocations were sufficient to meet working capital requirements while supporting growth objectives. Moreover, we also prudently utilised interest-bearing borrowings while making timely payments to financial service providers.

FINANCIAL POSITION

The Company has diligently managed its financial position, ensuring that its assets and liabilities have a strong balance and stability.



ASSETS

In the financial year, total assets of the Group reached LKR 26 Bn, marking a 30% increase from LKR 20 Bn recorded in the previous financial year. This increase can be attributed to a notable rise in total current assets, which expanded from LKR 9.5 Bn in 2023/24 to LKR 14.7 Bn in the financial year under review. Current assets comprise LKR 6.4 Bn in inventories and LKR 5.6 Bn in trade and other receivables, which rose during the year, by 55% and 85%, respectively. Financial assets at fair value through profit or loss decreased to LKR 1.8 Bn from LKR 1.9 Bn in the previous year. The increase in current assets is 55% over the two corresponding financial periods.

Non-current (long-term) assets increased to LKR 11.4 Bn in 2024/25 from LKR 10.8 Bn in 2023/24. The main contributor to non-current assets is property, plant and equipment, which rose to LKR 9.4 Bn during the year, due to land revaluation LKR 357 Mn and additions during the year of LKR 203 Mn.

By the end of the financial year, Group net assets per share rose marginally to LKR 135.21 from LKR 133.05.

LIABILITIES

In the year under review, liabilities of the Group increased to LKR 12.4 Bn from LKR 6.8 Bn reported in the previous financial year. This included non-current liabilities of LKR 1.4 Bn and current liabilities which amounted to LKR 11 Bn during the fiscal year. Both short-term and long-term liabilities increased by 94% and 26%, respectively. Current liabilities have increased drastically during the year, as a result of considerable increases in interest bearing borrowings which rose by 91% to LKR 7.6 Bn from LKR 4 Bn in the previous year. Moreover, trade and other payables also rose by 133% to LKR 3 Bn from LKR 1.3 Bn experienced in the previous financial year.

EQUITY

Total equity increased to LKR 13.6 Bn in the year under review from LKR 13.4 Bn. This is a slight increase of 1.6% due to a growth in the capital reserve from LKR 6 Bn to LKR 6.3 Bn in the year under review.

OUTLOOK

Our strategies will include a focus on strengthening our financial stability by optimizing our financial capital through a prudent combination of equity, borrowings and earnings. Appropriate pricing strategies and business arrangements will be a core focus in the coming year, as the market opens up to new vehicle importations. This provides added optimism and confidence to increase our revenue for passenger and commercial vehicles, as well as spare parts and workshop services. We will also focus on maintaining liquidity buffers prudently for the Group and subsidiaries against financial uncertainties.

MANUFACTURED CAPITAL

EMPOWERING GROWTH THROUGH OPTIMIZATION

Our Manufactured Capital represents physical assets, such as property, plant and equipment, alongside our technological infrastructure, set in place to ensure the proper distribution of services in line with our operational targets. Manufactured capital ensures continued operational stability and has become imperative for strategic business growth.

It enables us to deliver products and services to all customer segments and to harness untapped business prospects: these key physical assets, including our branch network and infrastructure, support vehicle distribution, after-sales services and diversified automotive-related services.



ALIGNMENT WITH SDGS



VALUE CREATION, PRESERVATION AND EROSION

CREATION	PRESERVATION	EROSION
Strategic acquisitions in the past and a robust base of physical infrastructure	Maintaining and optimising existing branches, assembly facilities and centres.	Economic challenges could pose a risk to the value of manufactured capital

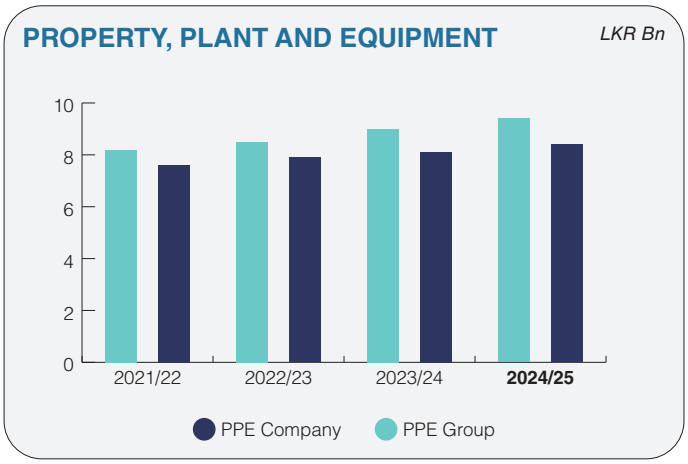
VALUE CREATION

PPE	Capital expenditure	PPE Growth	Machinery & Tools
LKR 9.4 Bn. 31 March 2025	LKR 203 Mn.	5%	LKR. 171 Mn.

PROPERTY PLANT AND EQUIPMENT

By the end of the financial year, 2024/25, our consolidated PPE stood at LKR 9.4 Bn, which has surpassed the previously valued PPE base of LKR 9 Bn, by 4.4%. The following provides an overview of the Group's physical asset composition. The Company PPE amounted to LKR 8.4 Bn compared to LKR 8 Bn from the previous financial year, marking a 4% increase.

2024/25	LKR. Mn Group	LKR. Mn Company
Freehold land	**8,223**	**7,500**
Buildings	**726**	**578**
Furniture & fittings	**12**	**4**
Office equipment	**25**	**11**
Electrical fixtures & fittings	**20**	**16**
Machinery & tools	**172**	**67**
Motor vehicles	**60**	**19**
Solar PV system	**159**	**159**
Computers	**28**	**21**
	9,425	**8,375**



The PPE base includes a substantial investment in freehold land valued at LKR 8.2 Bn. Significant assets in this portfolio comprise freehold properties at Hyde Park Corner, where our head office is located; Orugodawatte, our main workshop; and Ratmalana, the site of our latest cutting-edge workshop.

Collectively, the Group owns a total of 20 acres of land, of which the property at Ratmalana is the largest with 10 acres. The complex at Orugodawatte has the largest operational space of 126,382 sq. ft. and includes to 27 building units. The facility at Ratmalana is home to 25 units of infrastructure and has an operational work area of 89,262 sq. ft.

In total, UML operates a total of 72 buildings/units and operates 369,070 sq. ft of space at a total value of LKR 1.3 Bn.

EQUIPMENT

The Group and subsidiaries are committed to ensuring and maintaining high standards in after sales services for Mitsubishi, Fuso, and other brands by acquiring the latest tools, machinery and equipment for its service centres and workshop facilities. Additionally, our 3D printing division features cutting-edge printers and specialised filaments that cater to specific customer requirements.

Furthermore, our investment in solar power projects, highlight our dedication to sustainability. Our solar power project in Orugodawatte has been implemented with renewable energy infrastructure, including solar panels and related equipment, to support eco-friendly operations.

EXPENDITURE

In the year under review, we improved the infrastructure, expending LKR 88 Mn for upkeep and expansions. This investment includes efforts to modernise and enhance the appearance, amenities and equipment at our service centres. A sum of LKR 57 Mn was invested on equipment to support operational functions and staff productivity and convenience.

Group Year	LKR. Mn Capital Expenditure
2020/21	44
2021/22	110
2022/23	40
2023/24	116
2024/25	203

OPERATIONAL PRESENCE

Our network of facilities has been the backbone for our operational success and in reaching stakeholders across the island.

Hyde Park Facility and Head Office

Our head office and branch network cover urban and semi-urban areas, providing wider accessibility for services and parts. Each centre is equipped with modern facilities and equipment to serve automobiles with varying electrical and mechanical issues. Moreover, 2500 dealers support operations by distributing genuine parts, tyres, and lubricants across urban and rural areas. The widespread branch network and dealer infrastructure ensure market penetration and customer accessibility, while specialised facilities like the 3D printing showroom.

MANUFACTURED CAPITAL

During the year, we directed investments to maintain and upgrade workshops, mainly those in Orugodawatte and Ratmalana. These included timely investments to ensure that our teams have the right tools, equipment and infrastructure to provide a reliable and high-quality service to customers.

During the year, we focused on fit-for-purpose enhancements, including the near-complete upgrade of our Orugodawatta workshop with an estimated LKR 128 Mn investment to enhance tools, facilities, and operations.

ORUGODAWATTE COMPLEX

Our Orugodawatte facility undertakes repair and maintenance for vehicles, machinery, and equipment, managing routine servicing to complex repairs; the staff is committed to ensuring that vehicles remain in optimal condition. (Especially due to substandard road conditions and substandard spare parts available in the market.) The complex came under improvements and upgrades during the year, with spending of LKR 10 Mn invested in total.

Similarly, our Rathmalana Unimo assembly facility underwent significant improvements and upgrades during the year under review, with a total investment of LKR 32 million. The plant handles the assembly of DFSK, and JMC vehicles.

Our branches and service centres are located in major towns, located at Colombo, Anuradhapura, Kandy, Kurunegala, Matara, Nugegoda, Ratnapura, Kelaniya, and Jaffna, providing wider accessibility for services and parts.

RENEWABLE ENERGY INFRASTRUCTURE

Since 2019, we have sustained our 2 MW rooftop solar power plant in Orugodawatte and Ratmalana, powering our energy needs through uninterrupted energy generation, while making a tangible and impactful contribution to lowering our carbon footprint. Using this project as the standard, we look forward to installing solar power projects in other branches.

The current installations produce over 2,629 MWh of energy, powering 1,828 MWh to the national grid.

	2024/25	2023/24	2022/23
MWh Generated	**801**	2,640	2,426
MWh Consumed	**807**	801	510
MWh to National Grid	**1,828**	1,838	1,916

Additionally, our integration of solar-powered solutions for hot water boilers highlights our ongoing commitment to environmental stewardship.

TECHNOLOGICAL INTEGRATIONS

At UML, we are committed to persistently improving systems and processes to better align with changing technologies and operational requirements. Designated departments and personnel oversee technological adaptations, particularly the IT division. In 2019, we adopted SAP ERP for robust data management capabilities, which have the potential to continuously enhance operational processes and efficiencies across various core functions.

The ERP platform has enabled better resource optimisation and has streamlined operations. Modules of the SAP platform, the Dealer Business Management (DBM) module are purpose-built for the automotive industry. This specialised module serves as the backbone of our automotive vertical, aligning seamlessly with global motor industry standards and practices.

The DBM module provides a comprehensive, fully integrated platform that supports all critical automotive business functions,including vehicle sales, spare parts management, after-sales services, and warranty administration.

This robust digital foundation plays a vital role in driving consistency, accuracy, and agility in our day-to-day operations, while empowering the organization to make data-driven decisions and deliver superior value to our customers.

The FICO (Finance and Controlling) module has optimised financial management, while the MM (Materials Management) module has enhanced our material handling and procurement practices. Additionally, there are other core modules, which have enabled our subsidiaries and the group to enhance Production Planning and quality management and inventory management while enhancing efficiency through improved productivity. Cost reductions have also occurred as a result of the ERP solution. The system has also enhanced Marketing and Database Management, further increasing process efficiency. Moreover, we have developed a tailored dashboard that delivers real-time insights and analytics. It has enabled our teams to make informed decisions.

During the year, an investment of LKR 18 Mn was allocated to upgrading the IT infrastructure, with a focus on enhancing data security and supporting operational efficiencies. This included the purchase of new-generation computers.

Following the recent acquisition of DLT Group, UML has initiated the integration of the new subsidiary into the broader UML Group framework. As part of this strategic alignment, we are focused on elevating the company's technological capabilities to match Group standards. This includes a comprehensive enhancement of ERP systems, modernization of IT infrastructure, implementation of robust cybersecurity measures, and the deployment of digital platforms to strengthen customer collaboration.

These initiatives are designed to foster greater operational efficiency, enhance productivity, and enable data-driven, business-critical decision-making across the organization. Through this

integration, we aim to unlock synergies that support scalable growth, while ensuring that Dutch Lanka Trailers is well-positioned to contribute meaningfully to UML's long-term vision and performance.

OUTLOOK

Going forward, our focus will take the form of additional investments towards enhancing our production capabilities and distribution network. This will be done while balancing costs and risks due to macroeconomic concerns. Nevertheless, optimisations of the existing infrastructure will continue with increasing momentum to prolong the conditions and usefulness of our property, plant and equipment. Moreover, we will continue to upgrade facilities and equipment as well as technologies across the group to enhance employee productivity and to deliver the best possible service in sales, vehicle servicing and other services.

SAP has announced the "end of life" on 31 December 2027 for the current version we are running on. The company is currently evaluating the possibility of moving to a SAP suite called "RISE with SAP".

Personal Data Protection Act No. 09 of 2022 will come into effect from 18 September 2025. We are currently upgrading IT infrastructure to ensure data security in line with the provision of this Act.

SOCIAL AND RELATIONSHIP CAPITAL

CREATING SUSTAINED VALUE

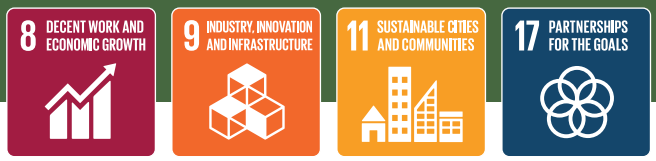
At UML, our Social and Relationship Capital involves the immeasurable connections we foster with our external stakeholders. These relationships are formed upon our commitment to creating both financial and non-financial value for all our stakeholders. Over the years, we have nurtured strong relations based on value creation, ensuring that we retain a loyal base of clients, long-term business principals and suppliers while supporting the communities.

VALUE CREATION

Dealer Conventions	ACT & CFT Programmes
Community Engagement	Supplier Collaboration



ALIGNMENT WITH SDGS



Decent Work and Economic Growth: Job creation (employment) and sharing economic value with business partners and dealers, helps us to support towards their economic growth.

Industry, Innovation and Infrastructure: Our partnerships with global brands, such as Mitsubishi and JCB foster knowledge transfer and innovation, building social capital through industry collaboration.

Sustainable Cities and Communities: Our island-wide network of branches and dealerships (e.g., in Anuradhapura, Kandy, Matara) enhances urban-rural connectivity by providing reliable vehicles and after-sales services, promoting community mobility, economic participation, and social cohesion.

Partnerships for the Goals: Partnerships build trust and mutual accountability, key aspects of social capital, while aligning with Sri Lanka's Sustainable Development Goals (SDG) focus on multi-stakeholder cooperation.

VALUE CREATION, PRESERVATION AND EROSION

CREATION	PRESERVATION	EROSION
Stakeholders (employee, partners and community) engaged through various programmes	Sustaining business partnerships through trainings and relationship-building initiatives	Overlooking rural outreach
Partnerships with global brands	Preserves social capital by consistently supporting local initiatives and maintaining its branch network, ensuring ongoing access to transport and services that strengthen community relationships.	Partnership dissolutions through reduced economic benefits or unreliable support
Innovations (e.g. EV models) and knowledge-sharing		Limited representation in target markets

CUSTOMER-CENTRIC ENGAGEMENT

Despite various challenges, the Group maintained continued engagement with our loyal customers. We remained focused on adopting customer-centric methods of engagement. As a result, we deployed digital and traditional forms of communication and engagement channels. We successfully expanded our outreach programme, which included TV, radio and outdoor promotions alongside digital channels.

Moreover, in response to import restrictions, several business units pivoted towards pre-owned vehicle sales, necessitating a tailored advertising and promotional strategy to effectively target relevant customer segments.

Deploying 36 distinct platforms, we utilised a comprehensive marketing and brand engagement strategy to deliver personalised content relevant to our target clientele. Our focused efforts covered brands such as Perodua, DFSK, JMC, Valvoline, Simoniz, Prestone, Nasiol, Yokohama, and after sales services.

Our growing digital presence has significantly extended our market impact, enabling meaningful engagement with a wider audience. Digital channels enabled us to equip clients with the right information on vehicle models and after sales services. This became particularly useful for them in making well-informed decisions when exploring prospective vehicles online, particularly in the pre-owned vehicle category.

PROMOTIONAL EVENTS

During the year, we organised various promotional activities, particularly exhibits and networking events to showcase new brand models. With the recent lifting of the import ban, it was an opportune and strategic time to introduce newly imported models to the local market. Such promotional events gained the attention of spectators, with leads gathered on prospective buyers.

Representing and promoting our series of electric vehicles (EVs), we participated in Colombo Motor Show, which was held in December 2024. The multi-day exhibit attracted a large gathering of various demographics, including car buyers and car enthusiasts. EV models were put on display and attracted the attention and interest of hundreds of visitors. The event resulted in multiple inquiries.



ACCESSIBILITY

To further enhance the customer journey, our showrooms and service centres must be easily accessible to our customers. We maintain a wide network of physical locations across the island, ensuring convenient access to vehicle purchases, spare parts, and reliable after-sales services. We promote the use of our modern facilities through special offers while also educating customers on the benefits of choosing UML for trusted after sales care. Additionally, our website and mobile app offer a fast and user-friendly platform for booking services online.

In terms of operational achievements, we have successfully commissioned new service and sales outlets in strategically chosen urban and semi-urban areas. The enhancement of our warehousing and logistics capabilities has significantly reduced delivery turnaround times, contributing to improved customer satisfaction.

SOCIAL AND RELATIONSHIP CAPITAL

AFTER SALES SERVICE

After-sales services remain a core part of our customer value proposition, and our focus remains on ensuring customer satisfaction. Pivoting on this aspect, we organised a dedicated inspection campaign for our Outlander PHEV customers. The campaign was well-planned and executed to provide a professional vehicle inspection conducted by skilled technicians. Each inspection was comprehensive and focused on identifying potential issues while ensuring optimal conditions for each vehicle.

In addition, we launched the All Brands Premium Offers campaign, which provided after-sales services to all customers irrespective of the vehicle brand they own. The campaign was designed to reward loyal clientele and provide our entire customer base access to premium after-sales services. Moreover, as a gesture of appreciation to our loyal customers, we extended exclusive discounts and value-added services. These were designed to provide additional benefits and incentives to customers, further enhancing their ownership experience with us. By organising these campaigns, we aimed to demonstrate our unwavering dedication to customer satisfaction throughout the entire ownership journey.

Service Quality

We operate state-of-the-art facilities/workshops, such as our complexes at Orugodawatte and Ratmalana. These facilities are fully equipped with advanced diagnostic tools and equipment, with work undertaken by trained technicians. Moreover, we ensure that vehicles and products delivered to owners align with high standards of quality, safety, and performance.

Key quality control measures in after sales include:

- **Standardised Service Protocols:** We follow manufacturer-specified service guidelines for brands like Mitsubishi and Perodua, ensuring repairs and maintenance adhere to global standards.
- **Genuine Spare Parts:** We promote the use of genuine spare parts sourced directly from partner brands, reducing the risk of substandard components affecting vehicle performance.
- **Technician Training:** We have invested in regular training programmes for our technicians to keep them updated on the latest automotive technologies, including electric vehicles (EVs), ensuring high quality repairs and maintenance.

We have implemented proper quality control measures across various stages of the servicing process to ensure that every vehicle meets the right standards.

- **Structural Integrity:** Prior to delivery, our imported and assembled vehicles undergo thorough inspections to ensure the integrity of various components and parts of the vehicles.
- **Safety Features:** We conduct detailed assessments of safety systems, including brakes, airbags, seatbelts, and electronic stability controls, to ensure compliance with global and local safety regulations; these are imperative in maintaining customer trust and roadworthiness.
- **Performance Testing:** Vehicles are subjected to performance evaluations, including engine diagnostics, transmission checks, and suspension testing, to guarantee optimal functionality. These tests are conducted using advanced diagnostic equipment at our service centers.

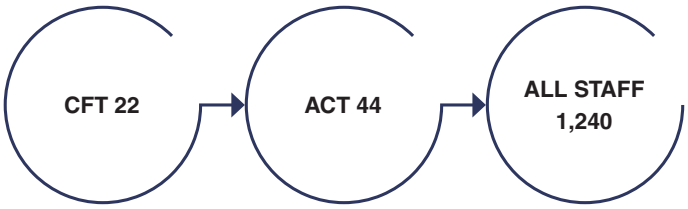
CALL CENTRE

The UML call centre has been instrumental in engaging with over 130,357 customers across 2024, providing continued support and assistance. Moving forward, we plan to expand call centre operations to connect with more customers in the upcoming financial year.

අපි UNITED TO SERVE

අපි United to serve is an internal marketing programme to develop a customer-centric culture within the organization. This strategy enables the identification of skill gaps in employee customer service and subsequent improvements through the implementation of new programmes to enhance customer care, reward workers for their accomplishments, and reprimand them when necessary.

The driving team of the අපි United concept is the cross-functional team (CFT), which initiates actions, and the accelerated care team (ACT), which executes them for the entire group.



ACT TRAINING

As part of the employee engagement in the organization in April of last year, CFT organized an intensive leadership programme for ACT aimed at empowering its members with essential skills and strategies to enhance their effectiveness in community engagement and management roles. The programme focused on fostering leadership qualities, promoting collaboration, and equipping participants with practical tools for addressing challenges within their respective communities. Participants engaged in immersive activities and discussions aimed at honing their leadership skills. Through role-playing exercises and case studies, members learned effective communication techniques, decision-making strategies, and methods for inspiring and motivating their teams.

The leadership programme for ACT members was held on 16 August last year served as a testament to the organization's commitment to empowering its members and fostering community development. A brainstorming session was held, identifying various shortcomings and opportunities for improvement. By investing in leadership development, ACT equipped its members with the tools and skills needed to lead effectively and nurtured a culture of collaboration and innovation within the organization. As we reflect on the success of this programme, we look forward to continuing our journey of empowering community leaders and making a meaningful difference in the lives of those we serve.



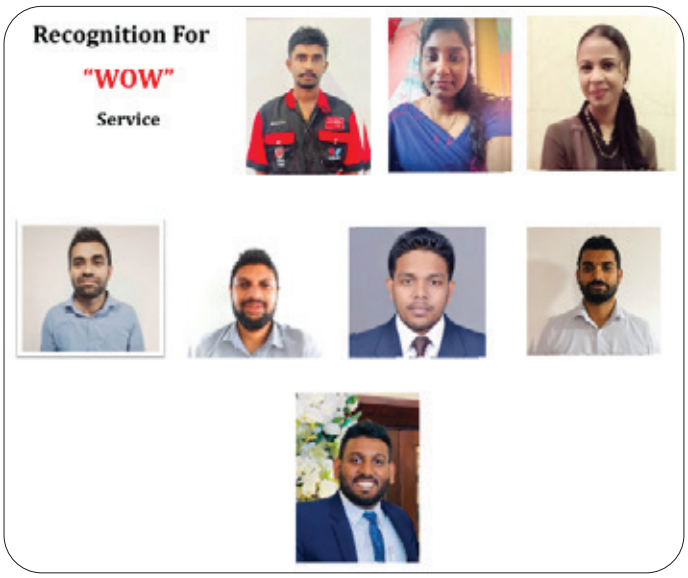


EXCEPTIONAL CUSTOMER SERVICE

Based on the customer feedback we received via emails and WhatsApp, which has provided a "Wow" service/exceptional service to their customers. Furthermore, the respective customer feedback and appreciation message for each individual/team was communicated to all staff members via group emails and through social media platforms within the Group.

We begin by verifying the individual through the call center, followed by confirming their information with their manager before publication.

The company recognized these staff members, and the announcements were shared with the team through group emails and social media platforms throughout the month.



SOCIAL AND RELATIONSHIP CAPITAL

CUSTOMER CARE AWARDS CEREMONY

The annual Customer Service Awards Ceremony was held on September last year in Ratmalana. Senior management and frontline staff gathered to recognize excellence in service delivery. The event aimed to recognize and honor the exceptional contributions of customer service professionals across the organization, especially those who consistently excelled in customer interactions, problem-solving, professionalism, and efficiency. In total, 20 customer service representatives were awarded, representing various departments and selected from a large pool of high achievers. Each recipient was acknowledged for their outstanding service. The Customer Service Awards are more than just a celebration,they serve as a benchmark of excellence, inspiring others to elevate their service standards and reaffirming our shared commitment to exceptional customer experiences.







WEEKLY CELL MEETINGS



To enhance and maintain the level of service throughout the Group, cell meetings are conducted in all 44 cells every Tuesday by the respective ACT Members.

At these meetings, the regular agenda is reading of the Code of Conduct, questions and answer sessions on the Code of Conduct, and watching motivational videos on customer service. In addition to that, the cell members also take part in several activities initiated by CFT, such as discussion of customer survey results, experience sharing by heads of different divisions and the nominated staff members.

Through these structured and collaborative cell meetings, the Group reinforces its commitment to delivering exceptional customer service while building a culture of continuous learning, accountability and unity. The consistent participation of all 44 cells underscores our collective effort in shaping a service-driven organization.

GREEN CHALLENGE

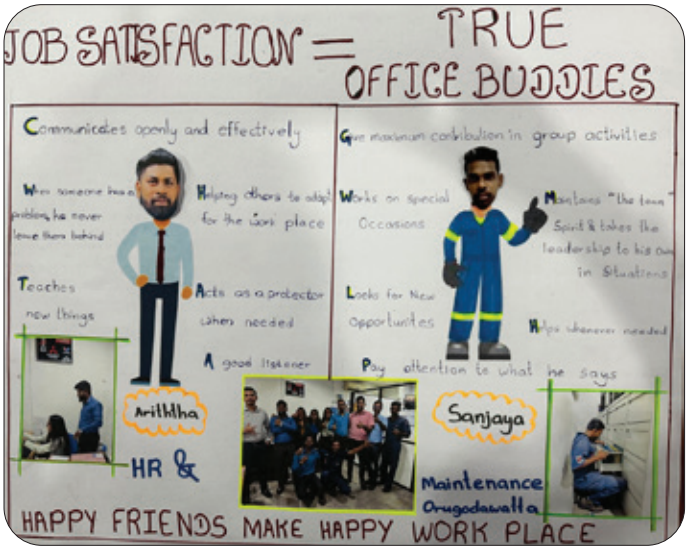
The Green Challenge, held to commemorate World Environment Day, was another initiative within the cell activities aimed at creating environmentally friendly designs using discarded materials. A wide variety of innovative creations were submitted, showcasing a high level of creativity. Such activities are crucial for demonstrating the growing unity among the cells activities like The Green Challenge not only enrich our organizational culture but also reflect our broader commitment to sustainability, education and unity. Through such initiatives, we continue to nurture a workplace that is engaged, informed and environmentally responsible.



FRIENDSHIP DAY POSTER

To commemorate World Friendship Day on 30 July, our organization hosted a Friendship Day Poster Challenge as part of a special cell meeting activity. This creative initiative was designed to encourage members to visually express the spirit of camaraderie, support, and teamwork that binds us together throughout the year. The main aim of the challenge was to highlight how we, as an organization, stand by one another in all circumstances whether in times of achievement, challenge, or day-to-day collaboration. Participants were invited to create posters that reflect the values of friendship, mutual support, inclusivity, and unity within our organizational culture. The event was a meaningful reminder that friendship in the workplace is more than a feel good sentiment,it's a foundation for collaboration, resilience, and emotional well-being. The posters remain a visual testament to our commitment to uplifting each other and nurturing a positive work environment.





BLOOD DONATION CAMP

As part of our ongoing commitment to community welfare and employee engagement, a blood donation camp was successfully organized on 21 November 2024. This initiative aimed not only to contribute to a noble cause but also to foster a spirit of social responsibility among employees and strengthen ties with the broader community. In collaboration with a certified medical team and local health authorities, all necessary health and safety protocols were adhered to, including pre-donation health screenings, post-donation care and the availability of emergency support on-site. The camp was conducted in partnership with Colombo North Teaching Hospital in Ragama, which ensured the

SOCIAL AND RELATIONSHIP CAPITAL

proper handling, storage and transportation of the donated blood. The blood donation camp was more than just an event; it was a profound expression of solidarity and humanity.



Blood Donation Camp - Head Office

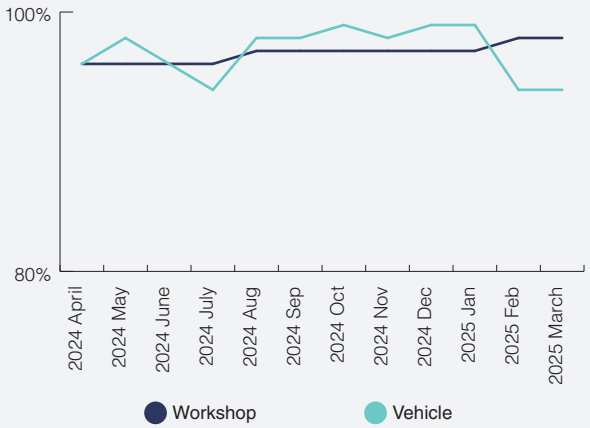
EXTERNAL AND INTERNAL CUSTOMER SURVEYS

Monthly internal and external customer service surveys were conducted to evaluate the company's customer service levels and identify needed improvements in the service provided by staff members.

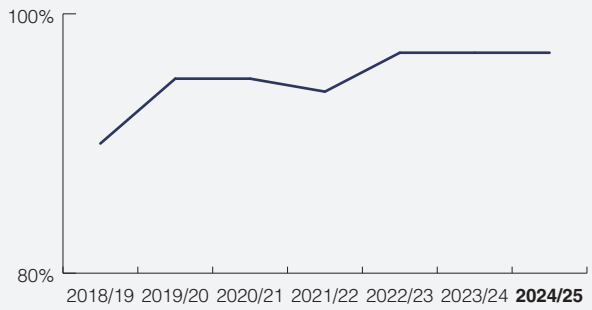
A special team conducted external surveys by contacting each customer after vehicle delivery and after sales services to get feedback on their satisfaction levels. In addition, internal surveys were carried out within the Group amongst the staff (sales and non-sales teams) to evaluate their service levels.

Internal surveys were conducted within the Group to assess how well departments and staff members supporting one another. A dedicated customer experience team was assigned to carry out the external surveys

ANALYSIS OF EXTERNAL SURVEY RESULTS 2024/25



OVERALL CUSTOMER SATISFACTION INDEX





ACT Members gathering

OUR PARTNERS

Over the years, we have leveraged our strategic collaborations and partnerships with some of the world's leading automotive brands to strengthen operations. Over the years, we have established and nurtured formidable partnerships with international companies that have become international benchmarks for exceptional product quality and advanced technology. Together with our partners, we consistently introduce new products to the market and engage in research to deliver the most suitable solutions to our local customers.

These strong partnerships enable us to uphold industry best practices within the domestic and cross-border markets. Furthermore, we apply the same level of diligence when selecting local suppliers. We ensure that suppliers align with our stringent standards for quality, safety and reliability.

Our partners include international brands, such as Perodua, DFSK, and JMC, providing high quality vehicles, vehicle assembly kits and technical expertise. These collaborations ensure assembled vehicles meet global safety and performance standards. For example, Perodua's expertise in compact vehicles aligns with Sri Lanka's demand for affordable mobility. UML adheres to manufacturer guided quality protocols, ensuring roadworthiness and environmental compliance.

DEALER CONVENTIONS

Furthermore, we hosted two dealer conventions during the year for Valvoline and FUSO retailers, reinforcing industry partnerships and strengthening market presence. These events were conducted ceremoniously with a gathering of our partner dealers and UML leadership and staff. Moreover, a training programes for Valvoline Dealers was organised in 2025, under the participation of dealers from across the island.

FLEET OWNER'S NIGHT

A fleet owners' night was organised in December 2024, for our Fuso fleet owners at the Lotus Tower, bringing together some of our most loyal and longstanding owners. The night included entertainment alongside food and beverages, providing them a chance to network with UML leadership as well as with other dealers. The event also became the ideal platform to share insights and feedback on the automobile market and to exchange ideas for improvements in vehicle conditions and after-sales services.

LEASING COMPANY GATHERINGS

We conducted several programmes to attract representatives from Leasing Companies. Utilising the occasion, we showcased some of our newly imported and existing vehicles models, in an effort to form mutually beneficial partnerships while facilitating customers with attractive financing opportunities.

COMMUNITY IMPACT

Our assembly operations have contributed to the country's economy and automotive industry, including the creation of jobs for individuals from local communities. We have employed hundreds of employees over the years, including engineers and technicians, providing valuable employment opportunities. This has not only supported their livelihoods but has helped enhance their skills and enhance their technical expertise.

Additionally, we have bolstered the domestic economy by supporting small and medium enterprises (SMEs) through our supply chain. By sourcing components locally, we have supported several SMEs, fostering economic sustainability to local businesses.

EDUCATIONAL SCHOLARSHIPS

An education camp was organized to honour and reward scholarship achievers. Gift vouchers were distributed to students in Grades 5, 11, and 13 in recognition of their educational achievements. The programme also included entertainment activities such as fun charades and musical hats, creating an engaging and enjoyable atmosphere for the children. All participants received gifts and certificates of participation as tokens of appreciation.



Tikiri Scholarship Distribution

SUSTAINABILITY

We maintain a strong commitment to environmental sustainability. In recent years, the DLT Group has particularly focused on embedding this ethos into its core operational processes, fostering sustainable outcomes. These efforts aim to reduce the DLT Group's ecological footprint as a manufacturer, especially in relation to energy and water consumption. A notable initiative during the 2024/25 fiscal year was a tree-planting campaign, during which 100 trees were planted across factory premises to promote biodiversity and support carbon sequestration. Key green initiatives include:

- Waste recycling programmes,
- Deployment of energy-efficient machinery,
- Initiatives to optimise water consumption.

Moreover, DLT Group have achieved environmental and waste management compliance, securing key certifications that align with national regulations and industry best practices. These certifications validate their dedication to positive environmental impacts. Additionally, DLT has also earned the Certification for Ethical Business from the National Chamber of Exporters (NCE).

The DLT Group's initiatives have delivered quantitative results, including reduced energy consumption, lower production waste, and improved resource efficiency. These outcomes have not only contributed to environmental sustainability but have also enhanced cost-effectiveness and social standing.

Corporate Social Responsibility (CSR) and Community Engagement

DLT Group also reinforced its commitment to social development through targeted CSR initiatives during the year. The DLT Group organised a book donation campaign to support disadvantaged children in community villages – distributing educational materials to promote literacy and academic growth among low-income families.

These initiatives reflect the Group's holistic approach to environmental & social sustainability

SOCIAL AND RELATIONSHIP CAPITAL

EMPLOYEE DEVELOPMENT AND TALENT INITIATIVES

Our subsidiary implemented several initiatives to reinforce its commitment to employee empowerment and talent management during the year under review.

The company launched a comprehensive approach to talent retention, including defined career progression, succession planning, and tailored training and development plans. These aimed to boost employee engagement, encourage loyalty, and support long-term career growth within the organization. The company held 36 training sessions, including technical workshops to enhance technical and non-technical expertise, soft skills and communication.

Furthermore, the company promoted collaboration and inclusivity through regular engagement activities and organised a Token of Appreciation programmes, recognising the outstanding contributions of its exceptional staff.

SPONSORSHIPS

In May 2024, we sponsored the CR & FC Men's and Women's rugby teams.



SHAREHOLDER COMMUNICATIONS

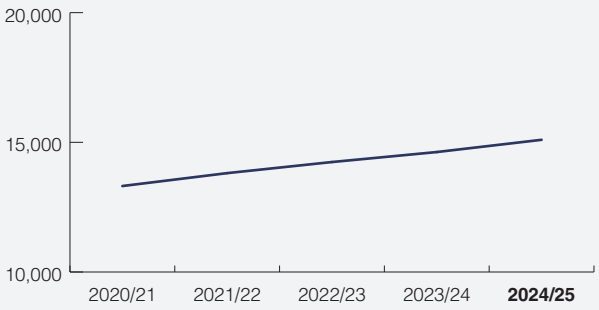
At UML, we place tremendous value on maintaining strong relations with our shareholders. As a result, we foster open and effective communication with all shareholders and investors. Our objective is to provide comprehensive and accurate information to support informed decision-making. We maintain formal engagement channels with shareholders to ensure that the right information reaches them at the right time. Our annual report, the AGM and other communications are executed timely to ensure that shareholders receive the right information. During the year, we made timely communications to the CSE on matters related to Corporate Governance as per the Listing Rules of the Colombo Stock Exchange.

OUR VALUE CREATIONS TO SHAREHOLDERS

	2020/21	2021/22	2022/23	2023/24	2024/25
Shareholders' funds - Company (LKR millions)	13,315	13,812	14,240	14,625	**15,097**
Dividend per share - Company (LKR)	1.50	2.50	1.50	1.25	**1.50**
Net assets per share - Company (LKR)	131.96	136.88	141.12	144.95	**149.62**
Market capitalization - Company (LKR millions)	5,822	5,560	6,044	5,852	**8,597**

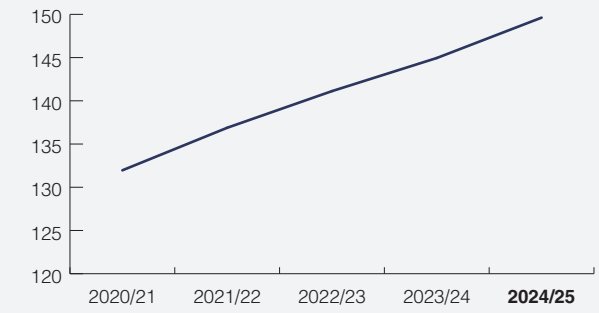
SHAREHOLDERS' FUNDS

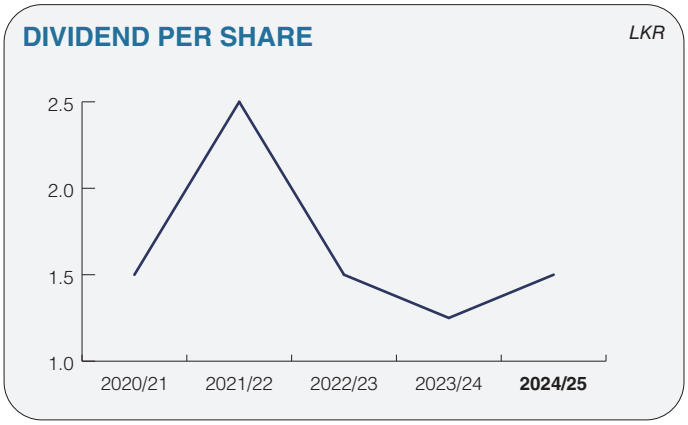
LKR Mn



NET ASSETS PER SHARE

LKR





OUTLOOK

Our immediate focus will be directed at enhancing customer relationships and forming new ones through robust sales, after sales, and promotional activities. To strengthen our commitment to service excellence, Division Heads will conduct monthly visits to customer service locations, and we are exploring the introduction of a digital system to capture external customer feedback. These efforts aim to build a more customer-centric culture across the organization.

As customers continue to search for their next vehicle, we will continue to enhance our offerings, delivering greater value and improved service quality. To gain better traction with customers and in the market, we see it as strategic to provide affordable solutions infused with innovation. In this regard, our partners and their innovations will continue to offer significant leverage, as they have over the years. Therefore, we will reinforce our ties with our foreign principals and other business partners through collaborations, knowledge-sharing, and relationship-building initiatives.

HUMAN CAPITAL

DRIVING PROGRESS, EMPOWERING POTENTIALS

At United Motors Group, our employees work cohesively with dedication and utmost professionalism to ensure the stability and growth of the Group. By investing in human capital, we have nurtured a comprehensive talent development strategy, which extends beyond attracting and retaining talent; it fosters a culture of continuous growth, two-way communication, and a steadfast commitment to excellence.

By harmonizing HR strategies with our corporate vision and strategic objectives, we focused on building a workforce that is not only skilled and driven but also committed to advancing the organisation amid evolving industry dynamics.



ALIGNMENT WITH SDGS



VALUE CREATION, PRESERVATION AND EROSION

CREATION	PRESERVATION	EROSION
Recruitment of new employees	Retention strategies through competitive salaries, benefits and career advancement	Risks in staff turnover
Training and development	Investments in training to preserve and enhance capabilities	Lack of upskilling
Fostering innovation		Financial constraints inhibiting staff investments

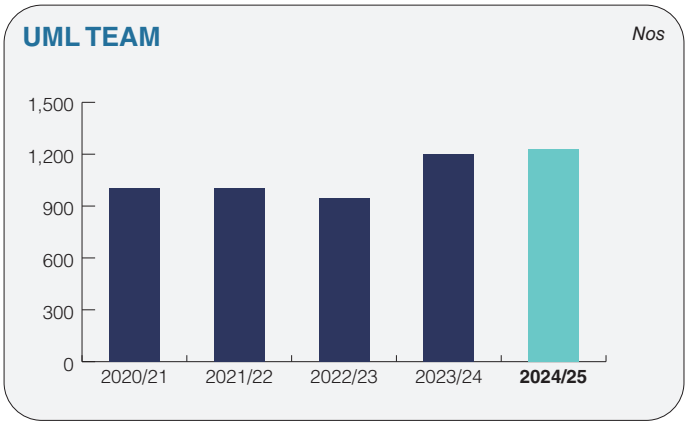
VALUE CREATION

New Recruitments	Staff Investments	Training programmes
369	LKR 2.18 Bn	167

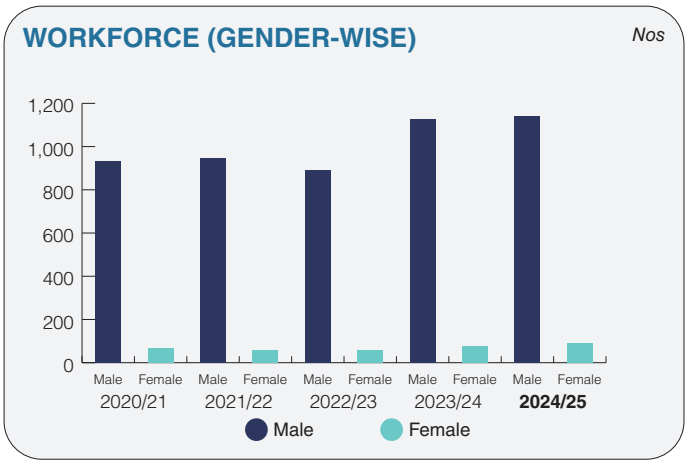
HR STRATEGY

Team United

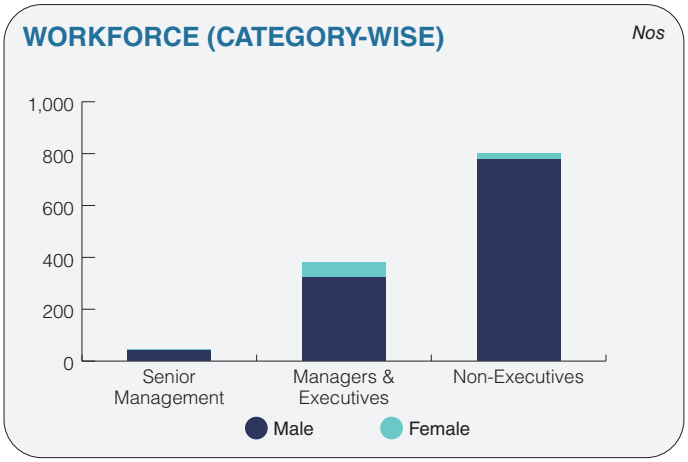
United Motors Group is powered by a diverse and talented workforce that embodies a rich blend of skills, perspectives, and expertise. We boast a diverse workforce of 1,228 individuals, each contributing a wealth of skills, expertise, and fresh perspectives.

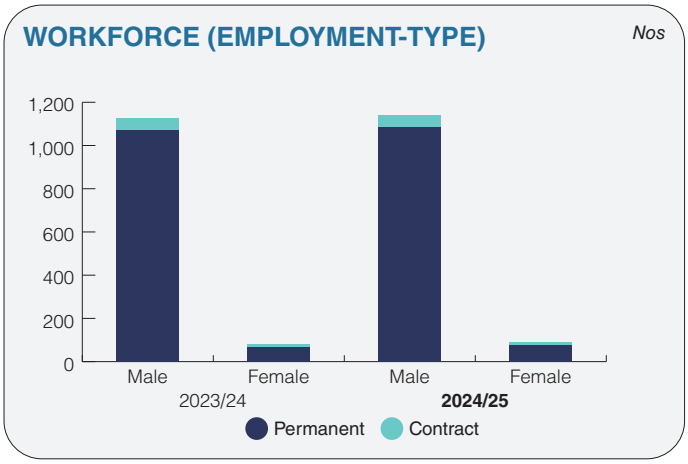


We embrace fresh talent, creating a dynamic environment that encourages learning, creativity, and forward-thinking. Our dedication to nurturing human capital focuses on embedding meaningful opportunities for growth and advancement that amplify both individual impact and organisational success.



	2024/25		2023/24	
	Male	Female	Male	Female
Senior Management	**40**	**5**	37	5
Managers and Executives	**322**	**60**	316	51
Non- Executive	**777**	**24**	772	22



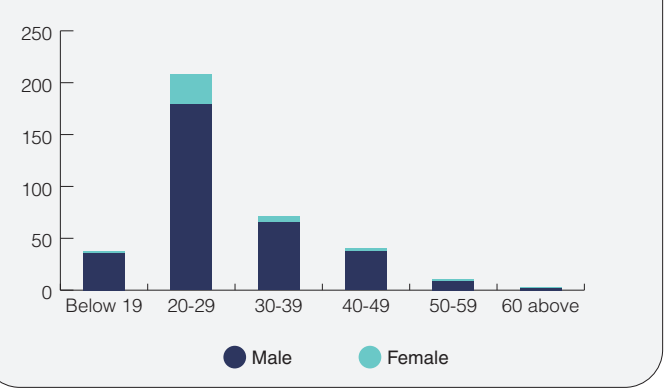


Recruitments and Resignations

During the year, we welcomed 369 new hires to team United, reflecting our commitment to attracting top talent. From the newly recruited members, a majority is in their 20s infusing fresh experiences and new age technological know-how into their job roles.

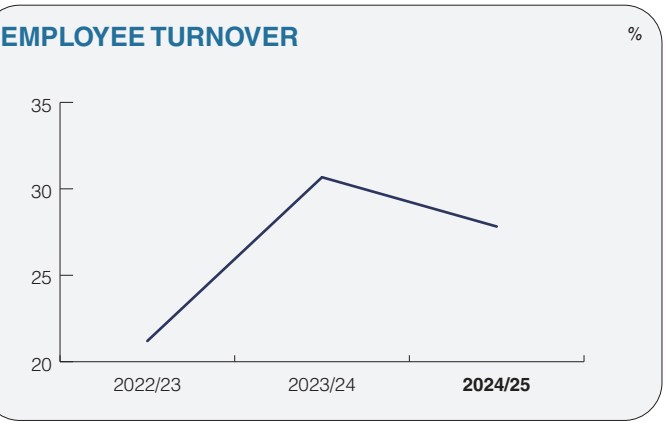
HUMAN CAPITAL

NEW RECRUITS (AGE-WISE)



This year, although the turnover rate of 28% remains relatively high primarily due to employees pursuing international opportunities it is still lower than last year's, which stood over 30%. This positive shift reflects the impact of our employee retention strategies, which have strengthened our ability to engage and retain top talent. While we support our employees' aspirations for personal and professional growth, these transitions also underscore the increasing global mobility of talent.

EMPLOYEE TURNOVER



Creating a Performance-Driven Culture

At UML Group, we cultivate a performance-driven culture where each individual is acknowledged for the distinct value they bring to the organisation. Our comprehensive appraisal system rigorously evaluates staff on their key performance indicators (KPIs), which are set objectively to capture deliverables of each role, while also recognizing and assessing self-development efforts initiated by each member for both their professional advancement and personal growth. Furthermore, our KPIs place focus on staff development, enhancing leadership capabilities, and elevating managerial competencies. Customer care is a cornerstone of our evaluation framework, ensuring that every team member upholds the highest standards of service, which we regard as paramount.

All rewards and recognition initiatives are intricately tied to individual and collective performance, ensuring that exceptional contributions are duly celebrated and rewarded.

Empowering Human Capital for Sustainable Growth

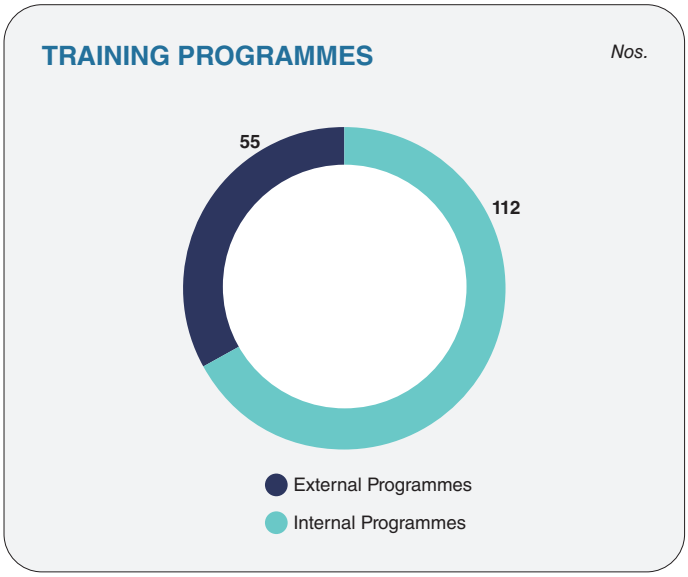
Across the Group, we are committed to nurturing the growth and development of our employees. Recognising their strategic importance to our success, we have tailored various programmes to consistently enhance their skills and expertise,empowering them to tackle evolving challenges and meet long-term goals.

The process begins with identifying training needs through comprehensive evaluations of staff skills, particularly in relation to the specific challenges that may impact the delivery of business results.

Our training plan encompasses a diverse blend of in-house workshops, external courses, outbound trainings and digital learning opportunities, all aimed at cultivating a culture of continuous growth and development. Consequently, we delivered a range of impactful training programmes, resulting in 15,525 training hours in total, which was a notable increase of 48% from the previous year.

A total of 167 training programmes were conducted during the year, which includes 112 internal programmes and 55 externally held programmes.

TRAINING PROGRAMMES



Furthermore, 51 employees received well-deserved promotions, underscoring our dedication to recognizing and advancing internal talent.

	2024/25		2023/24	
	Male	Female	Male	Female
No of Employees	**49**	**2**	58	5
% Employees promoted	**4.30**	**2.25**	5.16	6.41

Competency Based Training

This year, competencies were exclusively leveraged as a framework for learning and development across the United Motors Group. Management identified three key organisational-level competencies,effective communication, building ownership and accountability, and resilience. These, along with a structured pool of defined competencies, formed the foundation for designing targeted training and development programmes for staff members. Our training programmes are designed to embed the organisation's core competencies, ensuring they are reflected throughout every module. Relevant divisional and individual competencies are seamlessly integrated into the content, reinforcing key skills and promoting continuous development across the organisation.

All executive staff members who participated in these learning and development initiatives were provided with opportunities to bridge their skill gaps, aligning their capabilities with future growth and advancement objectives.

Subsequent to training, we extended action plans and conducted evaluations to assess programme effectiveness as well as the behavioral changes of employees along with the tangible business results. Through insights from evaluations, we made refinements to sustain the effectiveness of programmes. In addition to structured training and development programmes, we leveraged weekly floor meetings as a platform to communicate key competencies and skill development areas to all staff members. Weekly learning videos and knowledge-sharing sessions further reinforced these messages, ensuring consistent awareness and ongoing learning across the organisation.

Product and Technical Training

Our product and technical training programmes are central to our learning and development strategy. We believe that product and technical know-how are essential to instil confidence among technical and non-technical staff members. Therefore, comprehensive training programmes, including advanced technical certifications, are meticulously designed and delivered by skilled in-house trainers, ensuring that every team member is thoroughly equipped to handle their portfolio with expertise and precision.

Moreover, we provide employees with opportunities to participate in accredited and industry-recognized courses, further enhancing their technical proficiency and aligning their capabilities with evolving industry standards. This structured approach not only strengthens individual competencies but also fosters a culture of continuous learning, driving exceptional service and operational excellence across the organisation.

Creating Leaders

At UML, we prioritize succession planning to ensure business continuity and sustainable growth. By assessing key roles and identifying high-potential talent, we create targeted development plans that align individual career paths with organisational needs. Through skill enhancement, mentorship, and cross-functional exposure, we cultivate future leaders while preserving critical expertise across the company.

We identified potential successors for key management positions through a rigorous evaluation process. These individuals have undergone tailored one-to-one coaching and have participated in a number of group workshops focused on leadership development, equipping them with the essential skills and competencies to step into higher roles in the future with confidence.

To further their individual growth, each identified successor has been assigned specific projects as part of their personal development action plan, enhancing both their capabilities and the overall progress of the organisation.

Additionally, individuals selected for second-tier leadership roles within the group have also received targeted coaching and mentoring to develop them into more effective leaders and capable heads of divisions, empowering them to leave a lasting legacy within the organisation.

EMPLOYEE SATISFACTION SURVEY

The Employee Satisfaction Survey for the year 2024/25 was successfully conducted, and this comprehensive survey provides a valuable opportunity for employees to share their views on their overall experience with the company. It helps us gauge levels of satisfaction, engagement, and their perception, offering critical insights into areas that need attention to ensure a motivated workforce. The results derived from the survey provide a clear picture of employee satisfaction trends, pinpointing areas that have excelled and those that require focused improvement. This feedback has driven specific action plans aimed at enhancing the employee experience.

Furthermore, this year, we introduced the Employee Net Promoter Score (eNPS), a global benchmark for measuring employee sentiment, as part of our employee feedback survey. By evaluating our employees' willingness to recommend our organisation as a great place to work, we are pleased to report a positive eNPS of 12.54%, reinforcing the strong sense of loyalty and positive referral among our team members, reflecting their satisfaction and confidence in the company.

Building a Connected Team

At UML Group, we prioritize building a strong sense of community by engaging our employees through meaningful events and celebrations. From recognizing achievements to commemorating cultural and religious milestones, these initiatives foster connection, appreciation, and unity across the organisation. The following highlights showcase our efforts to create a vibrant and inclusive workplace.

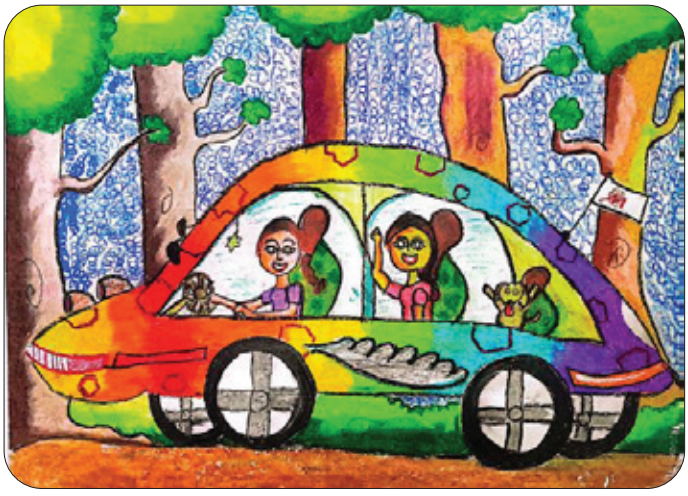
HUMAN CAPITAL

In May 2024, UML Group marked Vesak with Vesak Bathi Gee Saraniya 2024, a significant event that exemplified our commitment to honoring religious and cultural traditions. This occasion provided an opportunity for employees to unite and celebrate the essence of Vesak, with all performances beautifully carried out by our own talented staff members.



September 2024 highlighted a spectacular evening of extravagance and celebration with the hosting of UML Quiz and Customer Care Excellence Awards Ceremony. The event was a dazzling affair, showcasing an exhilarating competition while honoring the exceptional efforts of employees in customer service. It was a night to commend their dedication, relentless drive, and steadfast commitment to the enduring values that define our group.

In October 2024, the “My Dream Car” children’s art competition was organised in commemoration of World Children’s Day, showcasing the creativity of employees children. This initiative highlighted the artistic prowess of our staff members’ children, bringing their creativity and imagination to life through their artworks.



The Annual blood donation 2024, coordinated by the CFT team, was another meaningful event that demonstrated UML Group’s commitment to giving back to the community. This noble initiative encouraged employees to play an active role in supporting those in need, making a tangible difference in the lives of others.

In November 2024, we hosted an insightful awareness programme on “Parenting in the Digital Age” in collaboration with CPM Sri Lanka, aimed at equipping our staff members with the knowledge and tools necessary to navigate the challenges of raising children in an increasingly digital world. Practical tips and strategies were shared to help staff members ensure the online safety of their children and teenagers, while emphasizing the crucial role of parental responsibility in managing digital exposure.



In December 2024, UML Group celebrated the essence of Christmas through a captivating performance of Christmas Carols and a Nativity Play, brought to life by our talented staff. This enchanting night not only filled the hearts and minds of all with festivity and celebration, but also spread the spirit of peace, love, and the warmth of the holiday season.



On 1 January, 2025, the New Year commenced with the auspicious lighting of the traditional oil lamp, symbolizing new beginnings and prosperity. The celebration also included the recognition of long-serving employees, with the presentation of long service awards,a sincere acknowledgment of those who have dedicated many years to UML Group, exemplifying our values of loyalty, respect, and gratitude.

In February 2025, the company held its Annual Pirith Ceremony, a sacred occasion that brought employees together in reflection and prayer.





On 08 March 2025, International Women's Day was celebrated with a dynamic and engaging lineup of activities, recognizing the exceptional women within UML Group. The event featured a series of interactive games, a session on emotional and mental well-being, and the much-anticipated UML Queen contest a celebration of strength, confidence, and camaraderie among our female employees.



Employee Engagement Activities and Challenges

Throughout the year, UML Group organised a series of creative challenges, offering employees the chance to express themselves while celebrating cherished occasions.

The Father's Day Creative Writing Challenge was organised to invite employees to pour their hearts into poems, songs, and rhymes, paying tribute to their fathers through powerful and evocative words. For Mother's Day, a touching Photo Challenge was held, encouraging employees to capture special moments with their mothers, beautifully showcasing the warmth and affection shared within each family.

Embracing the festive spirit, the Christmas Photo Challenge was conducted to bring out the holiday cheer, as employees shared vibrant group photos that captured the essence of the season - joy, togetherness, and celebration.

Appreciation of retirees

Several gatherings were held to honour all staff members who retired during the year, recognizing their years of dedicated service to the Company. Service appreciation awards were presented to acknowledge their invaluable contributions to the Company's growth and development. During year under review, five retirees received these awards.

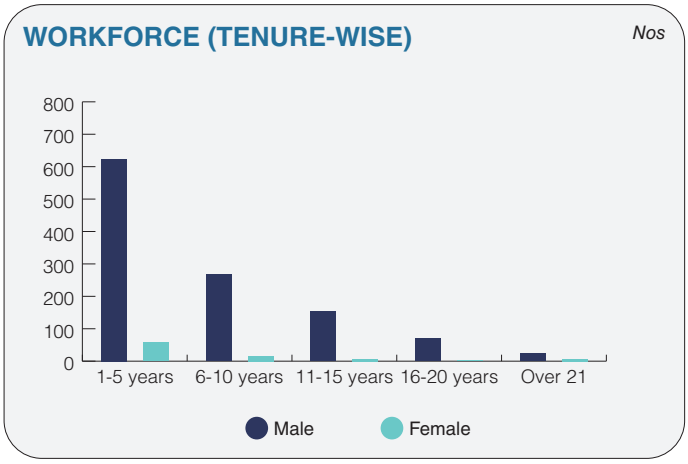
In total, six individuals retired within the year, while four others continued their service under extended retirement limits as of the end of the financial year.

Diversity of our Workforce

United Motors Group is committed to upholding a workplace that values diversity, promotes inclusion, and upholds equal opportunity for all. We strictly prohibit any form of harassment or discrimination based on caste, ethnicity, gender, religion, age, political views, or disability. As an Equal Opportunity Employer, we encourage open communication, enabling staff to share ideas and suggest improvements without fear of retaliation.

At United Motors Group, fostering a safe, respectful, and professional workplace is central to our HR practices. We ensure employees can seek legal representation without fear of discrimination. Our commitment to eliminating workplace discrimination and embracing a diverse workforce drives innovation and sustains long-term success.

HUMAN CAPITAL



During the year under review, no incidents of discrimination were reported.

Remuneration and benefits

At UML, the benefits and remuneration we provide have been designed on equality, ensuring non-discriminatory pay structures for all employees, based on their job roles and performance. When setting individual remuneration and benefits, we have considered functions, level of authority, skills, competencies and previous work experiences. Remuneration and benefits include monthly salaries, annual increments, insurance, paid leave, donations and assistance, performance based bonuses, encashment of leave, loan facilities, local and overseas trainings, insurance facilities including critical illness cover, scholarship programmes, membership fees of professional institutes, uniforms / safety equipment, trips and get-together functions and long service awards and retirement awards etc.

During the year, we extended our support to our employees and their children through our Educational Assistance Programme, comprising TIKIRI, NEWUM, and YOWUN; these programmes celebrated the academic achievements of employees' children who have met the minimum qualifications in key national examinations. TIKIRI rewards those who pass the Grade 5 Scholarship Examination, NEWUM honors success in the G.C.E. Ordinary Level, and YOWUN recognizes excellence in the G.C.E. Advanced Level. Moreover, we provide annual school book vouchers for all employees' children currently attending school.

For their commitment to the Company, the Company rewards full-time permanent employees with a variety of non-financial benefits. All full-time employees of the Company are given medical insurance (OPD and hospital stay coverage) for themselves and their family members, along with compensation plans based on employee categories. The Company offers a variety of leave options as evidence of our dedication to employee wellbeing and work-life balance, as well as in support of their productivity and well-being. To encourage employee skill acquisition, the Company provides employees approved study leave apart from their standard leave entitlement of the year.To make sure we are providing our employees with market-competitive pay and benefits, we also keep an eye on sector-specific industry trends and labour market changes. United Motors complies with Sri Lankan employment laws in providing leave entitlements.

Complying with Legal Requirements and Fair Employment Practices

United Motors Group is committed to establishing human resource policies that align with regional laws, industry standards, and regulatory requirements. This approach ensures that we uphold fair treatment, equal opportunity, and the right to collective bargaining for all employees, reinforcing our reputation as a fair and people-focused employer. Our subsidiaries and UML as a Company complies with all Acts and Ordinances related to employment.. Moreover, as a listed entity, we adhere to regulations from the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka.

Human Rights of Employees

Upholding and safeguarding the rights of our employees is not overlooked across our subsidiaries. As a result, we monitor the workforce to identify unlawful or unethical activities against peers or the integrity of UML. Employees are encouraged to voice work-related concerns freely, and we are committed to addressing them without compromising their rights or beliefs. We maintain a zero-tolerance stance on child labour, strictly adhering to International Labour Organisation (ILO) standards. We also stand firmly against any form of coerced or compulsory labour and actively support initiatives aimed at eradicating underage labour.

Industrial Relations

We are fully-committed to our duty towards maintaining respectful relationships with our workforce. As a responsible employer we ensure that each staff member is treated with dignity, fairness and empathy. From a statutory perspective, we have adhere to all applicable directives, ensuring compliance with government mandates across our subsidiaries.

We strive to maintain open communication within our offices, enabling staff to voice concerns and exchange ideas freely, with reasons. Moreover, our open-door policy reinforces a culture built on trust and camaraderie.

To ensure equal treatment and protection of individual rights we have established robust policies and procedures, including the Whistleblowing Policy, Share Trading Policy, Sexual Harassment Policy, Non-Disclosure Agreement, Conflict of Interest Policy, and the Code of Business Conduct and Ethics. These framework promote ethical and professional conduct while supporting seamless business operations.

Grievance Handling

The Company encourages employees to report any incidents of misconduct or policy violations since it values open communication. We strive to maintain a happy and content workforce by offering a safe forum for employees to voice their challenges and concerns. Complaints can be submitted to the HR department or the immediate supervisor and will be handled in accordance with the Company's grievance handling procedure. The complaints may be raised to higher levels of management if they are not successfully addressed. Additionally, UML has a whistleblowing policy in place that was adopted by the Board and that shields employees from retribution or unfair treatment if they report any suspected misconduct by anyone within the Company. The whistleblowing Policy addresses issues including unethical behavior, fraud, bribery, financial irregularities, violations of laws or regulations, and threats to the public or financial system.

WAY FORWARD

By recruiting specialised talent for our growing portfolio, and by investing in training, we will enable staff to stay on par with automotive innovations. Our programmes will focus on enhancing our ethical and customer-centric culture. In these aspects, UML is well-poised to make sufficient investments in human capital management in 2025/26. However, due to economic shifts and rapid industry policy changes, talent loss and skill obsolescence remains as risks, which will require competitive compensation, flexible work policies and upskilling to mitigate erosion of value.

NATURAL CAPITAL

ENVIRONMENTAL CONSCIOUSNESS

At UML, we are cognisant of our duty towards the environment, and as a result, we have taken several prudent steps to minimise operational impacts on the natural environment and to conserve renewable and non-renewable resources through conscious consumption. Our contributions have increased in number and scope during the years, with increasing commitment to making impactful changes across the organisation.



ALIGNMENT WITH SDGS



VALUE CREATION, PRESERVATION AND EROSION

CREATION	PRESERVATION	EROSION
Sale of electric vehicles	Vehicles driven on cleaner energy sources	Dependence on fossil fuel based vehicles
Selective resource-efficiency in manufacturing/assembly	Company's increasing focus on environmental sustainability preserves social value by enhancing stakeholder trust.	High investment on adopting global compliance frameworks and guidelines

VALUE CREATION

E-waste Recycling
150
Cartridges

Solar Power
2,630
MWh

Water Conservation
Recycling Water

NATURAL RESOURCE CONSUMPTION

At UML, we have adopted a concentrated approach to managing our consumption and management of environmentally sourced resources. Such resources include land, water, renewable and non-renewable based energy and power for operational purposes.

Concentrated Resource Management

During the year under review, we remained vested to advancing actions and strategies adopted in previous years. Our efforts included a strong focus on energy efficiency, water conservation and proper waste disposal. By committing to these aspects, we ensure that we make zero or minimal negative imprints on the environment.

Energy Efficiency

We are mindful of the organisation's increasing need for electricity and its indirect impact on the environment's resources. Therefore, we have taken measures to optimise the use of energy and possibly reduce the amount of energy consumed.

- **General Measures**

  Several concerted efforts were expedited in 2024, similar to that of 2023. The primary focus was to enhance energy efficiency and to ensure that our energy consumption is optimised at core functions that require heavy energy usage. Managing energy efficiency proactively, we ensured that lighting is used optimally, with natural illumination utilised when possible. Conscious consumption patterns, such as, switching off lights when not in use and after office hours were practiced across the head office building and at our workshops, to a greater extent.

- **Air Conditioning Optimisation**

  We continued to optimise our air conditioning systems across the branch network and head office as required. We have replaced traditional units with energy-efficient Inverter A/C systems. This has reduced energy consumption through their energy-efficient technologies, coupled with prudently scheduled maintenance of units at selected intervals. Such approaches have not only optimised energy consumption but have resulted in cost savings for the Company.

- **Optimised Illumination**

  We have installed energy-efficient lighting fixtures by upgrading CFL bulbs to LED bulbs across our facilities and offices. This has also resulted in cost savings apart from its impact on the environment.

- **Special Measures**

  Solar power technology is also used to preheat water to approximately 70 °C, which is then raised to 100 °C using boilers, which has resulted in a substantial decline in energy usage. Importantly, we have reduced our reliance on traditional energy sources, and as a result, there is a reduction in carbon emissions.

RENEWABLE ENERGY

We have made significant strides in contributing towards renewable energy generation by harnessing solar power. Our investments in solar panel installation have commenced delivering greater cost savings and have enabled a reduction in fossil-fuel/ hydropower based energy consumption.

The installations at our Orugodawatte and Ratmalana workshops have created greater strategic interest in replicating similar projects at our other workshops. The initial installations were undertaken in 2019 under an investment of LKR 226 Mn. In the year under review, the revenue from these plants exceeded LKR 40 Mn. In total, these panels cover an area of 10,766 m2.



Ratmalana Solar Installation



Orugodawatte Solar Installation



Solar Inverter

NATURAL CAPITAL

Solar energy generation

Year	MWh Generated	MWh Consumed	MWh to National Grid
2021/22	2,559	528	2,031
2022/23	2,426	510	1,916
2023/24	2,640	801	1,838
2024/25	2,630	801	1,828

Water Conservation

Water depletion is an increasingly urgent global concern, especially in cities with rapid urban development and high temperatures. The situation has heightened our attention on the timely need to protect water resources and redirect used water for non-essential purposes. This has resulted in sustainable strategies for water management across our operational facilities, and involves adopting effective conservation strategies and creating awareness on mindful usage.

- **Water-saving fixtures**

  Our maintenance and operations teams have installed water-saving fixtures across our facilities, contributing to water conservation by encouraging responsible usage.

- **Recycling Water**

  Waste water treatment is undertaken in compliance with local regulations by establishing wastewater treatment facilities, particularly during the washing of vehicle bodies. After water treatments, water is then redirected to wash vehicle undercarriages – creating a closed-loop system to reduce fresh water consumption.

  These initiatives enable us to commit to water conservation by eliminating unnecessary water usage.

Waste Management

At UML, we approach the disposal of waste material in a formal and serious manner by deploying the services of third-party waste collection companies in addition to the municipality's waste collection. While paper and plastic waste material are collected by the municipality, electronic waste is disposed of in a responsible manner. During the year, we disposed 150 cartridges, responsibly. Moreover, we optimise the usage of other electronic devices and tools, extending their useful life while taking extreme precautions for their end-of-life disposal.

CONCLUSION AND OUTLOOK

As a means of enhancing our commitment and contribution to environmental sustainability, we will continue to adopt global best practices and local guidelines to ensure proper monitoring, management and reporting of our environmental impacts. Moreover, we intend to increase our focus on importing electric vehicles to encourage our clients towards environmental consciousness.

We will remain committed to preserving natural resources and to optimising natural capital management through eco-friendly technologies towards a sustainable future, while safeguarding the country's environmental health and safety.

FUTURE COMMITMENTS

- Increase electric vehicle sales to reduce road emissions
- Adopt best practices in sustainability reporting in line with international framework
- Increasing environmental mindfulness across the group through proper awareness building and through a team committed towards this endeavour.
- Increase automotive parts recycling where possible
- Conduct a sustainability gap analysis in collaboration with an external firm

INTELLECTUAL CAPITAL

POWERING PROGRESS WITH INTELLECTUAL CAPITAL

At UML, our intellectual capital is the sum of our intangible resources with substantial influence on our adaptability to market demands and innovative solutions. Collectively, these provide UML with the potential to proliferate and grow in the automotive industry. Our intellectual capital includes the knowledge and expertise of our staff, our brand strength, knowledge and innovations, and culture and values.



ALIGNMENT WITH SDGS



VALUE CREATION, PRESERVATION AND EROSION

VALUE IS CREATED BY:	VALUE PRESERVED BY:	VALUE ERODES THROUGH:
Investing in employee training to enhance capabilities and foster competitive edge and innovations.	Maintaining brand reputation and reliable vehicles and services (ensures long-term stakeholder trust)	Financial challenges, which strain intellectual capital improvements.
Structural capital, which enables us to diversify and capitalise on meeting market needs.	Ethical practices, which helps maintain strong stakeholder relationships.	Potential macroeconomic challenges, which could hinder intellectual capital.

VALUE CREATION

Brand	Diversifications	Training
Brand Value	New Product Models	Training Programmes to Enhance Organisational Capital and Intellectual Capital

INTELLECTUAL CAPITAL

BRAND STRENGTH

UML's current brand strength is the product of a rich legacy, diversified products and strategic partnerships based on trust and our capabilities. Moreover, the brand name United Motors has resonated among customers for 80 years due to our distribution of world-renowned automotive brands and reliable after-sales services.

A key pillar of our brand strength lies in our versatile portfolio. From passenger vehicles to commercial trucks, spare parts, lubricants and 3D Printing technology, we have gained an undisputed recognition and prominence within the automotive sector. Being the sole distributor of world-renowned Mitsubishi and Fuso from Japan, Perodua from Malaysia and DFSK and JMC from China, and other sub-brands have gained a position as a one-stop solution for high-quality vehicles. Furthermore, our island-wide after-sales support has reinforced our brand presence among the masses.

BRAND AND PRODUCT PORTFOLIO

Our operations have resulted in multiple subsidiaries focusing on specific product categories and brands.

- **Passenger Vehicles:** UML is the sole distributor of brand-new Mitsubishi vehicles (e.g., Mitsubishi Xpander, Eclipse) and markets Perodua compact cars, Aruz SUVs, and DFSK passenger vehicles. These vehicles are designed for reliability, fuel efficiency, and affordability, catering to modern Sri Lankan lifestyles.
- **Commercial Vehicles:** UML distributes Fuso trucks and buses, JMC trucks and special-purpose vehicles, supporting businesses with versatile, high-performing options.
- **Tyres:** The distributor for Yokohama tyres from Japan, and a range of high-quality tyres for various vehicles; distributed through dealers island-wide.
- **Lubricants and Car Care Products:** Our car care product range includes premium lubricants and car care products, including Valvoline 4Tech Ultimate Fully Synthetic Motor Oil. Others include Prestone Auto Chemical Products, Simoniz Car Care Products, and Nasiol Nano-Coating Products: Advanced nano-coating for vehicle protection.
- **Equipment and Machinery:** We distribute heavy equipment, generators, and machinery, including JCB heavy equipment through UML Heavy Equipment Ltd.
- **3D Printers and Services:** UML is a Diamond Reseller for Novabeans, offering Ultimaker 3D printers, filaments, spare parts, and related services.
- **Trailers:** Following the 2023 acquisition of Dutch Lanka Trailer Manufacturers, our portfolio now includes road trailers and cargo container carriages providing logistical offerings.
- **Spare Parts and Accessories:** A portfolio of Mitsubishi, FUSO, DFSK, Perodua, JMC and JCB spare parts, accessories, and related components.
- **Workshop operations:** Encompass a wide range of services including Mechanical Repairs, Collision Repairs, Lubrication Services, Vehicle Detailing, and Wheel Alignment.

AWARDS AND RECOGNITIONS

The myriad of accolades we have received over the years serves as a powerful testament to our capabilities within the automotive industry. Our consistent ability to remain relevant through innovative thinking and insightful market understanding has enabled us to underscore our position as an industry pioneer. These have enabled us to adapt to evolving automotive technologies and to deliver products that echo market needs; together, these have set standards for business excellence. The following underscores our achievements.

- **Reporting Excellence**

  The Group has received several business excellences awards, including the Gold Award in the 'Automobile Sector, at the 2024 TAGS award for the 14th successive year, which recognises the Group's commitment to reporting excellence.



- **Performance Excellence**

  Dutch Lanka Trailers recognized as "Best Performer in Research and Development Activities" by the National Chamber of Exporters in 2024.

  Dutch Lanka Trailer was recognized with the Gold Award in the Extra Large Category for "Machinery & Light Engineering Products" by National Chamber of Exporters in 2024.





✶ **Business Excellence**

We continue to uphold our rankings among the top 100 companies of Sri Lanka, which has ensured recognition as one of the country's 'most revered' companies by LMD. This has emphasised our strong market standing and our ability to adapt to market conditions. This recognition also underlines our commitment to continuously creating higher stakeholder value while ensuring stability within a competitive industry.

This recognition has continued for the past 4 years, earning the group stronger acceptance amongst the business titans of the country and the respect of our stakeholders. We received the same honour in the year under review.

ORGANISATIONAL CAPITAL

Human capital and intellectual capital go hand in hand; this is evident within the UML workforce; our employees are the driving force behind our competitive focus within the marketplace. To ensure that our talent pool is retained within the group and its subsidiaries, we provide several financial and non-financial benefits to encourage self-driven focus and efficiency, as well as autonomy to work to their best capacities.

Ensuring a motivated workforce, we provide attractive remuneration and other fringe benefits, while training and development enhance employees' skills and job-related capabilities, for productivity and career benefits. As a result, we have increased our rate of staff retention, which was recorded as 72% during the year under review, with a drop in the corresponding turnover rate to 28%. This is a positive trend amidst employee preference towards overseas migrations, which resulted in a considerable turnover, especially amongst our technical staff.

During the year, staff received internal and external training programmes, which contributed to enhancing their knowledge and skills adding to organisational capital.

Our group-wide workforce includes 1,240 employees with diverse contributions through individually distinct knowledge, skills and capacities for growth. During the year, we attracted 369 new employees to the cadre, enhancing the collective organisational capital. The workforce comprises individuals from diverse demographical and social backgrounds, bringing on board a melange of energy, perspectives, creativity and experiences.

Our technicians undergo rigorous, time-intensive training programmes. These programmes ensure they are well-equipped with the latest standards and technical expertise required for servicing automobiles and equipment.

KNOWLEDGE AND INNOVATION

Our intellectual capital is enriched by our emphasis on innovation; whether it's new business verticals or dynamic product and service portfolios, we are committed to enhancing standards and offerings on par with our international principals.

We have invested in the latest automotive technologies to provide customers with unmatched solutions. These cover the entire gamut of mechanical repairs, vehicle detailing and other after sales services.

Intellectual Property

Dutch Lanka Trailer (DLT Group), our subsidiary, holds the patent for an add-on module for engaging a parking brake, which features multiple control switches and status-indicator lights.

Vehicle Assembly

Our vehicle assembly and workshop complexes are designed to optimise production and support distribution. They are equipped with modern assembly lines, particularly for compact and commercial vehicles. Assembly lines conduct chassis assembly, engine installation, bodywork, and electrical system integration. Skilled technicians and engineers ensure precision and adherence to manufacturer specifications.

INTELLECTUAL CAPITAL

Key Products Assembled

UML's assembly operations focus on vehicles marketed by Unimo Enterprises Limited, including:

- DFSK i-Auto SUVs
- JMC Trucks
- JMC Double Cabs

Moreover, we are constantly working to maintain and enhance lean operational methods to minimise waste and enhance efficiency, alongside digital tools for inventory and to monitor quality.

3D printing

Our operations in 3D Printing Technologies have greatly enhanced our intellectual capital. It has enabled us to train our workforce in the technology, creating a team of experts capable of providing the right product in line with customer needs. The 3D Printing arm has embraced research and development in new 3D printing solutions, maintaining a continued focus on emerging trends and innovations.

QUALITY CONTROL

Quality is an organisation-wide focus, particularly during assembly, customer services and after-sales servicing. Our focus on these aspects and continuous commitment to improvement has enabled us to retain acceptance and trust from our international partners, such as Mitsubishi. Our standards are frequently assessed to ensure alignment with international assembly/operational standards and high-quality benchmarks in automotive distribution.

We ensure that our imported vehicles and automotive products are taken through stringent inspections to comply with national regulations and market benchmarks. Rigorous quality checks at multiple stages ensure the structural integrity and safety of vehicles, which include performance testing under various conditions. At our Orugodawatte complex, we conduct final inspections and certifications to meet Sri Lankan road safety and emissions standards.

Our quality control processes have expanded to include innovative technologies, particularly in the areas of 3D printers and electric vehicles (EVs). We have adopted stringent protocols to ensure that vehicles comply with high safety and performance standards. Additionally, we work closely with our partners to perform pre-delivery inspections (PDI), guaranteeing that each vehicle fulfils quality standards before it is delivered to consumers.

CULTURE, VALUES AND ETHICS

At UML, we strive to uphold high ethical standards; this has become a continued focus to ensure that our reputation remains intact amongst stakeholders and the business community. To ensure this, we continuously enhance policies which apply to staff across UML; these include the whistleblowing Policy, Sexual Harassment Policy, and Code of Business Conduct to ensure that ethical values are deeply ingrained in our organisational culture.

OUTLOOK

To advance and enhance our intellectual capital, we will continue to embrace a culture of constant learning. This will be done through the right mix of training based on skill gaps and employee requirements. As the automotive sector advances in technologies and evolves into its latest innovations, training programmes will allow us to stay aligned with industry competition while enabling employees to become versatile in their skills and knowledge.



GOVERNANCE

Evolving with the ideals of trust, accountability, integrity and transparency, our commitment to good governance continues to shape our success.

With proper protocols in place and a hard-etched commitment to compliance, we have ensured that there is proper distribution of authority and responsibilities. The following report has captured the essentials of our corporate accountability strategy - demonstrating our commitment to preserving organisational integrity.

HOW WE GOVERN

At the heart of our journey towards long-term sustainable success lies a steadfast commitment to strong Corporate Governance. The Board remains dedicated to upholding the highest standards of governance, recognizing it as a cornerstone for building enduring shareholder value and fostering responsible growth. We view sound governance practices not only as a framework for effective management, but also as a vital element in reinforcing stakeholder confidence and ensuring transparency across all levels of the organization. Our reputation as a trusted name in the automobile industry stands as a testament to our unwavering adherence to these principles.

This report aims to provide an overview of the Corporate Governance framework including the structure, principles, policies and practices of Corporate Governance at UML.

GOVERNANCE FRAMEWORK

The Corporate Governance frame has guided the Board and Board Sub-Committees in performing their stewardship roles. The Company operates within its internal governance benchmarks while complying with both voluntary as well as mandatory governance requirements. In setting the Governance Framework, in addition to internal framework the Board takes into account the external regulations which comprise of Listing Rules of the Colombo Stock Exchange on Corporate Governance, Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka, Companies Act No. 07 of 2007, other Acts that are applicable and the best practices.

The internal and external regulations comprise of following;

GOVERNANCE FRAMEWORK

Internal Governance Framework

- Articles of Association
- Terms of Reference of Board and Board Sub-Committees
- Code of Business Conduct & Ethics and Employee Handbook
- Policies and Procedures
- Risk Management Framework

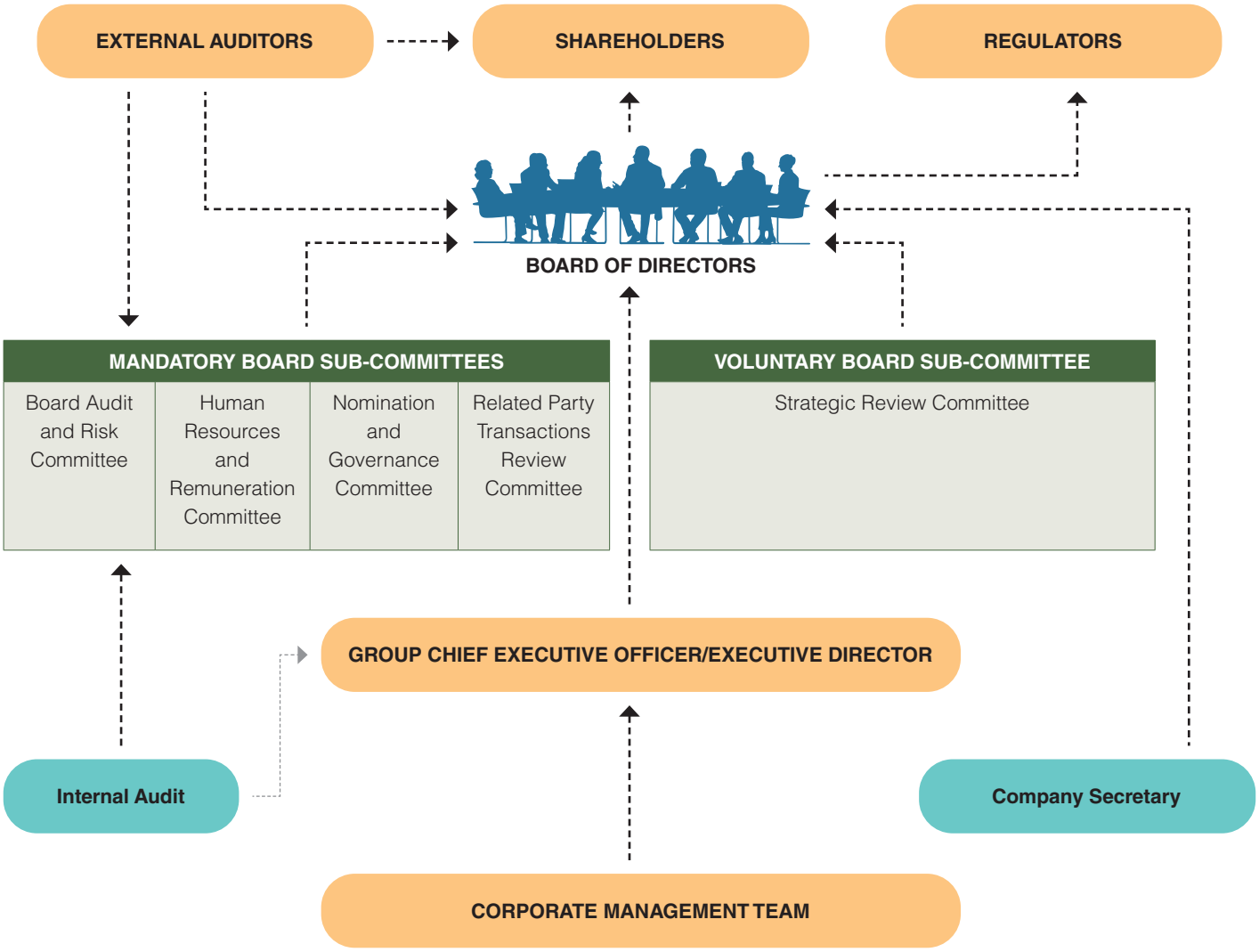
External Governance Framework

- Listing Rules of the Colombo Stock Exchange on Corporate Governance
- Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka
- Companies Act
- Inland Revenue Act
- Shop and Office Employees Act and Wages Board Ordinance, EPF & ETF Act, Gratuity Act and Termination of Employment of Workmen Act, other Acts and Ordinances
- Directions and Circulars issued by the Securities and Exchange Commission of Sri Lanka and the Colombo Stock Exchange

GOVERNANCE STRUCTURE

The Board of Directors (the Board) along with the Chairman is the apex body responsible and accountable for the stewardship function of the Company.

The Corporate Management Team under the leadership and direction of the Group Chief Executive Officer/Executive Director implements the policies and strategies determined by the Board and manages the business affairs of the Company through delegation and empowerment.



Management Committees						
Assets Purchasing Committee	Assets Disposal Committee	Insurance Committee	Vehicle Value Additions Committee	IT Steering Committee	CSR Committee	Cross Functional Team

BOARD OF DIRECTORS

Structure, diversity and the functioning of the Board (Principle A.1, A.1.5, A.4, A.5.1, A.5.2, A.10)

The Board of Directors, the highest decision making authority with responsibility for the sustainability of the Company, provides leadership by setting strategic direction. Corporate Management Team is responsible for the day-to-day operations and for implementing an effective system of internal controls. The Board and the Corporate Management Team have a clear mutual understanding of their respective roles, delegations and boundaries.

HOW WE GOVERN

The Board comprised of eminent professionals in their respective fields with the skills and expertise necessary to constructively challenge the Management and enrich deliberations on matters placed before the Board to bring independent judgement in discharging their duties and responsibilities. The composition of the Board ensures that there is a sufficient balance of power and contribution by all Directors, which minimizes the tendency for one or a few members of the Board to dominate the Board processes or decision-making. As of year-end, five senior Chartered/ Chartered Management Accountants are in the Board who possess the necessary knowledge and competence to guide and advice on matters relating to finance.

The Board comprised of ten Directors of whom seven including the Chairman hold office in a Non-Executive capacity as of the year-end. Six out of seven are Independent Non-Executive Directors.

EXECUTIVE DIRECTORS (3)	INDEPENDENT NON-EXECUTIVE DIRECTORS (6)	NON-INDEPENDENT NON-EXECUTIVE DIRECTOR (1)
✶ Mr. Chanaka Yatawara - Group Chief Executive Officer ✶ Mr. Thushara Jayasekara - Director - Finance ✶ Mr. Buddhika Singhage - Director - After Sales Operations	✶ Mr. Devaka Cooray - Chairman ✶ Mr. Stuart Chapman ✶ Ms. Coralie Pietersz ✶ Mr. Vish Govindasamy ✶ Mr. Arjuna Herath ✶ Mr. Jonathan Alles	✶ Ms. Hiroshini Fernando

The Board comprises members with expertise in Automobile, Marketing & Sales, Finance & Accounting and Banking. Profiles of Board members including their qualifications, memberships in Board Sub-Committees and other appointments and the profile of the Company Secretary are given on pages 24 to 29. Policies on governing matters relating to Board of Directors is clearly stated in the Board Charter.

BOARD COMPOSITION

Board Size 10

6/7
Non-Executive Directors are Independent

BOARD OF DIRECTOR'S INDUSTRY EXPERIENCE



Automobile 2



Marketing & Sales 2



Finance & Accounting 5



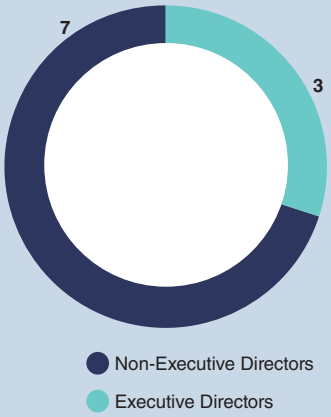
Banking 1

TENURE ON THE BOARD	
1-5 years	
6-10 years	
11-15 years	
16-20 years	



EXECUTIVE, NON-EXECUTIVE DIRECTORS

Nos.



INDEPENDENT, NON-INDEPENDENT DIRECTORS

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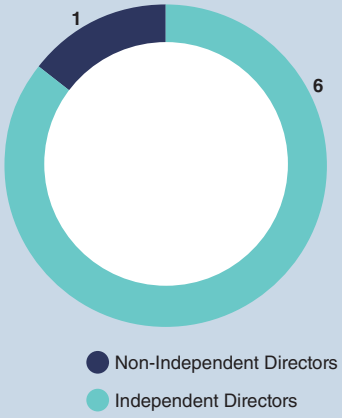
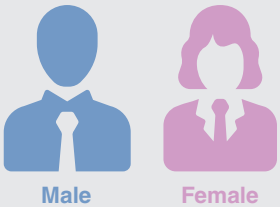


BOARD GENDER COMPOSITION



Role of Board (Principle A.1.2)

BOARD RESPONSIBILITIES

- Provide entrepreneurial leadership of the company within a framework of prudent and effective controls which enables risk to be assessed and managed.
- Formulation and implementation of a sound business strategy.
- Ensure that the CEO and management team possess the skills, experience and knowledge to implement the strategy.
- Approve budgets and major capital expenditure.
- Determine the matters expressly reserved to the board and those delegated to the management including limits of authority and financial delegation.
- Ensure effective systems to secure integrity of information, internal controls, cyber security, business continuity and risk management.
- Ensure the availability of information communication technology (ICT) roadmap in line with business strategy of the company, and monitor the progress of implementation through the ICT dashboard.
- Ensure compliance with laws, regulations and ethical standards.
- Ensure all stakeholder interests are considered in corporate decisions.
- Recognise sustainable business development and ESG risk and opportunities in corporate strategy, decisions and activities and consider the need for adopting “Integrated Reporting”.
- Ensure that the company’s values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations.
- Establish a process of monitoring and evaluation of progress on strategy implementation, budgets, plans and related risks.
- Ensure that a process is established for corporate reporting on annual and quarterly basis or more regularly as relevant to the Company.
- Ensure the adoption of an effective CEO and key management personnel succession strategy.
- Appointing the chair and the senior independent director if relevant.

HOW WE GOVERN

Board independence (Principle A.5.3, A.5.4, A.5.5)

As per CSE Listing Regulations six out of seven Non-Executive Directors, are independent other than Ms. Hiroshini Fernando.

Non-Executive Directors are independent of management and free of business dealings that may be perceived to interfere with the exercise of their unfettered and independent judgement. They submit annual declarations to this effect which are evaluated to ensure compliance with the criteria for determining independence in line with the requirements of the applicable regulations and the Code.

One meeting was held by the Chairman only with the participation of Non-Executive Directors.

Board process (Principle A.1.4, A.1.6, A.1.7, A.3.1)

The Board agrees on a schedule of meetings at the beginning of each year and meets at least once in two months. Additional meetings are also convened if the circumstances so require. A formal agenda is prepared for all Board meetings by the Company Secretary in consultation with the Group Chief Executive Officer/ Executive Director and the Chairman. Board members too can request items to be included in the agenda for discussion. The agenda is circulated to the members of the Board by the Company Secretary together with the Board papers one week in advance of the meetings, allowing adequate time for Board members to study, call for additional information if required, and be prepared for productive deliberations.

The Directors are provided with a comprehensive package of information for regular Board meetings which is circulated in advance of the scheduled meetings. This includes an executive summary with detailed analysis of financial and non-financial information. Urgent Board papers are submitted at short notice or tabled at the meetings on an exceptional basis. If the need arises, members of Corporate Management are invited to make presentations to the Board on the business environment, regulatory changes, operations, and other developments on a regular basis to enhance the knowledge of the Board on matters relevant to the Company's operations. Directors who are unable to attend a meeting is updated on proceedings through formally documented minutes, which are also discussed at the next meeting to ensure follow-up and proper recording. Minutes of a meeting is ordinarily provided to Directors at least within two weeks after the meeting date.

The regularity of Board meetings and the structure and process of submitting information have been agreed and documented in Board Charter. The attendance at meetings is summarized on page 97.

The Company has obtained a Directors' and Officers' Liability insurance policy.

Board Sub-Committees (Principle A.7.1, A.7.3, A.7.6, B.2, D.3, D.4, D.5)

The Board has delegated some of its functions to Board Sub-Committees, enabling the committees to focus on their delegated areas of responsibility and impart knowledge and experience in areas where they have greater expertise. Each of the Board Sub-Committee has its own written Terms of Reference. The Chairman/Chairperson of the Committees are accountable for the effective functioning of the Committees and report regularly to the Board on activities and highlight critical matters for the Board attention. Minutes of these meetings are tabled and discussed at the Board meetings. The Terms of Reference of the Committees was reviewed and approved by the Board during the year.

The Company has five Board Sub-Committees.

- Board Audit and Risk Committee
- Human Resources and Remuneration Committee
- Nomination and Governance Committee
- Related Party Transactions Review Committee
- Strategy Review Committee

The composition of the Board Sub-Committees as of the year-end are as follows;

BOARD AUDIT AND RISK COMMITTEE	
COMPOSITION	**AREAS OF OVERSIGHT**
Ms. Coralie Pietersz - Chairperson Mr. Stuart Chapman Mr. Arjuna Herath Mr. Jonathan Alles	✶ Monitor and review adequacy and effectiveness of internal controls, governance and financial reporting. ✶ Monitor and assess effectiveness of risk management processes. ✶ Exercise independent oversight of the Company's assurance functions - Internal and External Audit. ✶ Review compliance with the accounting standards in the preparation of Financial Statements. ✶ Review compliance with relevant legal and regulatory requirements.

HUMAN RESOURCES AND REMUNERATION COMMITTEE	
COMPOSITION	**AREAS OF OVERSIGHT**
Mr. Arjuna Herath - Chairman Mr. Devaka Cooray Ms. Hiroshini Fernando Mr. Vish Govindasamy	✶ Review remuneration policy. ✶ Formulate a policy on remuneration of CEO, Executive Directors and KMPs. ✶ Review of performance of CEO, Executive Directors and KMPs. ✶ Recommend salary increments, bonuses and incentives.

NOMINATION AND GOVERNANCE COMMITTEE	
COMPOSITION	**AREAS OF OVERSIGHT**
Mr. Stuart Chapman - Chairman Mr. Devaka Cooray Ms. Hiroshini Fernando Mr. Vish Govindasamy	✶ Identify and recommend suitable Directors for appointment to the Board and Board Sub-Committees. ✶ Review the structure, size, composition and competencies of the Board and make recommendations. ✶ Succession planning for the CEO and Key Management Personnel. ✶ Consider and recommend the re-appointment of the current Directors. ✶ Review and recommend the overall corporate governance framework of the Company taking into account of the Listing Rules of the Colombo Stock Exchange, other applicable regulatory requirements and industry/international best practices periodically. ✶ Periodically review and update the Corporate Governance policies/framework of the Company in line with the regulatory and legal developments relating to same, as a best practice.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE	
COMPOSITION	**AREAS OF OVERSIGHT**
Mr. Jonathan Alles - Chairman Mr. Stuart Chapman Mr. Thushara Jayasekara Mr. Vish Govindasamy	✶ Review and approve related party transactions policy. ✶ Monitor compliance with the relevant rules. ✶ Market disclosures on related party transactions. ✶ Scrutiny of related party transactions and avoid conflict of interest.

HOW WE GOVERN

STRATEGY REVIEW COMMITTEE	
COMPOSITION	**AREAS OF OVERSIGHT**
Mr. Vish Govindasamy - Chairman Mr. Devaka Cooray Ms. Hiroshini Fernando Mr. Stuart Chapman Mr. Arjuna Herath	✶ Review the strategic plan. ✶ Review the action plan. ✶ Recommend strategic initiatives. ✶ Review annual updates on the execution of strategic initiatives.

More details of Chairman/Chairperson and members of the Committee, terms of reference and activities carried out during the year are given in the Sub-Committee reports on pages 109 to 122.

The Sub-Committees have its own schedule of meetings as set out in the respective Committee reports. The regularity of Sub-Committee meetings and the structure and process of submitting information have been agreed and documented in the Terms of Reference. The attendance at meetings is summarized on page 97.

Role of Chairman and Chief Executive Officer (Principle A.2, A.3)

The positions of the Chairman and the CEO have been separated in line with best practices in order to maintain a balance of power and authority. The Chairman is a Non-Executive Director whilst the CEO is an Executive Director appointed by the Board. The roles of the Chairman and the CEO are clearly defined in the Board Charter.

KEY LEADERSHIP ROLES AND RESPONSIBILITIES	
CHAIRMAN	**GROUP CHIEF EXECUTIVE OFFICER**
Leads the Board, preserving good Corporate Governance, ensuring that it works effectively and acting in the best interest of the Company. **Responsibilities:** ✶ Ensure the smooth functioning of the Board, the governance structure and inculcating positive culture in the Board. ✶ Ensure guidelines and procedures are in place to govern the Board's operations and conduct. ✶ Ensure all relevant issues are on agenda for Board Meetings and all Directors are able to participate in the Board activities. ✶ Set objectives, vision, targets and strategic direction along with the CEO. ✶ Ensure that the Board debates strategic and critical issues. ✶ Ensure that the Board receives necessary information on a timely basis from the management. ✶ Ensure avenues are provided for all Directors to participate openly in discussions. ✶ Provide leadership to the Board. ✶ Lead the Board in oversight of management.	Accountable to the Board for exercise of authorities delegated and for the performance of the Company. **Responsibilities** ✶ Set objectives, visions, targets and strategic direction of the Group. ✶ Provide strong leadership that is, effectively communicating a vision, management philosophy and business strategy to the employees. ✶ Provide directions in the implementation of short and long term business plans. ✶ Ensure strategies and corporate policies are effectively implemented. ✶ Ensure Board decisions are implemented and Board directions are responded to. ✶ Keeping the Board fully informed of all important aspects of the Group's operations and ensuring sufficient information is shared with the Board members.

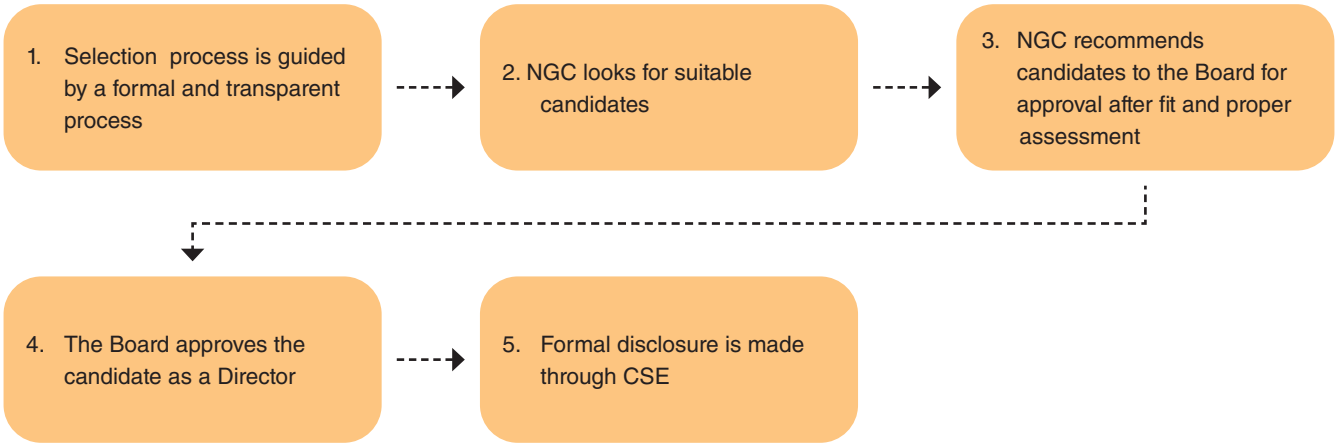
Role of Independent Non-Executive Directors (Principle A.5.1)

- Complements the skills and experience of the other members of the Board by conveying an objective and independent view on matters, challenging the Board and the Management constructively using their expertise and assisting in providing guidance on strategy.
- Safeguards the interests of all stakeholders.
- In situations of conflicts between management and shareholder's interests, aims towards the solutions which are in the best interest of the Company.
- Improves corporate credibility and governance standards.

Appointments, resignations and retirement of Directors (Principle A.7.2, A.7.4)

The Nomination and Governance Committee (NGC) has set in place a formal and transparent procedure for the nomination of candidates for appointment as Directors. The appointment of new Directors is based on an assessment of combined knowledge, experience and diversity of the Board including gender, age and other factors relevant to the industry and on their ability to add value to the Board. A skill matrix of the directors is used for this purpose.

A similar process is followed when appointing Executive Directors with the exception of when candidates are selected from the Corporate Management Team of the Company.



APPOINTMENTS	RETIREMENT	RESIGNATIONS
✶ Mr. Vish Govindasamy was appointed as an Independent Non-Executive Director w.e.f. 15 May 2024. ✶ Mr. Arjuna Herath was appointed as an Independent Non-Executive Director w.e.f. 15 July 2024. ✶ Mr. Jonathan Alles was appointed as an Independent Non-Executive Director w.e.f. 1 September 2024. ✶ Mr. Buddhika Singhage was appointed as the Executive Director After Sales Operation w.e.f. 1 January 2025.	✶ Mr. Ananda Atukorala, retired w.e.f. 28 June 2024.	✶ Mr. Junya Takami resigned w.e.f. 4 November 2024. ✶ Mr. Ramesh Yaseen resigned w.e.f. 31 December 2024.

HOW WE GOVERN

In case of resignations of a Director a written communication is submitted to the Board with the reasons for the resignation.

Appointments, resignations and retirement of Directors were communicated to shareholders through CSE announcements. The communication of appointments typically includes a brief resume of the Director, expertise in the relevant functional area, the names of companies in which the director holds directorships or memberships in board committees and their status of independence. In addition, all staff members of the Group are informed of any appointments and resignations.

Re-election of Directors (Principle A.8, A.9.3)

According to the Company's Articles of Association, at every AGM, one-third of Non-Executive Directors excluding the Chairman shall retire from office each year. Participation, contribution and engagement of each director is reviewed by the Board at the time of re-election. The Directors who shall seek re-election are recommended by the Nomination and Governance Committee. The Directors who shall seek re-election at this year's AGM have been indicated in the notice of the meeting.

Performance evaluation of Board and Chief Executive Officer (Principle A.9.1, A.9.2, A.9.4, A.11.1, A.11.2)

There is a formal process for appraisal of Board performance. The appraisals are carried out through a structured questionnaire which is in five separate parts addressing the following;

- Overall collective performance of the Board
- Evaluation of the performance of the Chairman
- Self-evaluation by each Director
- Evaluation of Non-Executive Directors by Executive Directors
- Evaluations of Executive Directors by the Non-Executive Directors

An annual evaluation of the performance of the CEO is carried out against pre-agreed targets by the Human Resources and Remuneration Committee.

Directors' Remuneration (Principle B.1, B.2)

The Human Resources and Remuneration Committee decides on the Executive Directors' remuneration. All members of the Human Resources and Remuneration Committee are Independent Non-Executive Directors except for Ms. Hiroshini Fernando. Details of the Human Resources and Remuneration Committee and its activities are given in the Human Resources and Remuneration Committee report.

The remuneration scheme for Executive Directors is structured to align rewards to their individual and Corporate performance. Executive Directors terms of employment are governed by the contract of service.

Non-Executive Director's fee is based on the time commitment and responsibilities of their role taking into consideration prevailing market rates.

The Company has taken necessary steps to ensure that Directors are at all times fit and proper persons and meet the required fit and proper assessment criteria mentioned in Section 9.7.3 of the CSE Listing Regulations on Corporate Governance. Fit and proper assessment was carried out during the year.

Independent advice (Principle A.1.3)

The Board members are permitted to obtain independent professional advice from third parties whenever deemed necessary, at the Company's expense. Independent professional advice from time to time was sought on matters in accordance with the above provision.

Induction and training (Principle A.1.8)

Newly appointed Directors are provided with an orientation pack with all relevant external and internal regulatory documents. Directors are apprised of the Company's business, their duties and responsibilities as Directors.

Board members undertake relevant training, as appropriate to enhance their understanding on key matters and risks related to the business. Directors undertake Continuous Professional Development (CPD) programmes in their personal capacity to update their knowledge on relevant and emerging topics.

Code of Business Conduct & Ethics (Principle D.6)

An internally developed Code of Business Conduct & Ethics and the policies which are applicable to Directors, Key Management Personnel and all other employees are in place which addresses conflict of interest and outside activities, privacy/confidentiality, gifts and entertainment, personal investments, know your customers, anti-money laundering, accuracy of company records and reporting, fair and transparent procurement practices, corporate opportunities, fair dealing, protecting UML Group's assets, workplace responsibilities, raising ethical issues, responsibilities of superiors and managers, compliance with laws, rules and regulations, key irregularities and disciplinary procedures. In addition, these policies specifically address the share trading policy, whistleblowing policy, anti-bribery and corruption policy, corporate gifting policy, sexual harassment policy, conflict of interest and confidentiality policy. All Directors and Key Management Personnel have declared their compliance with the Code.

The Board is not aware of any material violations of any of the provisions of the Code of Business Conduct and Ethics by any Directors, Senior Management or other employees of the Company.

Engagement with shareholders (Principle C.1, C.2, E, F)

The AGM provides a forum for all shareholders to participate in decision making on matters reserved for the shareholders which includes the adoption of Annual Report and Accounts, the appointment of Directors and Auditors and other matters requiring special resolutions as defined in the Articles of Association and the Companies Act No. 07 of 2007.

Separate resolutions are proposed for each separate issue. The Company records all proxy votes lodged for each resolution.

All shareholders were given the opportunity to submit any question to the Board/Management during the AGM and voting was concluded on a show of hands. The Company Secretary maintains records of all resolutions and information (Appointment of proxy, number of votes in favour and against each resolution and number of shares in respect of vote was directed to be abstained) at the Annual General Meeting.

The Chairman ensures the presence of the Chairman/Chairperson of the Audit and Risk, Human Resources and Remuneration, Nomination and Governance and Related Party Transactions Review Committee to respond to any questions that may be directed to them by the shareholders.

Notice of the meeting is circulated together with the Annual Report and Accounts which includes information relating to any other resolutions that may be set before the shareholders at the AGM, fifteen working days in advance. A summary of the procedures that govern voting is indicated in the proxy form.

Policy on Relations with Shareholders and Investors sets out multiple channels of communication for engaging with shareholders and investors. The Company focuses on open communication and fair disclosures with emphasis on the integrity, timeliness and relevance of the information provided. The primary modes of communication between the Company and the shareholders are the interim financial statements, CSE announcements, Annual Report and the AGM. Annual Report, interim financial statements, CSE announcements etc. are posted on the Company's website.

The Company Secretary keeps the Board apprised of issues raised by the shareholders at the AGM to ensure that they are addressed in an appropriate manner in keeping with the corporate values of the Company. Matters raised in writing are responded in writing by the Company Secretary.

AGM for the year 2024/25 will be conducted as a physical meeting and the Annual Report for the year 2024/25 has been uploaded on the CSE website and Company website.

Accountability & Audit (Principle D.1)

All efforts are taken to ensure that the Annual Report presents a balanced review of financial position, performance, business model, governance structure, risk management, internal controls, challenges, opportunities and prospects combining narrative and visual elements to facilitate readability and comprehension.

In the preparation of interim and annual financial statements, all requirements of Companies Act No. 07 of 2007, Sri Lanka Accounting Standards and reporting requirements prescribed by the regulatory authorities have been complied with. Board Audit and Risk Committee reviews interim and annual financial statements and recommends to the Board prior to publication.

Risk management and internal controls (Principle D.2)

The Board is responsible for determining the risk appetite for achieving the strategic objectives and formulates and implements appropriate processes for risk management and internal control systems to safeguard shareholder investments and assets of the Company. The Board Audit and Risk Committee assists the Board in discharging its duties with regard to risk management and internal controls as given in Board Audit and Risk Committee Report and Directors' statement on internal controls. A comprehensive report on how the Company manages risk is included in the risk management report. During the year under review the management confirmed that to the best of their knowledge and belief the Company's risk management and internal control system was satisfactory during the year under review.

The Board is conscious of its duty to comply with laws & regulations, internal procedures and policies of the Company. Internal controls have been placed to provide reasonable assurance on compliance with laws, regulations and policies. Monthly reports were submitted to the Board on the extent to which the Company was in compliance with the statutory and regulatory requirements. As a monitoring measure, the Internal Audit Division conducts independent reviews covering statutory and regulatory compliance requirements.

Information Technology (IT) Governance (Principle G)

IT governance plays a critical role in assuring integrity, confidentiality and continuity of the information management, within the Company. The Board is responsible for ensuring prudent and reasonable steps with respect to IT governance including, aligning the IT strategy with the business strategic objectives. It is the responsibility of the DGM-IT to continuously review, to ensure that the IT objectives align with the business objectives.

IT security policy addresses cyber security and adequate controls are in place to counter any cyber security threats.

HOW WE GOVERN

The reliability of financial reporting is heavily dependent on secured IT environment. Accordingly, IT controls over financial reporting are in place, to ensure the quality of information used for financial reporting.

IT Governance practices includes the following;

- DGM-IT in consultation with the IT Consultants, develops and implements the IT policy manual, procedures and guidelines within the Company, to ensure that they align with the business strategic objectives;
- IT policy manual and other IT policies are reviewed periodically to ensure that they remain current;
- IT Security audits and vulnerable assessments are carried out from time to time to ensure data security to address the cyber security risk.

COMPLIANCE

Status of compliance with the Section 9 of the Continuing Listing Regulations of the Colombo Stock Exchange on Corporate Governance, compliance with the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka and status of compliance with the information required to be disclosed as per Companies Act No. 07 of 2007 are given in Annexure 1, Annexure 2 and Annual Report of the Board of Directors respectively.

Accordingly, we have complied with the Section 9 of the Listing Regulations of Colombo Stock Exchange with regard to Corporate Governance, disclosure requirements of Companies Act No. 07 of 2007 and Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka except for ESG reporting which we hope to comply in future.

NAME OF DIRECTOR	CAPACITY	STATUS OF INDEPENDENCE	BOARD MEETING ATTENDANCE	BOARD SUB-COMMITTEE MEMBERSHIP AND ATTENDANCE					NO OF BOARD SEATS HELD IN LISTED COMPANIES (EXCLUDING UML)		NO OF BOARD SEATS HELD IN UNLISTED COMPANIES	
				BARC	NGC	HR & RC	RPTRC	SRC	EXECUTIVE CAPACITY	NON-EXECUTIVE CAPACITY	EXECUTIVE CAPACITY	NON-EXECUTIVE CAPACITY
Mr. Devaka Cooray	Chairman Non-Executive Director	Independent	13/13	-	M 7/7	M 3/3	**M 1/1	***M 1/1	-	5	1	8
Mr. Chanaka Yatawara	GCEO/Executive Director	Non Independent	12/12	BI	BI	BI	BI	***M 1/1	-	-	5	1
Mr. Ananada Atukorala - Retired w.e.f. 28 June 2024	Non-Executive Director	Independent	02/02	-	-	-	*M 1/1	-	-	1	1	8
Mr. Ramesh Yaseen - Resigned w.e.f. 31 December 2024	Executive Director	Non Independent	04/09	-	-	-	-	-	-	-	-	1
Ms. Hiroshini Fernando	Non-Executive Director	Non Independent	13/13	***M 06/06	M 7/7	M 3/3	-	M 1/1	1	2	-	13
Mr. Stuart Chapman	Non-Executive Director	Independent	12/13	M 16/16	C 7/7	***M 2/2	M 5/5	M 1/1	-	1	-	2
Ms. Coralie Pietersz	Non-Executive Director	Independent	12/13	C 16/16	-	***M 2/2	***M 2/2	BI	-	4	2	3
Mr. Junya Takami - Resigned w.e.f. 4 November 2024	Non-Executive Director	Independent	0/07	-	-	-	-	-	-	-	-	-
Mr. Thushara Jayasekara	Executive Director	Non Independent	12/12	BI	-	BI	****M 3/3	***M 1/1	-	-	-	3
Mr. Vish Govindasamy - Appointed w.e.f. 15 May 2024	Non-Executive Director	Independent	10/13	-	****M 3/5	****M 1/1	****M 2/3	BI ****C 1/1	1	3	-	8
Mr. Arjuna Herath -Appointed w.e.f. 15 July 2024	Non-Executive Director	Independent	09/10	****M 08/10	-	****C 1/1	-	BI ****M	-	4	-	8
Mr. Jonathan Alles-Appointed w.e.f. 1 September 2024	Non-Executive Director	Independent	08/08	****M 08/10	-	-	****C 3/3	BI ****M	-	7	-	-
Mr. Buddhika Singhage - Appointed w.e.f. 1 January 2025	Executive Director	Non Independent	03/03	-	-	-	-	-	-	-	-	1

C - Chairman **M** - Member **BI** - By Invitation

* After reconstitution of the Committee, ceased to be a member from 27 June 2024

** After reconstitution of the Committee, appointed as a member from 27 June 2024

*** After reconstitution of the Committee, ceased to be a member from 01 October 2024

**** After reconstitution of the Committee, appointed as a member from 01 October 2024

HOW WE GOVERN

Annexure 1 - Status of compliance with the Section 9 of the Listing Rules issued by Colombo Stock Exchange on Corporate Governance

SECTION	PRINCIPLE	DETAILS OF COMPLIANCE	COMPLIANCE STATUS
9.1 CORPORATE GOVERNANCE RULES			
9.1.1 9.1.2 9.1.3	Extent of compliance with Corporate Governance Rules	The extent of compliance with Corporate Governance Section 9 of the listing rules issued by CSE is tabulated below.	✓
9.2 POLICIES			
9.2.1	Availability of policies	The policies which are mandated by the revised CSE listing rules are currently in place. ✶ Policy on the matters relating to the Board of Directors ✶ Policy on Board Sub-Committees ✶ Policy on corporate governance, nominations and re-election ✶ Policy on remuneration ✶ Policy on Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the entity's listed securities. ✶ Policy on risk management and internal controls ✶ Policy on relations with shareholders and investors ✶ Policy on environmental, social and governance sustainability ✶ Policy on control and management of company assets and shareholder investments ✶ Policy on corporate disclosures ✶ Policy on whistleblowing ✶ Policy on anti-bribery and corruption Corporate website is updated as to the availability of the mandated policies.	✓
9.2.2	Waivers and exemptions	At present there are no waivers and exemptions applicable to the Company.	N/a
9.2.3	Disclosures in the Annual Report	Please refer Section 9.2.1.	✓
9.2.4	Requesting company policies by shareholders	No such requests received.	N/a
9.3 BOARD COMMITTEES			
9.3.1	Establishment of mandatory Board Committees	The Board has established five Committees including four mandatory Committees. Board Audit and Risk Committee performs Audit and Risk functions. Refer "Governance Structure" on page 87.	✓
9.3.2	Board composition, responsibilities and disclosures	The composition of all Committees are in line with the CSE listing rules.	✓

SECTION	PRINCIPLE	DETAILS OF COMPLIANCE	COMPLIANCE STATUS
9.3.3	Chairperson of the Board of Directors of the Company shall not be the Chairperson of the Board Committees	The Chairman/Chairperson of Board Sub-Committees are not the Chairman of the Board.	✓
9.4 ADHERENCE TO PRINCIPLES OF DEMOCRACY IN THE ADOPTION OF MEETING PROCEDURES AND THE CONDUCT OF ALL GENERAL MEETINGS WITH SHAREHOLDERS			
9.4.1	Recording of the resolutions passed at the AGM	The Company Secretary maintains records of all resolutions and information (appointment of proxy, number of votes in favour and against and number of shares in respect of vote was directed to be abstained) of the Annual General Meeting.	✓
9.4.2	Communication and relation with shareholders and investors	Refer “Shareholder communication policy” on page 68.	✓
9.5 POLICY ON MATTERS RELATING TO THE BOARD OF DIRECTORS			
9.5.1	Availability of policy on governing matters relating to Board of Directors	The requirements are currently captured in the Board Charter, several other policies and in the Articles of Association.	✓
9.5.2	Disclosures in the Annual Report	Disclosures are made with regards to the availability of policy on governing matters relating to Board of Directors.	✓
9.6 CHAIRPERSON AND CEO			
9.6.1	Chairperson and CEO	The Chairman of the Company is a Non-Executive Director and the role of Chairman and CEO is segregated.	✓
9.6.2	Market announcement of non-compliances	Not applicable.	N/a
9.6.3	Appointment of Senior Independent Director	Not applicable since there is no SID.	N/a
9.6.4	Rationale for such appointment		
9.7 FITNESS OF DIRECTORS			
9.7.1	Appointment of fit and proper persons	Fit and proper assessment carried out covered the required criteria.	✓
9.7.2		Considered the fit and proper criteria for the new Director appointments.	✓
9.7.3	Fit and proper assessment criteria; a) Honesty, integrity and reputation b) Competence and capability c) Financial soundness	All Directors meets the fit and proper criteria.	✓
9.7.4	Annual declarations from Directors and CEO	Annual declarations obtained from all Directors confirming fit and proper assessment criteria have been met.	✓
9.7.5	Disclosures in the Annual Report	Disclosures are made in the Annual Report of the Board of Directors given on page 131.	✓

HOW WE GOVERN

SECTION	PRINCIPLE	DETAILS OF COMPLIANCE	COMPLIANCE STATUS
9.8 BOARD COMPOSITION			
9.8.1	The Board of Directors of the Company, at a minimum, consist of Five (5) Directors	The Board of Directors of the Company consist of ten Directors as of the year end.	✓
9.8.2	Minimum number of Independent Directors (Min:2 or 1/3 of total number, whichever is higher)	The Board has 6 Independent Directors as of the year end and meets required criteria.	✓
9.8.3	Criteria for determining independence	Six out of Seven Non-Executive Directors meets the criteria as of year-end.	✓
9.8.5	Annual declaration of independence or non-independence of Directors	All Directors submitted their annual independence confirmations. Names of Directors determined to be 'independent' is disclosed on page 97.	✓
9.9 ALTERNATE DIRECTORS			
9.9	Appointment of alternate directors	No alternate directors appointed.	N/a
9.10 DISCLOSURES RELATING TO DIRECTORS			
9.10.1	Policy on the maximum number of directorships	As per the Terms of Reference of the Board Nominations and Governance Committee, the maximum number of directorships Board members are permitted to hold is twenty.	✓
9.10.2	Appointment of new Director	Complied for all new appointments.	✓
9.10.3	Changes to the composition of the Board Committees	Market announcements were made as required by the rules.	✓
9.10.4	Disclosures in the Annual Report	Profiles of the Board of Directors are given on pages 24 to 28. Board attendance and Sub-Committee membership is given on page 97.	✓
9.11 BOARD NOMINATIONS AND GOVERNANCE COMMITTEE			
9.11.1	Availability of Nominations and Governance Committee	The Company has a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11.1.	✓
9.11.2	Appointment and re-election of Directors	Refer section on "Re-election of Directors".	✓
9.11.3	Terms of Reference	Refer report of the Board Nominations and Governance Committee on pages 115 to 118.	✓
9.11.4 (1)	Composition - Minimum of three (3) Directors, out of which a minimum of two (2) members shall be Independent Directors	Refer the Composition of the Nominations and Governance Committee given on pages 115 to 118. Meets the requirement.	✓
9.11.4 (2)	Composition - An Independent Director shall be appointed as the Chairperson of the Committee		
9.11.4 (3)	The Chairperson and the members of the Committee shall be identified in the Annual Report		
9.11.5	The functions of the Committee	Refer the report of the Board Nominations and Governance Committee on pages 115 to 118.	✓
9.11.6	Disclosures in the Annual Report		

SECTION	PRINCIPLE	DETAILS OF COMPLIANCE	COMPLIANCE STATUS
9.12 REMUNERATION COMMITTEE			
9.12.2	Availability of Remuneration Committee	Refer Human Resources and Remuneration Committee Report on pages 112 to 114.	✓
9.12.3 9.12.4	Remuneration Policy - Executive Directors/ Non-Executive Directors		
9.12.5	Terms of Reference		
9.12.6 (1)	Composition - Minimum of three (3) Directors out of which minimum of two (2) members shall be Independent Directors	Meets the requirement.	✓
9.12.6 (2)	Composition - Independent Director shall be appointed as the Chairperson of the Committee		
9.12.7	The functions of the Human Resources and Remuneration Committee	Refer the Human Resources and Remuneration Committee Report on pages 112 to 114.	✓
9.12.8	Disclosures in the Annual Report	Refer the Human Resources and Remuneration Committee Report on pages 112 to 114.	✓
9.13 AUDIT COMMITTEE			
9.13.1	Audit and risk functions	The audit and risk functions are carried out by Board Audit and Risk Committee.	✓
9.13.2	Terms of Reference	The Board Audit and Risk Committee has written terms of reference clearly defining its scope, authority, and duties. Refer report of the Board Audit and Risk Committee on pages 109 to 111.	✓
9.13.3 (1)	Composition - A Minimum of three (3) Directors, out of which a minimum of two (2) or a majority of the members, whichever is higher, shall be Independent	Board Audit and Risk Committee meets the requirements.	✓
9.13.3 (2)	Composition - The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be Independent Directors	Majority of the Committee members are independent.	✓
9.13.3 (3)	The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market	Board Audit and Risk Committee meets the requirements.	✓
9.13.3 (4)	Independent Director shall be appointed as the Chairperson of the Committee	Independent Director act as the Chairperson of the Committee.	✓
9.13.3 (5)	The CEO and the CFO shall attend the Audit Committee meetings by invitation	CEO and Executive Director-Finance attend meetings by invitation.	✓
9.13.3 (6)	The Chairperson of the Audit Committee shall be a member of a recognized professional accounting body	Chairperson of the Audit and Risk Committee is a member of recognized professional accounting bodies.	✓
9.13.4	The functions of the Audit Committee	Refer the report of the Board Audit and Risk Committee on pages 109 to 111.	✓
9.13.5	Disclosures in the Annual Report		

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SECTION	PRINCIPLE	DETAILS OF COMPLIANCE	COMPLIANCE STATUS
9.14 RELATED PARTY TRANSACTIONS REVIEW COMMITTEE			
9.14.1	Availability of Related Party Transactions Review Committee	Related Party Transactions Review Committee of the Company conforms to the requirements of the Section 9.14.	✓
9.14.2	Composition - A minimum of three (3) Directors, out of which two (2) members shall be Independent Directors. Committee may also include Executive Directors. An Independent Director shall be appointed as the Chairperson of the Committee	Meets the specified requirement.	✓
9.14.3	Functions of the Related Party Transactions Review Committee	Refer the report of the Related Party Transactions Review Committee on pages 119 and 120.	✓
9.14.4 (1)	The Committee shall meet at least once a calendar quarter	Meets the requirement.	✓
9.14.4 (2)	The Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed related party transactions	Refer the report of the Related Party Transactions Review Committee on pages 119 and 120.	✓
9.14.4 (3)	Approval of related party transactions by Board of Directors	No such requirement arisen,	
9.14.4 (4)	Approving transactions with conflict of interest	Refrains from decision-making.	
9.14.5	Review of related party transactions by the Related Party Transactions Review Committee	All related party transactions are reviewed by the Committee.	
9.14.6	Shareholder approval	There were no RPTs during the year which required Shareholder approval as set out in Section 9.14.6.	✓
9.14.7	Immediate disclosure	There were no RPTs during the year which required immediate market announcement as set out in Section 9.14.7.	✓
9.14.8 (1)	Related party disclosures Non-recurrent RPT exceeding 10% of the equity or 5% of the total assets, whichever is lower (in the specified format)	Refer Note 40 to the Financial Statements on “Related Party Disclosures” on pages 224 to 226.	✓
9.14.8 (2)	Recurrent RPT exceeding 10% of the gross revenue/income (in the specified format)	Refer Note 40 to the Financial Statements on “Related Party Disclosures”.	✓

SECTION	PRINCIPLE	DETAILS OF COMPLIANCE	COMPLIANCE STATUS
9.14.8 (3)	Related Party Transactions Review Committee Report Names of the Directors comprising the Committee Statement that Committee has reviewed RPTs and communicated comments/ observations to the Board	Refer the report of the Related Party Transactions Review Committee on pages 119 and 120.	✓
9.14.8 (4)	Affirmative declaration by the Board of Directors on compliance with related party transactions rules or negative statement to that effect.	Refer the Annual Report of the Board of Directors.	✓
9.14.9	Acquisition and disposal of assets from/to related parties	During the year, there were no acquisition/disposal of substantial assets from/to related parties.	✓
9.14.10	Exempted related party transactions	The provisions of the sections are considered when evaluating the related party transactions by the Committee.	✓
9.17 ADDITIONAL DISCLOSURES			
9.17	(i) Declaration of all material interests in contracts (ii) Review of internal controls and compliance and risk management by the Board (iii) Compliance with the applicable laws, rules and regulations (iv) Material non-compliances with laws and regulations	Refer the Annual Report of the Board of Directors.	✓

HOW WE GOVERN

Annexure 2 – Compliance with the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka

CODE REF.	COMPLIANCE AND IMPLEMENTATION	COMPLIANCE STATUS
SECTION 1 - THE COMPANY		
A	**Directors**	
A.1	**The Board**	
	Refer section on "Board of Directors" in this report.	✓
A.1.1	**Regular meetings**	
	The Board meets at least once in two months and each Sub-Committee has its own schedule of meetings as set out in the respective Committee reports. The regularity of Board meetings and the structure and process of submitting information have been agreed to and documented by the Board. The attendance at meetings is summarised on page 97. Information required to be reported to the Board under this Section is reported on a regular basis.	✓
A.1.2	**Role and responsibilities of the Board**	
	Refer section on "Role of Board" in this report.	✓
A.1.3	**Act in accordance with laws and seek independent professional advice**	
	The Board has an approved working procedure in place to facilitate compliance with the relevant laws, guidelines and best practices with regard to the operations of the Company. This includes provision to obtain independent professional advice as and when necessary by any Director coordinated through the Company Secretary.	✓
A.1.4	**Access to advice and services of Company Secretary**	
	All Directors are able to obtain the advice and services of the Company Secretary. The appointment and removal of the Company Secretary is a matter involving the whole Board under the Board Nomination and Governance Committee as it is a Key Management Position. The Company has obtained appropriate insurance cover for the Board of Directors.	✓
A.1.5	**Independent judgement**	
	Refer section on "Board of Directors" in this report.	✓
A.1.6	**Dedicate adequate time and effort to matters of the Board and the Company**	
	Refer section on "Board process" in this report.	✓
A.1.7	If necessary in the best interest of the Company, one-third of the Directors can call for a resolution to be presented to the Board.	N/A
A.1.8	**Induction and training of Directors**	
	Refer section on "Appointments, resignations and retirement of Directors" in this report.	✓
A.2	**Chairman and Chief Executive Officer**	
	The positions of the Chairman and the CEO have been separated in line with best practice in order to maintain a balance of power and authority. Refer section on "Role of Chairman and Chief Executive Officer" in this report.	✓
A.3	**Chairman's role**	
	Refer section on "Role of Chairman and Chief Executive Officer" in this report.	✓

CODE REF.	COMPLIANCE AND IMPLEMENTATION	COMPLIANCE STATUS
A.4	**Financial acumen**	
	Five senior Chartered/Chartered Management Accountants in the Board as of 31 March 2025 possess the necessary knowledge and competence to guide and advice on matters relating to finance.	✓
A.5 **A.5.1 - A.5.10**	**Board balance**	
	The Board comprises of seven Non-Executive Directors and three Executive Directors facilitating an appropriate balance within the Board. Out of Seven Non-Executive Directors, six are Independent Non-Executive Directors as per given criteria of the Code as of the year end. Refer section on "Board independence" in this report. There are no Alternate Directors appointed to represent the Directors of the Company and Senior Independent Directors. One meeting was held with the participation of only Non-Executive Directors.	✓
A.6	**Supply of information**	
	Refer Section on "Board process" in this report.	✓
A.7	**Appointments to the Board ; Nomination and Governance Committee**	
	Refer Section on "Appointments, retirements and resignations of Directors" and Nomination and Governance Committee Report.	✓
A.8	**Re-election and resignation**	
	Refer Section on "Re-election of Directors" in this report. Refer Section on "Appointments, retirements and resignations of Directors" of this report for resignation.	✓
A.9	**Appraisal of Board performance**	
	Refer Section on "Performance evaluation of Board and CEO" in this report.	✓
A.10	**Disclosure of information in respect of Directors**	
	Refer Board Profiles.	✓
A.11	**Appraisal of Chief Executive Officer**	
	Refer Section on "Performance evaluation of Board and CEO" in this report.	✓
B	**Directors' remuneration**	
B.1	**Remuneration procedure**	
	Refer section on "Directors' remuneration" in this report.	✓
B.2	**Human Resources and Remuneration Committee**	
	Refer Human Resources and Remuneration Committee Report.	✓
B.3	**Disclosure of remuneration**	
	Details of remuneration of the Executive and Non-Executive Directors remuneration – Refer Note 12 to the Financial Statements. Compensation to Senior Management Personnel reporting directly to CEO – Refer Note 40 to the Financial Statements.	✓

HOW WE GOVERN

CODE REF.	COMPLIANCE AND IMPLEMENTATION	COMPLIANCE STATUS
C	**Relations with shareholders**	
C.1	**Constructive use of the AGM and conduct of other General Meetings**	
	A summary of the procedures governing voting at General Meetings is included under "Shareholder engagement" section of this report.	✓
C.2	**Communication with shareholders**	
	Refer section on "Shareholder engagement" in this report. Annual report back cover states the contact details of Company Secretary for communication.	✓
C.3	**Disclosure of major and material transactions**	
	There were no transactions which would materially alter the Company's or Group's net assets nor any major related party transactions apart from those disclosed in Note 40 to the Financial Statements.	✓
D	**Accountability and audit**	
D.1	**Financial and business reporting**	
	All efforts are taken to ensure that the Annual Report presents a balanced review of the Company's financial position, performance, business model, governance, structure, risk management, internal controls, and challenges, opportunities and prospects combining narrative and visual elements to facilitate readability and comprehension. Due care has been exercised to ensure that all statutory requirements are compiled within the Annual Report and the issue of interim communications on financial performance which are reviewed by the Board Audit and Risk Committee and recommended prior to publication. The following reports include disclosures as required by the Code : ✶ Management Discussion and Analysis - Refer pages 41 to 84. ✶ Annual Report of the Board of Directors - Refer pages 131 to 139. ✶ Statement of Directors' Responsibility for Financial Reporting - Refer page 142. ✶ Directors' Statement on Internal Control over Financial Reporting and Risk Management - Refer pages 129 and 130. ✶ Chief Executive Officer's and Chief Financial Officer's Statement of Responsibility on page 143. ✶ Independent Auditors' Report on pages 144 to 148. ✶ Related party transactions are disclosed in Note 40 to the Financial Statements.	✓
D.2	**Process of risk management and a sound system of internal control to safeguard shareholders' investments and the Company's assets**	
	The Board Audit and Risk Committee assists the Board in discharge of its duties with regard to risk management and internal control which in turn is supported by the Internal Audit Division. Their responsibilities are summarized in the Board Audit and Risk Committee Report and how the Company manages risk is given in the "Risk Management" report on pages 123 to 128. Director's Statement on Internal Control over Financial Reporting and Risk Management – Refer pages 129 and 130.	✓
D.3	**Audit Committee**	
	Refer Board Audit and Risk Committee Report on pages 109 to 111 for composition, terms and reference, and the activities carried out by the Committee.	✓
D.4	**Risk Committee**	
	Audit and risk functions are combined under Board Audit and Risk Committee. No separate Risk Committee as mentioned in D.2 above.	N/a

CODE REF.	COMPLIANCE AND IMPLEMENTATION	COMPLIANCE STATUS
D.5	**Related Party Transactions Review Committee**	
	Refer Related Party Transactions Review Committee Report on pages 119 and 120 for composition, terms and reference, and the activities carried out by the Committee.	✓
D.6	**Code of Business Conduct & Ethics**	
	Refer sections on "Code of Business Conduct & Ethics" in this report.	✓
D.7	**Corporate governance disclosures**	
	Corporate Governance Report from pages 86 to 108 comply with the disclosure requirements of the Code.	✓
SECTION 11 - SHAREHOLDERS		
E & F	**Institutional and other investors**	
	Refer section on "Shareholder engagement" in this report.	✓
SECTION 111 - OTHER MATTERS		
G	**Internet of things and cyber security**	
	Refer section on "Internet of things and cyber security" on pages 95 and 96.	✓
H	**Sustainability: ESG risks and opportunities**	
	The Board considers sustainability/ESG-related risks and opportunities in the Company's business model, short and medium-term planning and in its long-term strategy that could reasonably expected to affect the Company's prospects. Although the Company is yet to adopt a framework for ESG reporting, ESG principles are embedded in our business and reported throughout this report. An external consultant was appointed to conduct a gap analysis for implementation of SLFRS S1 and S2. We continue to align our processes with the requirements of SLFRS S1 and S2 issued by the Institute of Chartered Accountants of Sri Lanka and intends to fulfill its requirements within the timeframe. Refer Management Discussion and Analysis on pages 41 to 84. Governance report on pages 86 to 108.	To be complied in future.

HOW WE GOVERN

CODE REF.	COMPLIANCE AND IMPLEMENTATION	COMPLIANCE STATUS
I	**Establishment and maintenance of policies**	
I.1	Policies relating to governance are maintained by the Company and details relating to implementation of such policies are hosted in the website. A list of such policies is given below; ✶ Matters relating to the Board of Directors ✶ Board Committees ✶ Corporate Governance, nominations and re-election ✶ Remuneration ✶ Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Company's listed securities ✶ Risk management and internal controls ✶ Relations with shareholders and investors ✶ Environmental, Social and Governance sustainability ✶ Control and management of company assets and shareholder investments ✶ Corporate disclosures ✶ Whistleblowing ✶ Anti-bribery and corruption	✓
I.2	The Company has established and maintained a formal policy governing matters relating to the Board of Directors. The policy should inter-alia address Board balance, diversity, frequency of meetings, maximum number of directors, number of meetings a Director should attend etc.	✓

REPORT OF THE BOARD AUDIT AND RISK COMMITTEE



Ms. Coralie Pietersz
Chairperson, Board Audit and Risk Committee

COMPOSITION OF THE COMMITTEE

The Board Audit and Risk Committee comprised four (04) Independent Non-Executive Directors (IND/NED) as at 31 March 2025.

SECRETARY TO THE COMMITTEE

Company Secretary

COMMITTEE MEMBERSHIP DURING THE YEAR 2024/25

BOARD MEMBER	DIRECTORSHIP STATUS	MEMBERSHIP STATUS	ATTENDANCE (ATTENDED/ ELIGIBLE TO ATTEND)
Ms. Coralie Pietersz	Independent/ Non-Executive	Chairperson	16/16
Mr. Stuart Chapman	Independent/ Non-Executive	Member	16/16
Ms. Hiroshini Fernando (Ceased to be a member from 01 October 2024)	Non-Independent/ Non-Executive	Member	06/06
Mr. Arjuna Herath (Appointed from 01 October 2024)	Independent/ Non-Executive	Member	08/10
Mr. Jonathan Alles (Appointed from 01 October 2024)	Independent/ Non-Executive	Member	08/10

Refer pages 24 to 28 for the profiles of the Committee members including directorships.

TERMS OF REFERENCE OF THE COMMITTEE

The Committee assists the Board in discharging its responsibilities and exercises independent oversight over financial reporting, the adequacy of internal control systems, management and monitoring of risk, internal audit, external audit, compliance with laws, regulations, code of conduct and implementation of the whistleblowing policy.

The Terms of Reference of the Committee (TOR) sets out the authority, composition, conduct of meetings, scope, and responsibilities. The TOR was reviewed by the Committee in March 2025.

The Terms of Reference and composition of the Committee are in line with the requirements of the Section 9.18.6 of the Listing Rules issued by CSE and the Section D.3 of the Code of Best Practice on Corporate Governance-2023 issued by the Institute of Chartered Accountants of Sri Lanka.

KEY RESPONSIBILITIES OF THE COMMITTEE

Key responsibilities include;

- Overseeing of the preparation, presentation and adequacy of disclosures in the financial statements in accordance with Sri Lanka Accounting Standards. Monitor and review adequacy and effectiveness of internal control systems in order to provide accurate, appropriate and timely information to the Board, regulatory authorities, management and other stakeholders.
- Overseeing of the compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements.
- Overseeing the processes to ensure that the internal controls and risk management, are adequate, to meet the requirements of the Sri Lanka Auditing Standards. Assessment of the independence and performance of the External Auditors.

REPORT OF THE BOARD AUDIT AND RISK COMMITTEE

- To make recommendations to the Board pertaining to appointment, re-appointment and removal of External Auditors and to approve the remuneration and terms of engagement of the External Auditors.
- Review Company's compliance with relevant legal, regulatory and accounting standards and discuss the significant financial reporting issues and judgements in the preparation and presentation of financial statements, external reports, and periodical evaluation of the effectiveness of such compliance processes.
- Exercise independent oversight of the Company's assurance functions, including external and internal audit and ensure the independence and effectiveness of both external and internal audit functions.
- Establish a policy for non-audit services provided by the External Auditors and review/oversee the non-audit services provided by the External Auditor in line with the Company's policy.
- Evaluate the adequacy, efficiency and effectiveness of the governance process.
- Engagement of independent advisors for specialised functions where deemed necessary.
- Approve and review the annual internal audit plan and review the internal audit findings, and liaise with the Company's Corporate Management to ensure that precautionary measures are taken to minimise and control weaknesses, procedure violations, frauds and errors.
- Reviewing the Terms of Reference of the Committee periodically and ensuring that it reflects the best practices of the industry at all times.

MEETINGS

The Committee held 16 meetings during the year under review.

Deputy General Manager (Internal Audit & Monitoring) attends the meetings by invitation. Group Chief Executive Officer/Executive Director (GCEO/ED) and the Executive Director-Finance attend the meeting by invitation on a regular basis. Other key management personal attend when required. The External Auditors attend as required.

External Auditors attended three meetings on invitation during the year, which included one meeting without the presence of the Management.

Additionally, the Committee also held two meetings with the Deputy General Manager (Internal Audit & Monitoring) and with the Executive Director-Finance without the presence of the Management.

The proceedings of the Board Audit and Risk Committee meetings are regularly reported to the Board.

ACTIVITIES DURING THE YEAR

Financial reporting

The Committee, as part of its responsibility, to oversee the financial reporting process on behalf of the Board of Directors, reviewed, and discussed with the Management, the annual and the quarterly financial statements prior to recommendation to the Board for approval for publication.

The Committee reviewed the financial statements taking into consideration the Sri Lanka Accounting Standards and other regulatory provisions relating to financial reporting, consistency and appropriateness of the accounting policies adopted, adequacy of disclosures and key judgements and estimates used in the preparation of the financial statements and issues arising from external audits.

The Committee also reviewed the Company's and the Group's ability to continue as a going concern and the adequacy of resources to be in business for the foreseeable future.

The Committee reviewed the effectiveness of the financial reporting systems in place to ensure the accuracy and reliability of the information provided and was of the view that adequate controls are in place to provide reasonable assurance that the financial reporting system is effective and provides accurate, reliable, and timely information.

Internal controls and risk management

The Committee assessed the adequacy and effectiveness of the Company's internal controls. A risk-based audit approach was adopted in planning the internal audits. The Committee assessed the effectiveness of the Company's internal controls by reviewing the reports submitted by the Internal Audit and External Auditors' Management Letter.

The Committee reviewed the risk management framework, practices, key risk indicators and reviewed the processes in place for identification, measuring, controlling and monitoring of significant risks. During the year, risk assessments and evaluations, current risk levels against the risk appetite levels and mitigation strategies were reviewed by the Committee. The risk map together with the mitigating controls are set out in the "Enterprise Risk Management" report. Assurance was also obtained from Group Chief Executive Officer/Executive Director and Key Management Personnel regarding the adequacy and effectiveness of the entity's risk management and internal control system.

The Directors' Statement on risk management and internal controls is given on pages 129 and 130.

Statutory and regulatory compliance

The Committee reviewed the procedures established by Management to comply with statutory and regulatory requirements.

Monthly reports were submitted to the Board on compliance with the statutory and regulatory requirements.

The Internal Audit Division conducts independent reviews covering statutory and regulatory compliance requirements.

Internal audit

During the year, the Committee continued to fulfil its mandate to monitor and review the scope, independence, objectivity and effectiveness of the activities of the Internal Audit Division. The Committee ensured that the internal audit function is independent of the activities it audits and that the division has authority to perform its work independently.

The Committee approved the annual internal audit plan prepared on a risk-based methodology at the beginning of the year. The Internal Audit Charter was approved during the year.

During the year under review, the Internal Audit Division carried out comprehensive audits covering the company and its subsidiaries and followed up on its recommendations. The areas covered and the regularity of audits were dependent on the risk profile for each process, with higher risk areas being subjected to more frequent audits. The Committee reviewed the Management's responses to issues raised and the implementation of recommendations.

The Board Audit and Risk Committee evaluated the independence, effectiveness and competency of the internal audit function, their resource requirements and made recommendations for required changes.

Effectiveness of the external audit

Prior to the commencement of the annual audit, the External Auditors presented their audit plan, audit approach, audit procedures and matters relating to the scope of the audit to the Committee. The key audit matters were discussed at the conclusion of the audit.

The Committee had one meeting with the External Auditors without management being present to discuss any issues encountered during the audits and to ensure access to required information and cooperation from the Management when conducting the audit.

The Committee reviewed the policy on engagement of External Auditors for non-audit services and fees paid for the year under review to the External Auditors with the aim of assessing the independence and objectivity of the External Auditors. The Committee also received a declaration from the External Auditors as required by the Companies Act No. 07 of 2007, confirming that they do not have any relationship or interests in the Company which may have a bearing on their independence. The current External Auditors Deloitte Partners; formerly known as PricewaterhouseCoopers are providing services since year ended 31 March 2018 and the current engagement partner in charge is overlooking the audit since 31 March 2021. Having reviewed these, the Committee is satisfied that the independence of the External Auditors has not been impaired.

The fees of the External Auditors for the year ended 31 March 2025 were approved by the Committee.

The Committee also reviewed the External Auditor's Management letter for the previous financial year with the Management's responses thereto and followed up on action taken by the Management on the auditor's recommendations.

The Committee has recommended to the Board that Deloitte Partners, Chartered Accountants be re-appointed as statutory auditors for the financial year ending 31 March 2026 subject to the concurrence of its recommendation by the Board and approval of the shareholders at the forthcoming Annual General Meeting.

Whistleblowing and fraud risk management

The whistleblowing policy continued as a component of the corporate fraud risk identification framework. This policy allows any employee, who has a legitimate concern, on an existing or potential "wrongdoing" by any person within the Company to come forward voluntarily and bring such concern to the notice of the Chairperson of the Board Audit and Risk Committee or the Deputy General Manager (Internal Audit & Monitoring). The whistleblowing policy was reviewed by the Committee during the year. Concerns raised are investigated and the identity of the person raising the concern is kept confidential. Anonymous complaints are also investigated under the said policy. This procedure continues to be monitored by the Committee.

REPORTING TO THE BOARD

The minutes of the Committee meetings were tabled at Board meetings, thereby providing Board Members with access to the deliberations of the Committee.

EVALUATION OF THE COMMITTEE

The Board Audit and Risk Committee fulfilled its responsibilities as set out in the Terms of Reference. The Committee undertook a self-evaluation/appraisal of the effectiveness of executing these responsibilities during the year and conduct of meetings and was satisfied that the Committee had carried out its responsibilities effectively during the year ended 31 March 2025.



Coralie Pietersz
Chairperson-Board Audit and Risk Committee

28 May 2025

HUMAN RESOURCES AND REMUNERATION COMMITTEE REPORT



Mr. Arjuna Herath
Chairman, Human Resources and Remuneration Committee

COMPOSITION OF THE COMMITTEE

The Human Resources and Remuneration Committee comprised three (03) Independent Non-Executive Directors (IND/NED) and one (01) Non Independent Non-Executive Director as at 31 March 2025.

REGULAR ATTENDEES TO THE COMMITTEE MEETINGS BY INVITATION:

- Group Chief Executive Officer/ Executive Director (GCEO/ED)
- Other Key Management Personnel on need basis

SECRETARY TO THE COMMITTEE

Company Secretary

COMMITTEE MEMBERSHIP DURING THE YEAR 2024/25

BOARD MEMBER	DIRECTORSHIP STATUS	MEMBERSHIP STATUS	ATTENDANCE (ATTENDED/ ELIGIBLE TO ATTEND)
Mr. Arjuna Herath (Appointed as a member/ Chairman from 01 October 2024)	Independent/ Non-Executive	Chairman	1/1
Mr. Devaka Cooray	Independent/ Non-Executive	Member	3/3
Ms. Hiroshini Fernando	Non-Independent/ Non-Executive	Member	3/3
Mr. Vish Govindasamy (Appointed from 01 October 2024)	Independent/ Non-Executive	Member	1/1
Ms. Coralie Pietersz (Ceased to be a member from 01 October 2024)	Independent/ Non-Executive	Member	2/2
Mr. Stuart Chapman (Former Chairman, ceased to be a member from 01 October 2024)	Independent/ Non-Executive	Member	2/2

Refer pages 24 to 28 for the profiles of the Committee members including directorships.

TERMS OF REFERENCE OF THE COMMITTEE

The Terms of Reference (TOR) of the Committee sets out the composition, authority, conduct of meetings, scope and the responsibilities. The Terms of Reference and composition of the Committee are in line with the requirements of the Section 9.12 of the Listing Rules of the Colombo Stock Exchange (CSE Rules) and the Section B.2 of the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka (the Code). The CSE Rules and the Code were taken into consideration when the Terms of Reference of the Committee was reviewed and recommended to the Board.

KEY RESPONSIBILITIES OF THE COMMITTEE

Formulating remuneration policy and its specific application to the CEO, Executive Directors and general application to the Key Management Personnel (KMP) below the main Board.

- Recommending and deciding (as relevant) on remuneration and all incentive awards including any equity incentive awards and terminal benefits/pension rights for the CEO, any other Executive Directors and KMP.
- Evaluating the performance of the CEO, management development plans and succession planning;
- Reviewing/monitoring evaluation of performance of Executive Directors, KMP and their management development and succession planning.
- Evaluating strategic human resources policies.

- Communicate with shareholders on the remuneration policy and the Committee's work on behalf of the Board through a remuneration committee report.
- Recommending and ensuring that the appropriate service contracts are available for CEO, Executive Directors and KMP.
- Determining the terms of any compensation package in the event of early termination of the contract of any CEO, Executive Directors and KMP.
- Obtaining once in three years market benchmarks of remuneration of comparable companies in respect of CEO, executive and Non-Executive directors, and KMPs.

POLICY

The remuneration policy of the Company is designed to attract, motivate and retain staff with the appropriate professional, managerial and operational expertise to achieve the objectives of the Company in a competitive environment.

The Committee determines the Group's policy on Executive Directors' and Key Management Personnel's remuneration. The objectives of the policy are;

- To reward Executive Directors and Key Management Personnel in a manner that ensures that they are properly incentivised and motivated to perform in the best interests of the Company over the long term; and
- To provide the level of remuneration required to attract and retain Executive Directors and Key Management Personnel of appropriate calibre.

METHODOLOGY ADOPTED BY THE COMMITTEE

The Committee recognizes rewards as one of the key drivers influencing employee behaviour, thereby impacting business results. Therefore, the reward programmes are designed to attract, retain and motivate employees to perform by linking performance to demonstrable performance based criteria. In this regard, the Committee evaluates the performance of the Group CEO/Executive Director against the pre-agreed targets that balance short-term and long-term financial and strategic objectives of the Company.

The Company's variable (bonus) pay plan is determined according to the overall achievements of the Company and pre-agreed individual targets, which are based on various performance parameters. The level of variable pay is set to ensure that individual rewards reflect the overall performance of the Company, the particular business unit and individual performance. The Committee makes appropriate adjustments to the bonus pool in the event of over or under achievement against predetermined targets.

Further, the Committee may seek external agencies to carry out salary surveys to determine the salaries paid to staff in relation to the market position, enabling the Committee to make informed decisions regarding the salaries and perquisites in the Company.

EMPLOYEES' REMUNERATION

Overall remuneration of employees including the KMPs, is based on several factors such as skills, experience, responsibility, performance and industry average.

The comprehensive compensation structure includes the Company's, perquisites, and benefits designed to attract and retain top talent. Performance bonuses are aligned with the Company's strategic objectives. These elements collectively form a robust compensation package aimed at rewarding performance, driving long- term success, and aligning the interests of the Company with those of the Company shareholders.

Employees are informed of the Key Performance Indicators in advance and are evaluated against such pre-agreed targets. Employee remuneration consists of a fixed component and a variable component.

DIRECTORS' REMUNERATION

The remuneration packages awarded to Executive Directors are intended to be competitive and comprise a mix of fixed and variable components. Variable remuneration is linked to the achievement of Key Performance Indicators and profitability of the Company.

The remuneration of Non-Executive Directors adopts the principle of non-discriminatory pay practices to ensure that their independence is not impaired and also reflects the time, commitment and responsibilities of their role and is based on industry and market surveys. The Non-Executive Directors receive a fee for serving on the Board and Board Sub Committees.

The remuneration of the Chairman of the Board is determined by the Board, excluding the Chairman. The remuneration of the Non-Executive Directors is reviewed and recommended to the Board by the Human Resources and Remuneration Committee and the GCEO/ED.

The aggregate remuneration paid to the Executive Directors and the fees paid to the Non-Executive Directors for serving on the Board and attending Board and Board Sub Committee Meetings are disclosed in Note 12 to the financial statements.

ACTIVITIES DURING THE YEAR

During the year, the Committee;

- Reviewed the performance evaluation of Group Chief Executive Officer/Executive Director and provided key observations and recommendations to the Board.
- Reviewed the succession plans for identified KMPs to ensure the career progression of key individuals and the availability of suitable candidates to meet the long terms needs of the Company.

HUMAN RESOURCES AND REMUNERATION COMMITTEE REPORT

- Reviewed and recommended the performance based rewards for staff, considering the applicable scheme, the Company's performance for the approval of the Board.
- Reviewed and recommended the incentive plans for the subsidiary Executive Directors.
- Reviewed and revised the TOR of the Committee.

PROFESSIONAL ADVICE

The Committee, when necessary engage external independent professional advice on matters within the purview of the Committee and invites professional advisors with relevant experience to assist in carrying out various duties.

SHARE OPTIONS FOR DIRECTORS

The Company does not have a share option scheme for members of the Board. The Articles of Association do not contain a shareholding guideline for Key Management Personnel.

REPORTING TO THE BOARD

The minutes of the Committee meetings were tabled at Board meetings, thereby providing the Board members with access to the deliberations of the Committee.

MEETINGS

The Committee held three meetings during the year. Attendance of members at such meetings are given on page 97 of the annual report.

PERSONAL LOANS TO DIRECTORS

None of the Directors have taken loans from the Company.

EVALUATION OF THE COMMITTEE

The Committee undertook a self-evaluation of the effectiveness of executing its responsibilities during the year and was satisfied that the Committee had carried out its responsibilities effectively during the year ended 31 March 2025.



Arjuna Herath
Chairman, Human Resources and Remuneration Committee

28 May 2025

REPORT OF THE NOMINATION AND GOVERNANCE COMMITTEE



Mr. Stuart Chapman
Chairman, Nomination and Governance Committee

COMPOSITION OF THE COMMITTEE

The Nomination and Governance Committee comprised three (03) Independent Non-Executive Directors (IND/NED) and one (01) Non Independent Non-Executive Director as at 31 March 2025.

REGULAR ATTENDEES TO THE COMMITTEE MEETINGS BY INVITATION:

- Group Chief Executive Officer/ Executive Director (GCEO/ED)
- Other Key Management Personnel on need basis

SECRETARY TO THE COMMITTEE

Company Secretary

COMMITTEE MEMBERSHIP DURING THE YEAR 2024/25

BOARD MEMBER	DIRECTORSHIP STATUS	MEMBERSHIP STATUS	ATTENDANCE (ATTENDED/ ELIGIBLE TO ATTEND)
Mr. Stuart Chapman (Appointed w.e.f. 28 March 2024)	Independent/ Non-Executive	Chairman	7/7
Mr. Devaka Cooray (Appointed w.e.f. 28 March 2024)	Independent/ Non-Executive	Member	7/7
Ms. Hiroshini Fernando (Appointed w.e.f. 28 March 2024)	Non-Independent/ Non-Executive	Member	7/7
Mr. Vish Govindasamy (Appointed w.e.f. 01 October 2024)	Independent/ Non-Executive	Member	3/5

Refer pages 24 to 28 for the profiles of the Committee members including directorships.

TERMS OF REFERENCE OF THE COMMITTEE

The Nomination and Governance Committee (the Committee) was established for the purpose of advising the Board in relation to new appointments, re-elections, re-appointments, succession planning, training needs of the Board members and functions related to governance.

The Terms of Reference (TOR) of the Committee sets out the authority, composition, conduct of meetings, scope and responsibilities. The Terms of Reference and composition of the Committee are in line with the requirements of the Section 9.11 of the Listing Rules of the Colombo Stock Exchange (CSE Rules) and the Section A.7 of the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka (the Code).

KEY RESPONSIBILITIES OF THE COMMITTEE

- To evaluate the appointment of Directors to the Board and Board Committees of the Company.
- To establish and maintain a formal and transparent procedure to evaluate, select and appoint/re-appoint Directors of the Company.
- To consider and recommend (or not recommend) the re-appointments/re-elections of current Directors.
- To consider the selection and appointment of a Chairman in case a vacancy arises.
- To establish and maintain a process for the periodic evaluation of the performance of Company's Directors and the CEO to ensure that their responsibilities are satisfactorily discharged.
- To develop a succession plan for the Board and Key Management Personnel of the Company.
- To regularly review the structure, size, composition of the Board and Board Committees with regard to effective discharge of duties and responsibilities and make recommendations to the Board with regard to changes required.

REPORT OF THE NOMINATION AND GOVERNANCE COMMITTEE

- To review and recommend the overall corporate governance framework of the Company.
- To periodically review and update the corporate Governance Policies/Framework of the Company in line with the regulatory and legal developments relating to same, as a best practice.
- To receive reports from the Management on compliance with the corporate governance framework of the Company.
- To propose the maximum number of listed company Board representations which any Director may hold and identify and propose the names of companies which could result in a conflict of interest, if a Director of the Board were to accept a directorship.
- To recommend insurance cover to be taken in respect of all directors and other Key Management Personnel.

ACTIVITIES DURING THE YEAR

Appointment of Directors

The policy on the nomination of Directors to the Board and Board Sub-Committees was designed to ensure transparency, fairness, and alignment with the corporate strategy. During the year under review, when vacancies arose, the Nomination and Governance Committee followed this policy and conducted a thorough review of potential candidates.

This process involved identifying individuals with diverse backgrounds and experiences to complement the existing Board composition. Candidates were evaluated based on their qualifications, skills, expertise, industry knowledge, and their ability to contribute effectively to the Board's deliberations and decision-making processes. Following a comprehensive assessment, the Committee recommended suitable candidates for the consideration of the Board, which then made the final decisions regarding such appointments.

The Committee recognized board diversity as an essential factor for effective performance and ensured diversity in terms of expertise, age, and gender when appointing Directors during the year under review.

To fill the casual vacancies from the retirement and resignation of Directors during the year, the Committee identified suitable candidates and recommended the appointments of Mr. Vish Govindasamy, Mr. Arjuna Herath, Mr. Jonathan Alles, and Mr. Buddhika Singhage.

The Committee ensured that induction programmes/orientation sessions were conducted for newly appointed Directors on Corporate Governance, the CSE rules, securities market regulations and other applicable laws and regulations and the updates on such regulations and other applicable laws and regulations were circulated to the Board of Directors, from time to time. This is to ensure they have a thorough understanding of their roles and responsibilities.

Board Sub Committees

The Committee reviewed the structure, skills and the composition of the Board Sub-Committees on an on-going basis and undertook a thorough process to identify and assess suitable candidates to fill the vacancies created and made recommendations to the Board in respect of the appointment of members to the Board Sub-Committees.

The minutes of the Sub-Committee meetings were tabled at the Board meetings thereby providing the Board members with access to the deliberations of the Sub-Committees.

The Chairman/Chairpersons of the Sub-Committees communicated updates regarding any major company issues to all Directors to ensure transparency and accountability to stakeholders.

Succession planning

The Committee continued to develop the succession planning process of the Company aiming at seamless leadership transition of the second tier of leadership for identified KMPs. During the year group sessions and individual coaching programmes were conducted for the identified successors. Individual Development Plans were agreed to further develop the leadership team with continuous, topical, and tactical leadership skills. This process will continue in 2025/26.

The Committee also reviewed the succession plan for the Group CEO, Executive Directors and the key Management Personnel and made its recommendations to the Board.

The Committee also reviewed the structured succession plan, recognizing the strategic importance of leadership continuity for key management positions. A skills matrix framework was adopted to evaluate candidates against the strategic needs of the Group. Based on this evaluation the Committee identified a suitable candidate for the position of COO and made its recommendation to the Board for consideration.

The Nomination and Governance Committee conducted evaluations on the performance of the Board of Directors and the Sub Committees to ensure that their responsibilities are satisfactorily discharged. The CEO's evaluation was conducted by the Human Resources and Remuneration Committee during the year based on the Key Performance Indicators that were set at the commencement of the year.

Re-election of Directors

As per the Article 82 of the Articles of Association of the Company, at each Annual General Meeting, one third of the Directors excluding the Chairman, Executive Directors are subject to retirement by rotation.

As per the provisions of Article 83 of the Articles of Association of the Company, the Directors to retire every year shall be those who, being subject to retirement by rotation, have been the longest in office since their last election or appointment. A retiring Director shall be eligible for re-election. Mr. Stuart Chapman and Ms. Coralie Pietersz retire by rotation in terms of Article 83 of the Articles of Association of the Company.

As per the Article 89 of the Articles of Association of the Company any Director including Executive Directors appointed to fill a casual vacancy or as an additional Director hold office until the next Annual General Meeting and shall then be eligible for re-election. Mr. Arjuna Herath, Mr. Jonathan Alles, and Mr. Buddhika Singhage retire in terms of Article 89 of the Articles of Association of the Company.

Accordingly, the Committee noted the following information regarding the Directors who are to be re-elected during the year as aforesaid.

Name of the Director	Board Committees in which the Director is a Chairman	Date of first appointment as Director	Date of last re-appointment	Directorships or Chairpersonships and other principal commitments both present and those held over the preceding three years in other Listed Entities	Any relationships including close family relationships between the Director, the Listed Entity or its shareholders holding more than ten per-centum (10%) of the shares of the Listed Entity
Mr. Stuart Chapman	Nomination and Governance Committee	September 2016	29 June 2022	Refer 'Board of Directors' given on Pages 24 to 28	None
Ms. Coralie Pietersz	Board Audit and Risk Committee	01 April 2021	28 June 2023		Independent Non-Executive Director of R I L Property PLC
Mr. Arjuna Herath	Human Resources and Remuneration Committee	15 July 2024	N/A		Independent Non-Executive Director of R I L Property PLC
Mr. Jonathan Alles	Related Party Transactions Review Committee	01 September 2024	N/A		None
Mr. Buddhika Singhage	None	01 January 2025	N/A		None

The Nomination and Governance Committee reviewed the above re-elections and made its unanimous recommendation to the Board of Directors.

The annual performance evaluation of the Board of Directors and the CEO/Executive Directors was conducted during the year.

Declarations with regard to the assessment of Independence/Non-Independence of Directors for the year 2024/25 were submitted by the Directors as per the CSE rules and the Code. Based on the declarations and other information, the Board has determined that all Non-Executive Directors other than Ms. Hiroshini Fernando are independent.

The Committee declares that the Company is in compliance with the Corporate Governance Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance 2023, except for ESG reporting.

Although the Company is yet to adopt a framework for ESG reporting, ESG principles are embedded in our business. An external consultant was appointed to conduct a gap analysis for implementation. We continue to align our processes and intends to fulfill this requirement within the timeframe.

REPORT OF THE NOMINATION AND GOVERNANCE COMMITTEE

MEETINGS

The Committee held seven meetings during the year.

The Members of the Committee do not participate in decisions relating to their own re-appointment/re-election.

PROFESSIONAL ADVICE

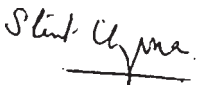
The Committee has the authority to seek external professional advice on matters within its purview whenever required.

REPORTING TO THE BOARD

The minutes of the Committee meetings were tabled at Board meetings, thereby providing the Board members with access to the deliberations of the Committee.

EVALUATION OF THE COMMITTEE

The Committee undertook a self-evaluation of the effectiveness of executing these responsibilities during the year and conduct of meetings, the Committee's interaction with the Board, Board Sub-Committees and the Management and was satisfied that the Committee had carried out its responsibilities effectively during the year ended 31 March 2025.



Stuart Chapman
Chairman-Nomination and Governance Committee

28 May 2025

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REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE



Mr. Jonathan Alles
Chairman, Related Party Transactions Review Committee

COMPOSITION OF THE COMMITTEE

The Related Party Transactions Review Committee comprised three (03) Independent Non-Executive Directors (IND/NED) and one (01) Executive Director as at 31 March 2025.

REGULAR ATTENDEES TO THE COMMITTEE MEETINGS BY INVITATION:

- Group Chief Executive Officer/ Executive Director (GCEO/ED)
- Deputy General Manager- Internal Audit & Monitoring (DGM-IA & M)
- Other Key Management Personnel on need basis

SECRETARY TO THE COMMITTEE

Company Secretary

COMMITTEE MEMBERSHIP DURING THE YEAR 2024/25

BOARD MEMBER	DIRECTORSHIP STATUS	MEMBERSHIP STATUS	ATTENDANCE (ATTENDED/ ELIGIBLE TO ATTEND)
Mr. Jonathan Alles (Appointed w.e.f. 01 October 2024)	Independent/ Non-Executive	Chairman	3/3
Mr. Stuart Chapman (Chairman of the Committee until 01 October 2024)	Independent/ Non-Executive	Member	5/5
Mr. Thushara Jayasekara (Appointed w.e.f. 01 October 2024)	Executive Director	Member	3/3
Mr. Vish Govindasamy (Appointed w.e.f. 01 October 2024)	Independent/ Non-Executive	Member	2/3
Ms. Coralie Pietersz (Appointed w.e.f. 27 June 2024 and ceased to be a member w.e.f. 01 October 2024)	Independent/ Non-Executive	Member	2/2
Mr. Devaka Cooray (Ceased to be a member w.e.f. 01 October 2024)	Independent/ Non-Executive	Member	1/1
Mr. Ananda Atukorala (Ceased to be a member w.e.f. 28 June 2024)	Independent/ Non-Executive	Member	1/1

Refer pages 24 to 28 for the profiles of the Committee members including directorships.

TERMS OF REFERENCE OF THE COMMITTEE

The Committee is governed by the written terms of reference which is designed to discharge the Committee's purpose, duties and responsibilities.

The Committee's responsibilities are set out in accordance with requirements stipulated by Section 9.14 of Listing Rules of the Colombo Stock Exchange (CSE Rules) and Section D.5 of the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka (the Code).

The CSE Rules and the Code were taken into consideration when the Terms of Reference (TOR) of the Committee was reviewed by the Committee during the year.

The Committee assists the Board in reviewing all related party transactions (RPTs) carried out by the Company to ensure that the interests of shareholders as a whole are safeguarded when entering into RPTs. The Committee also ensures that Directors, Key Management Personnel (KMP), and shareholders with significant shareholding in the Company do not obtain any undue advantage due to their positions, thereby preventing conflicts of interest. Furthermore, the Committee assists the Board in maintaining transparency in relation to RPTs through the required disclosures.

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

KEY RESPONSIBILITIES OF THE COMMITTEE

- To ensure that the Company complies with the CSE Rules on related party transactions.
- To establish a procedure to identify and review related party transactions that are recurrent and non-recurrent.
- To review in advance all proposed related party transactions (RPTs).
- To make immediate market disclosures on applicable related party transactions as required by the CSE Rules.
- To update the Board on the related party transactions of the Company on a quarterly basis.
- To include appropriate disclosures on related party transactions in the Annual Report as required by the CSE Rules.

METHODOLOGY ADOPTED BY THE COMMITTEE

- A mechanism is in place to obtain quarterly declarations from all Directors, whereby they are required to inform the Company Secretary the designated primary contact for Directors of any existing or potential related party transactions (RPTs) involving themselves, their close family members, or dependents.
- Obtaining regular declarations from KMPs, to elicit information about any existing or potential RPTs.
- Annual declarations are submitted by Directors to the Company's External Auditors immediately after the closure of the financial year for external audit purposes.
- Obtaining independent validation from Internal Audit Division for information submitted to the Committee for its review.

The Members do not participate in any discussion of a proposed related party transaction in which he or she is a related party, except that the Member, at the request of the Committee, may participate in discussions for the purpose of providing information concerning the RPTs to the Committee.

ACTIVITIES DURING THE YEAR

- The Committee reviewed all RPTs carried out during the year at its meetings and communicated its comments/observations to the Board of Directors.
- The Committee reviewed the Terms of Reference and recommended to the Board for approval.

The related party transactions in terms of LKAS 24 - "Related Party Disclosures", are given in Note 40 to the financial statements.

MEETINGS

The Committee held five meetings during the year.

PROFESSIONAL ADVICE

During the year, the Committee obtained external professional advice in respect of the classifications of recurrent and non-recurrent related party transactions.

RECURRENT RELATED PARTY TRANSACTIONS

The recurrent related party transactions which of aggregate value exceeded 10% of the gross revenue of the Company as per audited financial statements as at 31 March 2025, which required additional disclosure in this Annual Report are given in Note 40 to the financial statements.

NON-RECURRENT RELATED PARTY TRANSACTIONS

There were no non-recurrent related party transactions in which aggregate value exceeded 10% of the equity or 5% of the total assets whichever is lower of the Company as per audited financial statements as at 31 March 2025, which required additional disclosure in this annual report.

REPORTING TO THE BOARD

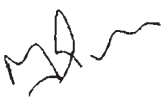
The minutes of the Committee meetings were tabled at Board meetings, thereby providing Board Members with access to the deliberations of the Committee.

EVALUATION OF THE COMMITTEE

The Committee undertook a self-evaluation of the effectiveness of executing these responsibilities during the year, conduct of meetings, and the Committee's interaction with the Board, and was satisfied that the Committee had carried out its responsibilities effectively during the year ended 31 March 2025.

DECLARATION BY THE COMMITTEE

A declaration by the Board of Directors in respect of the related party transaction as per the CSE Rules is given in the Annual Report of the Board of Directors on the affairs of the Company on page 133.



Jonathan Alles
Chairman-Related Party Transactions Review Committee

28 May 2025

REPORT OF THE STRATEGY REVIEW COMMITTEE



Mr. Vish Govindasamy
Chairman, Strategy Review Committee

COMPOSITION OF THE COMMITTEE

The Strategy Review Committee comprised four (04) Independent Non-Executive Directors (IND/NED) and one (01) Non-Independent Non-Executive Director as at 31 March 2025.

REGULAR ATTENDEES TO THE COMMITTEE MEETINGS BY INVITATION:

- Chairman
- Group Chief Executive Officer/ Executive Director (GCEO/ED)
- Executive Directors
- Other Key Management Personnel on need basis

SECRETARY TO THE COMMITTEE

Company Secretary

COMMITTEE MEMBERSHIP DURING THE YEAR 2024/25

BOARD MEMBER	DIRECTORSHIP STATUS	MEMBERSHIP STATUS	ATTENDANCE (ATTENDED/ ELIGIBLE TO ATTEND)
Mr. Vish Govindasamy (Appointed w.e.f. 01 October 2024)	Independent/ Non-Executive	Chairman	1/1
Ms. Hiroshini Fernando	Non-Independent/ Non-Executive	Member	1/1
Mr. Stuart Chapman (Ceased to be the Chairman w.e.f. 01 October 2024)	Independent/ Non-Executive	Member	1/1
Mr. Arjuna Herath (Appointed w.e.f. 01 October 2024)	Independent/ Non-Executive	Member	-
Mr. Jonathan Alles (Appointed w.e.f. 01 October 2024)	Independent/ Non-Executive	Member	-
Mr. Chanaka Yatawara (Ceased to be a member w.e.f. 01 October 2024)	Executive Director	Member	1/1
Mr. Devaka Cooray (Ceased to be a member w.e.f. 01 October 2024)	Independent/ Non-Executive	Member	1/1
Mr. Thushara Jayasekara (Ceased to be a member w.e.f. 01 October 2024)	Executive Director	Member	1/1

Refer pages 24 to 28 for the profiles of the Committee members including directorships.

TERMS OF REFERENCE OF THE COMMITTEE

The Strategy Review Committee (SRC) was established by the Board to support its oversight of the Company's long-term strategy, business direction, and major strategic initiatives. The Committee is responsible for reviewing and making recommendations to the Board on the Company's strategic direction, annual budget, and major investment proposals.

The Terms of Reference of the Committee sets out the composition, authority, conduct of meetings, scope and responsibilities.

KEY RESPONSIBILITIES OF THE COMMITTEE

The Strategy Review Committee plays an advisory role to the Board by providing oversight on the Group's medium and long-term strategic direction. Its key responsibilities include:

- Strategic planning: Reviewing the Group's strategic and action plans, including associated KPIs, timelines, and accountability frameworks, and recommending them to the Board for approval.
- Capital investment and diversification: Evaluating major investment proposals and strategic initiatives, including mergers, acquisitions, joint ventures, and divestitures, and assessing their alignment with the Group's objectives.

REPORT OF THE STRATEGY REVIEW COMMITTEE

- Market and industry analysis: Monitoring macroeconomic, regulatory, competitive, and technological trends and advising the Board on emerging opportunities and risks.
- Alignment and integration: Ensuring Group strategies are aligned with ESG goals, innovation, digital transformation, and the plans of subsidiaries and business units.
- Monitoring and reporting: Receiving quarterly updates on strategy execution, recommending course of actions where needed, and reporting key insights and recommendations to the Board.
- Governance: Periodically reviewing the Committee's Terms of Reference and undertaking additional tasks assigned by the Board.

ACTIVITIES DURING THE YEAR

The Committee carried out the following activities during the year 2024/25.

- Assisted the Board by reviewing and evaluating the business strategies and making recommendations to strengthen core competencies of the Company.
- Deliberated on the actions to be taken to increase the contribution from the subsidiaries for the Group performance.
- Discussed key issues, options and external developments impacting the Company's strategies.
- Reviewed and revised the TOR of the Committee.

MEETINGS

The Committee held one meeting during the year.

REPORTING TO THE BOARD

The minutes of the Committee meetings were tabled at Board meetings, thereby providing the Board members with access to the deliberations of the Committee.

REVIEW OF FUNCTION OF THE COMMITTEE

Review of the functions of the Committee takes place annually and as and when required.



Vish Govindasamy
Chairman-Strategy Review Committee

28 May 2025

ENTERPRISE RISK MANAGEMENT

RISK LANDSCAPE

The Sri Lankan economy continued its recovery in 2024 following the severe downturn in the economy. The country has made significant progress in stabilizing key macroeconomic indicators, supported by structural reforms under the IMF's extended fund facility and enhanced political stability following the presidential and general elections. A reduction in inflationary pressures, improved foreign reserves, and a more stable exchange rate have contributed to a more predictable business environment. However, the risk landscape remains uncertain due to persistent challenges, including potential changes in Government policies stemming from the significant political shift, as well as risks related to credit, liquidity, and operational aspects. Additionally, the rapidly evolving risks associated with information technology and cyber security necessitate that businesses remain agile and adaptive.

A major development impacting the automobile industry was the three stage vehicle import ban relaxation, effective from October 2024, after four years. While this has created new opportunities for market expansion, the industry faces challenges such as increased import costs, evolving tax policies, and regulatory changes. Although the Government's import restrictions negatively impacted revenue from new vehicle sales given the unavailability of brand-new vehicles except for those assembled during the period under review, the lifting of the import ban is expected to have a positive impact on vehicle sales revenue in future. Despite the challenging operating environment, the Group demonstrated resilience and successfully navigated the uncertainties during the year. Comprehensive financial planning under multiple scenarios has been undertaken to ensure business continuity. Liquidity and banking facilities remain stable, enabling the Group to effectively manage potential challenges. Moving forward, proactive risk mitigation strategies, strategic planning, and operational flexibility will be essential to sustaining growth and capitalizing on emerging opportunities in the evolving market landscape.

OBJECTIVES, PRINCIPLES AND CULTURE TOWARDS RISK MANAGEMENT

Our risk management framework empowers Management to proactively identify, assess, and address uncertainties and associated risks, thereby strengthening the organization's ability to create and sustain stakeholder value. This process involves the implementation of comprehensive policies, procedures, and practices designed to systematically identify and evaluate risks. Through the application of effective mitigation strategies, we aim to minimize both the likelihood and impact of potential risks. Additionally, continuous monitoring and reporting ensure that risk controls remain effective and responsive to evolving challenges.

The primary objectives of the risk governance framework and risk management functions are;

- to establish the necessary organizational structure for the management and oversight of risk;
- to define the desired risk profile in terms of risk appetite and risk tolerance levels;
- to analyse risk to establish functional responsibility for decisions relating to accepting, transferring, mitigating and minimizing risks and recommending the best ways;
- to evaluate and monitor the risk profile against the risk appetite on an ongoing basis;
- to estimate potential losses that could arise from risk exposures and;
- to promote better communication of risk across all levels.



RISK GOVERNANCE STRUCTURE

The Board is primarily responsible for overseeing that risks are identified and appropriately managed and also to identify risks that do not match the risk appetite. The Board Audit and Risk Committee, to which this function has been delegated, reviews the effectiveness of the risk management process, including the systems established to identify, measure, control, monitor and report risks. Internal Audit function, being a part of the Board Audit and Risk Committee, plays a key role in this process.

ENTERPRISE RISK MANAGEMENT

While the Board and Board Audit and Risk Committee oversee the entire risk management, the group has established the "Three Lines of Defense" model.

Divisional key staff are responsible for the identification and management of risk within the scope of their role and to monitor risk factors that could potentially affect business decisions.

The Divisional heads takes the lead in identifying risks and to ensure compliance with set policies and procedures in line with the risk appetite. The Divisional heads examines processes and events, uncertainties and changes in the environment that might expose to situations that could seriously reduce future earnings impair its asset value or create legal, regulatory or reputational risks. Divisional heads are responsible to design and implement appropriate policies and controls to mitigate risks.

Internal Audit as third line of defense provides independent assurance on risk management procedures and assess the effectiveness of procedures at an operational level to mitigate risks.

1ST LINE OF DEFENCE - DIVISIONAL STAFF	2ND LINE OF DEFENCE - DIVISIONAL HEADS	3RD LINE OF DEFENCE - INTERNAL AUDIT
✶ Day-to-day management of risks during operations. ✶ Monitors risks factors that could potentially affect business decisions.	✶ Design and implementation of appropriate policies and control procedures to mitigate risks. ✶ Ensures all divisions function in accordance with policies and procedures in line with the risk appetite.	✶ Provides independent assurance on implementation of risk management procedures to the Board Audit and Risk Committee. ✶ Assesses effectiveness of procedures at an operational level to mitigate risk.

RISK MANAGEMENT PROCESS

Risk management is an ongoing process of identifying, evaluating, and assessing risks. Identified risks are mapped onto a grid to determine their materiality in relation to value creation. This grid considers both the likelihood of occurrence and the potential impact of each risk. The likelihood of occurrence is evaluated based on historical data, industry conditions, and existing mitigating controls. Meanwhile, the impact of an event is assessed by estimating the potential financial loss and the broader business implications.

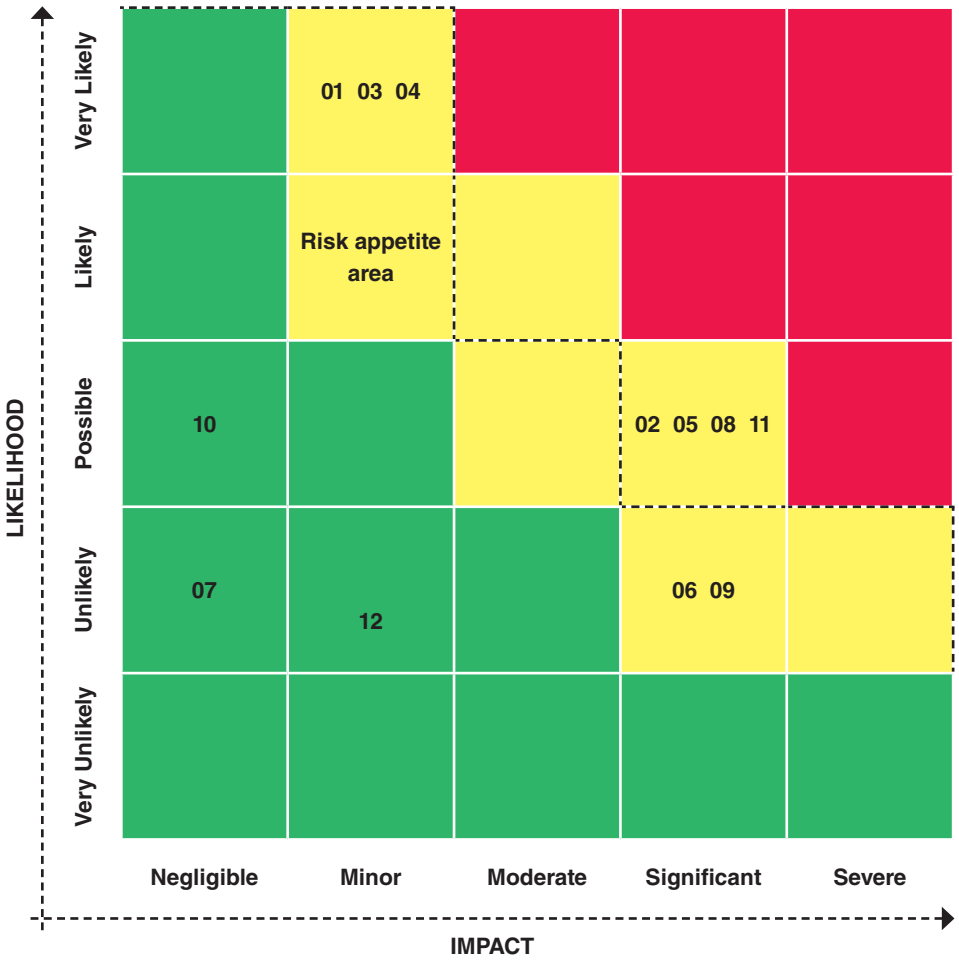
The positioning of a risk on the risk map determines whether it falls within or exceeds the Group's risk appetite. This assessment guides the extent to which risk mitigation measures should be implemented.

Risk categories and heat map:

RISK IMPACT	
Severe/Catastrophic	5
Significant/Major	4
Moderate	3
Minor	2
Negligible	1

RISK LIKELIHOOD	
Very Likely	5
Likely	4
Possible	3
Unlikely	2
Very Unlikely	1

RISK PROFILE	
High Risk	15-25
Moderate Risk	8-14
Low Risk	1-7



Financial Risk

1. Credit risk
2. Liquidity risk
3. Interest rate risk
4. Exchange rate risk

Operational and Strategic Risk

5. Human resource risk
6. Legal and compliance risk
7. Reputational risk
8. Operational and strategic risk
9. Risk of losing agencies
10. Information security risk
11. External environmental risk
12. Social and environmental risk

RISK AND MITIGATING ACTIONS

A description of the risks faced by the Group and controls implemented to eliminate/mitigate/manage those risk is given below;

RISK	MITIGATION STRATEGIES	RISK PROFILE	
		2024/25	2023/24
1. Credit risk The changes in macro-economic factors and economic condition of the country can result in drop in credit worthiness of the customers.	✶ Re-evaluate the creditworthiness of the customers and re-look at the credit limits based on the current economic condition. ✶ Wherever applicable, prior to approving credit, a thorough process of evaluation is carried out to ensure the creditworthiness of the customer. ✶ All trade debts are monitored by the Divisional Heads at monthly meetings with divisional staff. At these meetings overdue debts are discussed and corrective actions are taken to follow up and collect overdue debts. ✶ Reports submitted to the Board of Directors includes an age analysis of debtors. Credit is suspended on overdue accounts and legal actions are taken to recover long overdue receivables.	**Moderate**	**Moderate**

ENTERPRISE RISK MANAGEMENT

RISK	MITIGATION STRATEGIES	RISK PROFILE	
		2024/25	2023/24
2. Liquidity risk Unavailability of sufficient funds as a result of curtailed business operations due to import restrictions and broader economic condition over the past few years in the country. Excess borrowings with higher interest rates may impact the smooth functioning of the Company's day-today operations due to the inability to service loans.	✶ Preparation of cash flows ensures that Company is well aware of future cash needs. ✶ Strong relationships have been built with Banks to ensure that urgent borrowing needs are met at short notice. ✶ Facilities are in place to cover forecasted cash needs at least for a period of twelve months. ✶ Working capital is managed appropriately. ✶ Finance Division conducts periodical cash flow forecasts and solvency-based analysis to identify current and future cash needs. ✶ Keeping abreast of changes to the regulatory environment and taking proactive investment decisions to mitigate the adverse impacts in the operating environment.	**Moderate**	**Moderate**
3. Interest rate risk Unfavorable interest rate movements impacts negatively on the cost of funding and interest income.	✶ Interest rates are frequently monitored and renegotiated, wherever possible. ✶ Proper working capital management/cash flow forecasting. Expedite the collection of debts. ✶ Maintain borrowings at a minimum level/optimum level of gearing. ✶ Constantly negotiate favorable terms of borrowings and for investments in financial instruments. ✶ Alternate strategies are continuously considered, such as diversifying its existing portfolio by investing in short-term investments of varying nature.	**Moderate**	**Moderate**
4. Foreign exchange rate risk Risk arising from exposure to foreign currencies fluctuations. Therefore, there is a risk of under costing/over costing due to use of lower estimated exchange rate.	✶ Selling prices are decided after considering the expected exchange rate movements and quotations are issued with conditions for currency fluctuations. ✶ Selling prices are monitored and are adjusted regularly in line with the increase in exchange rates. ✶ Group closely monitors exchange rate fluctuations and negotiate with local banks to secure favorable rates. ✶ Minimal inventories and onsite LCs.	**Moderate**	**Moderate**
5. Human resource risk Failure to recruit and retain appropriately skilled loyal employees and loosing key/ skilled employees	✶ Replace vacancies with competent staff. ✶ Identify high-potential employees and provide them with opportunities for skill development and are considered to fill future vacancies. ✶ Salary surveys are conducted to assess the market rates. ✶ Conduct comprehensive skills assessments and gap analysis to identify existing competencies within the workforce and areas where skill gaps exist. ✶ Conducting Employee satisfaction surveys. ✶ Implement cross-training and job rotation programmes to expose employees to different roles and responsibilities within the Company.	**Moderate**	**Moderate**

RISK	MITIGATION STRATEGIES	RISK PROFILE	
		2024/25	2023/24
6. Legal and compliance risk Noncompliance with laws and regulations due to changes in legal regulations including Government policies can have a negative impact on the Company.	✶ Aware employees on applicable laws and regulations and mindful of compliance with the same. Statutory compliances are checked monthly and all non-compliances are reported to the Board. ✶ The Code of Business Ethics of the Company requires, all employees to comply with laws and regulations. A written undertaking is obtained from every employee, that the Code of Business Ethics will be followed by him/her including annual assessment. ✶ Ensure right resource allocation and maintain a continuous tracking system. ✶ Tax Audits are carried out by the Tax Consultants on the compliance with the Tax Statutes.	**Moderate**	**Moderate**
7. Reputational risk Societal acceptance of the Company as being a responsible Corporate Citizen is important for sustainability of the Company and the brand reputation.	✶ Good Corporate Governance practices. ✶ Maintain transparency and accountability on all aspects related to employees. ✶ Monitor online feedback and social media discussions related to the company's products, responding promptly to address concerns and demonstrate commitment to customer satisfaction.	**Low**	**Low**
8. Operational and strategic risk The risk of business continuity being affected by disruptive events or decisions, as well as potential opportunities or threats inherent in and arising from the business model.	✶ Look for new agencies. ✶ Focus more on selling electronic vehicles in order to get benefits from government policy changes in encouraging electronic vehicles imports and sales. ✶ More focus on aftersales. ✶ New revenue stream of trailer sales added to the group through the acquisition of DLT. ✶ Negotiate prices with principals to be competitive in the lubricant market. ✶ The Company is backed by reputed brands and principals use latest technology. Therefore, technology is leveraged to compete with others. ✶ Proper ordering and periodic review of inventory age analysis and identify strategies to increase sales to reduce aged inventory levels.	**Moderate**	**Moderate**
9. Risk of losing agencies Risk of losing the relationship with the principals as a result of breaching the terms and conditions agreed with the principals or termination of the agency contract.	✶ Focus on developing a mutually beneficial relationship with principals in an effort to minimize the risk. ✶ Regular meetings are held with the principals. Regular visits to principals. Agreements with the principals are in place. ✶ Emphasis on meeting expectation of principals and communicate the country situation and give regular updates/meetings to retain the agencies. ✶ Adhere to terms and conditions of the agreements and regular review of agreements to ensure the compliance. ✶ Meet the volume targets set by the principals.	**Moderate**	**Moderate**

ENTERPRISE RISK MANAGEMENT

RISK	MITIGATION STRATEGIES	RISK PROFILE	
		2024/25	2023/24
10. Information security risk Risk of losing operational and confidential data due to security breaches/ system breakdowns in the IT systems and disruption to operations due to breakdown in the IT systems.	✶ Extensive controls and reviews are carried out to maintain the efficiency of IT infrastructure and data including periodic technical assessments on security. ✶ Availability of offsite mirror server as a backup. ✶ Provide staff with secure infrastructure such as office laptops. ✶ Two factor authentication in place for remote logins, advanced end point security solutions, strict access control protocols and active directory controls to restrict unauthorized access. ✶ Deploy security monitoring tools and technologies to continuously monitor network traffic, system logs, and user activities for signs of suspicious or malicious behavior.	**Low**	**Moderate**
11. External environmental risk The majority of the Group's revenue was generated by the vehicle sales segment in the past. This makes the Group's revenue highly vulnerable due to uncertain import regulations and tariff policies by the Government, which negatively affects our business. Current economic condition and political changes has resulted in Government implementing number of measures to address macroeconomic issues faced by the country.	✶ As vehicle sales are subject to regular policy changes, we have reduced the dependency on new vehicle sales segments, by gradually strengthening the other business segments such as aftersales, lubricant sales etc. ✶ Focus more on selling electric vehicles. ✶ With the upliftment of vehicle import ban for all vehicle categories, focus more on selling brand new vehicles from 2025. ✶ Expand the business of manufacturing and export of port trailers and road trailers. ✶ Looking for opportunities to diversify into non-related business segments.	**Moderate**	**High**
12. Social and environmental risk Potential adverse impacts on communities, societies, and ecosystems resulting from various activities, operations, or projects of the Company, risks arises from labour practices, community relations, human rights violations, and health and safety concerns.	✶ Environmental and social factors will be considered in decision-making. ✶ Invest in pollution control technologies and best practices to reduce emissions and minimize water use/recycle water. ✶ Engage with local environmental agencies and communities to address concerns and demonstrate commitment to environmental stewardship and ensure transparency in water management practices.	**Low**	**Low**

DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROLS

RESPONSIBILITY

The Board of Directors presents this statement on risk management and internal controls as required by the principle D.1.5 of the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka and Rule 9.16 (ii) of the Corporate Governance Rules of the Colombo Stock Exchange.

The Board of Directors ('Board') is responsible for the adequacy and effectiveness of the system of risk management and internal controls. The system is designed to manage the key areas of risk in the organization within an acceptable risk profile and does not eliminate the risk of failure to achieve the business objectives. The system of risk management and internal controls can only provide reasonable, but not absolute assurance, against material misstatement of management and financial information against financial losses or fraud.

The Board has established an ongoing process for identifying, measuring, controlling, monitoring, and reporting the significant risks faced by the Company and this process includes enhancing the system of internal controls as and when there are changes to the business environment or regulatory guidelines. This process is reviewed by the Board. The Board Audit and Risk Committee assists the Board in discharging these responsibilities with the support of the Internal Audit Division.

The Management assists the Board in the implementation of the Board's policies and procedures on risks and controls by identifying and measuring the risks faced, and in designing, implementing, operating, and monitoring of suitable internal controls to mitigate and control such risks.

The Board is of the view that the system of risk management and internal controls in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting and that the preparation of financial statements for external purposes is in accordance with relevant accounting principles and regulatory requirements.

KEY INTERNAL CONTROL PROCESSES

The key processes that are presently in place for reviewing the design, operating effectiveness and the adequacy and integrity of the system of internal controls relevant to financial reporting and risk management are set out below.

- The Group Chief Executive Officer/Executive Director along with the Corporate Management Team assists the Board in ensuring the effectiveness of operations of the Company and the Group and that the operations are in accordance with corporate objectives, strategies as well as the policies and procedures set out by the Board. Assurance is obtained from Group Chief Executive Officer/Executive Director and Key Management Personnel regarding the adequacy and effectiveness of the entity's risk management and internal control system.
- The Board Audit and Risk Committee evaluates the adequacy and effectiveness of the risk management and internal controls systems and monitors the internal control weaknesses identified by the Internal Audit Division, the External Auditors, and the Management.
- The Committee also reviewed the Internal Audit functions with particular emphasis on the scope, independence of internal audit and the adequacy of the resources of the internal audit division. The minutes of the Board Audit and Risk Committee meetings are tabled for the information of the Board on a regular basis. Details of the activities undertaken by the Board Audit and Risk Committee are set out in the Board Audit and Risk Committee Report.
- The Internal Audit Division verifies compliance with policies and procedures and effectiveness of the internal control systems and highlights significant findings in respect of any non-compliance through the Board Audit and Risk Committee to the Board. Audits were carried out on all business processes in the Group in accordance with the annual audit plan approved by the Board Audit and Risk Committee, the frequency of which is determined by the level of risk assessed by the Internal Audit. The findings of internal audits are submitted to the Board Audit and Risk Committee for review at its quarterly meetings.
- In assessing the overall internal control system of the Company and the subsidiaries, the Divisional Heads assess all procedures and controls within their scope, which are monitored by the Internal Audit Division on an ongoing basis.
- The recommendations made by the External Auditors through the Management letters, in connection with the internal control system in the previous year, were reviewed during the year and appropriate steps have been taken to implement them.
- The Board Audit and Risk Committee reviewed the updated risk maps during the year and reviewed the action taken to manage identified risks.

DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROLS

CONFIRMATION

The Board, having implemented the above is aware that such systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatements of management and financial information against financial losses.

Based on the above processes, the Board confirms that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting and that the financial statements presented comply with Sri Lanka Accounting Standards (SLFRS/LKAS) and other, statutory and the regulatory requirements.

By Order of the Board

Coralie Pietersz
Chairperson – Board Audit and Risk Committee

Chanaka Yatawara
Group Chief Executive Officer/ Executive Director

Devaka Cooray
Chairman

28 May 2025

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

01. OVERVIEW

The Directors have pleasure in presenting the Thirty-Sixth Annual Report of your Company together with the audited financial statements of the Group and the Company for the year ended 31 March 2025, and the Independent Auditors' Report on the financial statements conforming to all relevant statutory requirements.

This report has been prepared in compliance with the statutory requirements set out in the Companies Act No. 07 of 2007 and its amendments thereto, the Listing Rules of the Colombo Stock Exchange and the Code of Best Practices on Corporate Governance 2023.

The Annual Report of the Board of Directors on the affairs of the Company summarises the Company's Corporate Governance practices. A detailed report on corporate governance is included as part of the suite of reports produced by the Company.

United Motors Lanka PLC is a public limited liability company incorporated in Sri Lanka on 09th May 1989 under the Companies Act No.17 of 1982 and was re-registered under the Companies Act No. 07 of 2007 on 28th January 2020. The Company's re-registration number is PQ 74.

The issued shares of the Company were listed on the Main Board of the Colombo Stock Exchange in Sri Lanka in 1989.

The Registered Office as well as the Head Office of the Company is located at 100, Hyde Park Corner, Colombo 02, Sri Lanka.

The Financial Statements have been reviewed and recommended by the Board Audit and Risk Committee. This report, including the Financial Statements was approved by the Board of Directors on 28 May 2025. The requisite number of copies of the Annual Report will be submitted to the Colombo Stock Exchange, Registrar of Companies, and the Accounting and Auditing Standards Monitoring Board within the statutory deadlines.

02. OUR COMMITMENT TO CORPORATE GOVERNANCE

At United Motors Lanka PLC, we are dedicated to upholding the highest standards of governance, integrity and professionalism. Our Governance Framework is benchmarked with the Corporate Governance Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka in 2023.

The Company has complied with 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, except for ESG reporting. Although the Company is yet to adopt a framework for ESG reporting, ESG principles are embedded in our business and reported throughout the Annual Report. An external consultant was appointed to conduct a gap analysis for implementation. We continue to align our processes and intend to fulfill this requirement within the timeframe. The level of conformance is given in the section on "How we govern" on pages 86 to 108.

Directors Declarations

The Directors declare that:

a) The Directors and CEO of the Company satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange.

b) The Directors or their close family members do not have any material business relationships with other Directors and the Company.

c) The Directors have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested.

d) The business is a going concern with supporting assumptions as necessary and the Board of Directors has reviewed the Company's and its subsidiaries' business plans and is satisfied that the Company and its subsidiaries have adequate resources to continue its operations in the foreseeable future. Accordingly, the financial statements of the Company and its subsidiaries are prepared based on the going concern assumption and;

e) The Directors have conducted a review of internal controls covering financial, operational, compliance controls and risk management and have obtained a reasonable assurance of their effectiveness and proper adherence during the year.

The Directors have made arrangements to make themselves aware of the applicable laws, rules and regulations and any amendments thereto from time to time.

All employees were trained on the Code of Business Conduct and Ethics and the policies applicable. The list of policies that are in place in conformity with Listing Rule 9.2.1 are disclosed on page 98 of the Report.

The Company maintains and practices high principles of good Corporate Governance. A separate report on "How we govern" is given on pages 86 to 108 in the Annual Report.

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

03. BOARD OF DIRECTORS

The Board of Directors of the Company as at 31 March 2025 comprised 10 (2023/24-09) members with wide financial and commercial knowledge and experience.

NAME OF DIRECTOR	CLASSIFICATION	REMARKS
Mr. Devaka Cooray	NED/IND	Director/Chairman since May 2021.
Mr. Chanaka Yatawara	ED	Non-Executive Director since June 2004; Appointed as an Executive Director in November 2004.
Ms. Hiroshini Fernando	NED/NIND	Director since July 2013.
Mr. Stuart Chapman	NED/IND	Director since September 2016.
Ms. Coralie Pietersz	NED/IND	Director since April 2021.
Mr. Thushara Jayasekara	ED	Director since April 2022.
Mr. Vish Govindasamy	NED/IND	Director since May 2024.
Mr. Arjuna Herath	NED/IND	Director since July 2024.
Mr. Jonathan Alles	NED/IND	Director since September 2024.
Mr. Buddhika Singhage	ED	Director since January 2025.
Mr. Ananda Atukorala	NED/IND	Director since November 2005 and retired w.e.f. 28 June 2024.
Mr. Junya Takami	NED/IND	Director since June 2021 and resigned w.e.f. 18 October 2024.
Mr. Ramesh Yaseen	ED	Director since June 2008 and resigned w.e.f. 31 December 2024.

IND - Independent Director

NIND - Non-Independent Director

NED - Non-Executive Director

ED - Executive Director

The total number and names of companies in which the Directors serve as Director and/or Key Management Personnel are disclosed in pages 24 to 28 of the report.

Directors of Subsidiaries

Names of the Directors of Subsidiaries of the Company are given in the 'Group Structure' on pages 06 and 07.

Appointment, Resignation and Retirement of Directors

Mr. Vish Govindasamy, Mr. Arjuna Herath and Mr. Jonathan Alles were appointed to the Board as Independent Non-Executive Directors w.e.f. 15 May 2024, 15 July 2024 and 01 September 2024 respectively.

Mr. Buddhika Singhage was appointed to the Board as an Executive Director w.e.f. 01 January 2025.

Mr. Junya Takami, who served as an Independent Non-Executive Director since June 2021, resigned from the Board w.e.f. 18 October 2024.

Mr. Ramesh Yaseen, who served as an Executive Director since June 2008, resigned from the Board w.e.f. 31 December 2024.

Mr. Ananda Atukorala, who served as an Independent Non-Executive Director since November 2005, retired from the Board w.e.f. 28 June 2024.

Re-election of Directors

1) In terms of Article 83 of the Articles of Association of the Company, Mr. Stuart Chapman and Ms. Coralie Pietersz retire by rotation and, being eligible, offer themselves for re-election.
2) In terms of Article 89 of the Articles of Association of the Company, Mr. Arjuna Herath, Mr. Jonathan Alles, and Mr. Buddhika Singhage retire and, being eligible, offer themselves for re-election.

The resolutions in respect of the above re-elections are proposed on the unanimous recommendation of the Nomination and Governance Committee and the Board of Directors.

Independence of Non-Executive Directors

As at 31 March 2025, the Board comprised of ten Directors of whom seven Directors were Non-Executive Directors.

All Non-Executive Directors other than Ms. Hiroshini Fernando were Independent Directors.

Directors' dealings in shares of the Company

Disclosure in respect of Directors' dealings in shares of the Company during the year, and their shareholding as of 31 March 2025 have been disclosed in "Share Information" on pages 229 to 232.

Directors' Remuneration and other benefits

Details of Directors' remuneration and other benefits paid in respect of the Company during the financial year under review are given in Note 12 to the financial statements.

The Directors have not taken any loans during the year under review.

Related Party Transactions

The Directors have disclosed transactions that could be classified as related party transactions in terms of LKRS 24 - "Related Party Disclosures" in Note 40 to the financial statements.

The recurrent related party transactions which in aggregate value exceed 10% of the gross revenue which require specific disclosures in the Annual Report as required by section 9.14.8 of the Listing Rules of the Colombo Stock Exchange on related party transactions are given in Note 40.5 to the financial statements.

There were no non-recurrent related party transactions in which aggregate value exceeded 10% of the equity or 5% of the total assets whichever is lower of the Company as per audited financial statements of 31 March 2025.

The Company has complied with the requirements of the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka, and the Listing Rules of the Colombo Stock Exchange on related party transactions.

Board Sub-Committees

The Board while assuming the overall responsibility and accountability in the management of the Company has also appointed Board Sub-Committees to ensure oversight and control over certain affairs of the Company. The Board has formed five Sub Committees namely; Board Audit and Risk Committee, Human Resources and Remuneration Committee, Related Party Transactions Review Committee, Nomination and Governance Committee and Strategy Review Committee.

The Board Sub-Committees play a critical role in order to ensure that the activities of the Company at all times are conducted with the highest ethical standards and in the best interest of all its stakeholders. The Terms of Reference of Sub Committees are set by the Board and conform to the recommendations made by various regulatory bodies such as the Colombo Stock Exchange, the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka.

The composition of the Board Sub Committees as at 31 March 2025 is given on page 97 and while the reports of these Sub Committees are given on pages 109 to 122.

Directors' meetings

Directors' meetings comprise of Board Meetings and Board Sub-Committee meetings of Board Audit and Risk Committee, Human Resources and Remuneration Committee, Nomination and Governance Committee, Related Party Transactions Review Committee and Strategy Review Committee.

The attendance of Directors at the Board meetings and the Sub Committee meetings are given on page 97.

Review of performance

The Board appraised its performance during the year.

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

04. STATUTORY DISCLOSURES

Section 168 of the Companies Act No. 07 of 2007 and its amendments requires the following information to be disclosed in the annual report prepared for the year under review.

NO.	DISCLOSURE REQUIREMENTS	REFERENCE TO THE COMPANIES ACT NO. 07 OF 2007	DISCLOSURE REFERENCE FOR COMPLIANCE	PAGE
01.	The nature of the business of the Company and the Group	Section168(1)(a)(i)	About Us Group Structure	4 - 5 6 - 7
02.	The classes of business in which the company has an interest, whether as a shareholder of another company or otherwise	Section168(1)(a)(ii)	Note 23.1 to the Financial Statements– Investments in subsidiaries Group Structure	203 6-7
03.	Financial statements for the accounting period completed and signed in accordance with Section 151 & 152	Section168(1)(b)	The Financial Statements of the Company and the Group for the year ended 31 March 2025 duly signed by the Executive Director-Finance.	150
04.	Auditor's report on the Financial Statements of the Company and the Group	Section168(1)(c)	Independent Auditors' Report	144 - 148
05.	Any change in accounting policies made during the accounting period	Section168(1)(d)	No changes in Accounting Policies during the year under review	-
06.	Particulars of entries in the interests register made during the accounting period	Section168(1)(e)	The Company maintains the Directors' Interest Register and the Directors have made necessary declarations of their respective interests in contracts or proposed contracts, in terms of the Sections 192 (1) and 192 (2) of the Companies Act. These interests have been recorded in the Directors' Interest Register, which is available for inspection in terms of the Companies Act. As a practice and in terms of Corporate Governance requirements, the Directors have refrained from voting on matters in which they have interest. The Directors have no direct or indirect interest in contracts or proposed contracts with the Company other than those disclosed. Note 40 to the Financial Statements - Related Party Transactions	-
07.	Remuneration and other benefits of Directors during the accounting period	Section168(1)(f)	Note 12 to the financial statements - Other Expenses	168
08.	Total amount of donations made by the Company during the accounting period	Section168(1)(g)	The Company made donations to the value of LKR 1,333,000 (LKR 217,500 in 2023/24) to charities.	-

NO.	DISCLOSURE REQUIREMENTS	REFERENCE TO THE COMPANIES ACT NO. 07 OF 2007	DISCLOSURE REFERENCE FOR COMPLIANCE	PAGE
09.	Names of the persons holding office as Directors of the Company as at the end of the accounting period and the names of any persons who ceased to hold office as Directors of the Company during the accounting period	Section168(1)(h)	Annual report of the Board of Directors on the affairs of the company (Item 03)	132
10.	Amounts payable by the Company to the person or firm holding office as Auditor of the Company as audit fees and as a separate item, fees payable by the Company for other services provided by that person or firm;	Section168(1)(i)	Note 12 to the Financial Statements.	168
11.	Particulars of any relationship (other than that of auditor) which the auditor has with or any interests which the auditor has in, the Company or any of its subsidiaries	Section168(1)(j)	The Company's Auditors during the year under review were Deloitte Partners, Chartered Accountants. Policy on Independence and Objectivity of the External Auditor provide details of the Engagement of the Externals Auditors for Audit and Non-Audit services. Based on the declaration provided by Deloitte Partners and as far as the Directors are aware, the Auditors do not have any relationship with or interests with the Company that in our judgment, may reasonably be thought to have a bearing on their independence within the meaning of the Code of Professional Conduct and Ethics issued by the Institute of Chartered Accountants of Sri Lanka, applicable as of the date of this Report. The retiring Auditors, Deloitte Partners, have expressed their willingness to continue in office. They come up for re-appoint at the Annual General Meeting, with the recommendation of the Board Audit and Risk Committee and the Board of Directors. In accordance with the Companies Act, a resolution proposing the re-appointment of Deloitte Partners, Chartered Accountants, as Auditors is being proposed at the Annual General Meeting.	-
12.	Annual Report of the Board of Directors to be signed on behalf of the Board by two Directors and the Company Secretary	Section168(1)(k)	Annual Report of the Board of Directors on the Affairs of the Company.	131 - 139

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

05. ADDITIONAL DISCLOSURES

The following information is additionally disclosed. The details are provided within notes to the Annual Report, which form an integral part of the Annual Report of the Board of Directors on the Affairs of the Company.

NO	DISCLOSURE	REFERENCE/NOTES	PAGE
1.	Purpose, Vision and Corporate Conduct	The business activities of the Company are conducted at a high level of ethical standards in achieving its Purpose and Vision.	41
2.	Principal activities	About Us	04
3.	Changes to the Group structure	There were no changes to the Group Structure during the year under review.	-
4.	Review of operations	Chairman's Message	14 - 17
		CEO's Review of Operations	18 - 21
		Management Discussion & Analysis	41 - 84
5.	Future developments	Chairman's Message	14 - 17
		CEO's Review of Operations	18 - 21
6.	Financial statements	The financial statements of the Company and the Group for the year ended 31 March 2025 have been prepared in accordance with Sri Lanka Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and they comply with the requirements of Companies Act No 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.	-
7.	Directors' responsibility for financial reporting	The Directors are responsible for the preparation of the financial statements of the Company and the Group and to present a true and fair view of its state of affairs. The Directors are of the view that these financial statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, (SLFRSs and LKASs), Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the Colombo Stock Exchange.	-
		Details of responsibilities of the Board and the manner in which those responsibilities were discharged during the year are disclosed in the section "How we govern".	86 - 108
8.	Auditor's report	Independent Auditor's Report	144 - 148
9.	Material accounting policies	The Company/Group prepared the financial statements in accordance with Sri Lanka Accounting Standard (LKAS/SLFRS). The significant accounting policies adopted in the preparation of the financial statements of the Company and the Group and specific accounting policies pertaining to each item in the financial statement have been presented within the respective notes to the financial statements. There were no changes in accounting policies during the year under review.	157 - 163

NO	DISCLOSURE	REFERENCE/NOTES	PAGE
10.	Going concern	The Board of Directors has assessed the ability to continue as a going concern and is satisfied that the Company and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Board considers it appropriate to adopt the going concern basis in preparing the Financial Statements. The assessment took into account the prevailing economic conditions and their potential implications on the operations and performance. It also considered the recent lifting of the import restrictions on vehicles, which was in force since 2020, and the expected positive impact this change will have on the Group's business activities. Note 2.10 to the financial statements – Going concern	157
11.	Income	Note 11 to the financial statements – Gross income	167
12.	Financial results and appropriations	Statement of Profit or Loss and other Comprehensive Income	149
		Statement of Changes in Equity	151 - 152
13.	Reserves	Statement of Changes in Equity	151 - 152
14.	Taxation	Note 15 to the financial statements - Income Tax Expense	172 - 174
15.	Statutory payments	The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments in relation to the Government and the employees have been made up to date.	-
16.	Dividends on ordinary shares	Share Information	230
17.	Capital expenditure	The details of capital expenditure during the year are given in Note 18 to the financial statements.	-
18.	Property, Plant and Equipment and Investment properties	Note 18 to the financial statements - Property, Plant and Equipment *Market value of freehold land and investment property* All freehold land of the Company are revalued by professional independent valuer and brought into financial statements. The investment properties are accounted for using the fair value method. Details of fair values of investment properties are given in Note 19 to the financial statements. Details of the revaluation of land are given in Note 18.5 to the financial statements.	175 - 182 182 - 185
19.	Net book value of freehold properties	Note 18 to the financial statements - Property, Plant and Equipment.	175 - 182
20.	Outstanding litigations	In the opinion of the Directors who in consultation with the Company's lawyers have established that pending litigations against the Group and the Company will not have a material impact on the reported financial results and future operations.	-
21.	Events after the reporting date	In the opinion of the Directors, no transactions or any other material events of an unusual nature have arisen during the period between the end of the financial year and the date of this report other than the items disclosed in Note 42 to the financial statements.	227
22.	Stated capital	The stated capital of the Company as at 31 March 2025 was LKR 336,335,420 comprising of 100,900,626 ordinary shares. There has been no change in the stated capital during the year.	-

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

NO	DISCLOSURE	REFERENCE/NOTES	PAGE
23.	Share information	There were 4,081 registered shareholders as at 31 March 2025 (3,632 as at 31 March 2024).	229
		Information on the distribution of shareholding and the respective percentages are given in the section on 'Share Information.'	229
		Dividends, earnings, ratios, net assets per share, market price information and the trading of the shares are given in the section on 'Share Information.'	230 - 231
		The movement in the number of shares represented by the stated capital of the Company is given in the section on 'Investor Information.'	234
24.	Shareholdings	The details of the top twenty shareholders and the percentage holding of the public are given under "Share Information."	231
25.	Equitable treatment to Shareholders	The Company has at all times ensured that all shareholders are treated equitably.	
26.	Register of Directors and Secretaries	As required under Section 223 (1) of the Companies Act No 07 of 2007, the Company maintains a Register of Directors and Secretaries which contains the name, surname, former name (if any), residential address, business, occupation, dates of appointment and dates of resignation (if applicable) of each Director and the Secretary.	-
27.	Directors' interests in the ordinary shares	Share Information - Directors' Shareholdings	232
28.	Directors' remuneration	Details of Directors' remuneration and other benefits paid by the Company during the financial year under review are given in Note 12 to the financial statements.	168
29.	Human resources	The Company believes that in a rapidly changing environment, its real potential rests on the strength and capabilities of its team members. All efforts are directed at building a motivated and competent team in order to grow and achieve corporate goals. The number of employees as at 31 March 2025 of the Company and its subsidiaries was 1,228 (2023/24 – 1,201).	-
30.	Employee share option plan	The Company did not have any employee share ownership/option plans during the year.	-
31.	Environmental protection	To the best of knowledge of the Board, the Company has complied with the relevant environmental laws and regulations. The Company has not engaged in any activity that is harmful or hazardous to the environment.	-
32.	Risk management and internal control	Enterprise Risk Management Report.	123 - 128
33.	Compliance with laws and regulations	To the best of the knowledge and belief of the Directors, the Company complied with all applicable laws and regulations in conducting its business and has not engaged in any activities contravening the laws and regulations of the country.	-
34.	Directors' statement on internal control	Directors' Statement on Risk Management and Internal Controls	129 - 130
35.	Corporate governance	How We Govern	86 - 108
36.	Insurance and indemnity	The Company obtained an insurance policy to cover Directors' and Officers' liability.	-
37.	Material foreseeable risk factors	Enterprise Risk Management	123

NO	DISCLOSURE	REFERENCE/NOTES	PAGE
38.	Material issues pertaining to employees and industrial relations pertaining to the Company	No material issues occurred during the year.	-
39.	Operational excellence	Review of Operations	41 - 84

06. NOTICE OF ANNUAL GENERAL MEETING

The 36th Annual General Meeting will be held on 27th June 2025 at 11.30 a.m. The Notice of Meeting is given on page 238 of the Annual Report.

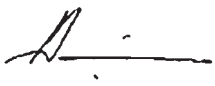
07. ACKNOWLEDGEMENT OF THE CONTENTS OF THE REPORT

As required by Section 168 (1) (k) of the Companies Act No. 7 of 2007, the Board of Directors hereby acknowledges the contents of this Annual Report.

Signed in accordance with a resolution adopted by the Board of Directors.



Devaka Cooray
Chairman



Chanaka Yatawara
Group Chief Executive Officer/Executive Director



Rinoza Hisham
Company Secretary

28 May 2025



FINANCIAL REPORTS

Amid the narrative of success and strategy, the following section unfolds our financial journey in the year under review. The financial reports presented herein are more than just figures; they illustrate a compelling story of economic value creation, resilience, and strategic growth. Through balance sheets, income statements, and cash flow analyses, these reports provide transparency, insights, and a foundation for future aspirations, showcasing our commitment to sustainable financial excellence.

FINANCIAL CALENDAR

FINANCIAL STATEMENTS 2024/25	
First quarter released on	**09-Aug-24**
Second quarter released on	**07-Nov-24**
Third quarter released on	**06-Feb-25**
Fourth quarter released on	**29-May-25**
Annual Report and Accounts	
2023/24	**05-Jun-24**
Meetings	
Thirty Fifth Annual General Meeting	**28-Jun-24**
Thirty Sixth Annual General Meeting	**27-Jun-25**
Dividends	
First and final dividend 2023/24	**18-Jul-24**
First and final dividend 2024/25 (Proposed)	**28-May-25**

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Section D.1.5 of the "Code of Best Practice on Corporate Governance 2023" (the Code) issued by the Institute of Chartered Accountants of Sri Lanka recommends that the Board of Directors present a Responsibility Statement on the preparation and presentation of financial statements in the Annual Report together with a statement by the auditors about their reporting responsibilities.

The responsibilities of the Directors in relation to the Financial Statements of the Company and the Group are set out in this statement. The responsibility of the Auditors in relation to the Financial Statements is set out in the "Independent Auditors Report".

As per the provision of sections 150 (1), 151, 152, and 153 (1) & (2) of the Companies Act No. 07 of 2007, the Directors are responsible to prepare and present financial statements for each financial year giving a true and fair view of the state of affairs of the Company and the Group and the profit or loss of the Company and the Group for the financial year.

The Financial Statements comprise of;

- Statement of Profit or Loss and Other Comprehensive Income of the Group and the Company.
- Statement of Financial Position of the Group and the Company.
- Statement of Changes in Equity of the Group and the Company.
- Statement of Cash Flows of the Group and the Company.
- Notes to the Financial Statements.

The Directors are also required to place these financial statements before the Annual General Meeting of shareholders.

The Directors have ensured that in preparing these financial statements;

- appropriate accounting policies have been used and applied in a consistent manner;
- all applicable accounting standards have been applied where relevant;
- prudent judgment and reasonable estimates have been made so that the form and substance of transactions are properly reflected; compliance with the Companies Act No. 07 of 2007, Listing Rules of Colombo Stock Exchange; and
- the financial statements of the Group and the Company are prepared and presented in accordance with Sri Lanka Accounting Standards (SLFRSs/LKASs).

Accordingly, the Directors confirm that the financial statements of the Company and the Group give a true and fair view of the state of affairs and the financial position of the Company and the Group as at 31 March 2025 and the profit or loss or income and expenditure for the financial year then ended.

Under section 150 of the Companies Act No. 07 of 2007, the Directors of the Company are responsible for ensuring that proper books of accounts are maintained to record all transactions of the Company and its subsidiaries and that financial statements are prepared for each financial year to give a true and fair view of the state of affairs and of the profit or loss or income and expenditure for the Company and the Group as at the balance sheet date. In keeping with this requirement, the Company has maintained proper books of accounts and the financial reporting system is reviewed at regular intervals.

Following a review of the Company's financial budget and related information including cash flows and borrowing facilities, the Directors are satisfied that the Company and its subsidiaries have adequate resources to continue in business for the foreseeable future. Accordingly, the financial statements have been prepared on the basis of a going concern and the Board accepts responsibility for the integrity and objectivity of the financial statements presented.

The Directors have provided the Company's auditors, Deloitte Partners with every opportunity to take whatever steps that are necessary and appropriate for the purpose of enabling them to express their opinion. Accordingly, Deloitte Partners has examined the financial statements made available by the Board of Directors together with all the financial records, related information, minutes of Board Meetings etc., in order to express their opinion on financial statements as given on pages 144 to 148.

The Directors are aware of the responsibility to take whatever steps that are reasonable to safeguard the assets of the Company and that of the Group and in that contexts to have appropriate internal control systems to prevent and detect fraud and other irregularities. The Directors have accordingly instituted comprehensive internal control mechanisms to ensure that as far as it is practically possible, the Company's business is carried out in an orderly manner, that its assets are safe guarded and that the records of the Company are accurate and reliable. The existence of such internal controls are regularly monitored by the Internal Audit Division.

The Board of Directors also wishes to confirm that, the Annual Report has been prepared as required by section 166(1) and 167(1) of the Companies Act No. 07 of 2007.

Further, the Board of Directors wishes to confirm that the Company has complied with the requirements of the Listing Rules of the Colombo Stock Exchange, and the Code of Best Practice on Corporate Governance recommended by the Institute of Chartered Accountants of Sri Lanka, where applicable.

COMPLIANCE

The Directors confirm that to the best of their knowledge and belief, all taxes and other statutory dues payable by the Company and all contributions taxes and levies payable by the Companies within the Group on behalf of and in respect of its employees, as at the balance sheet date, have been paid or provided for in arriving at the financial results for the year under review.

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

By Order of the Board.



Ms. Rinoza Hisham
Company Secretary

28 May 2025

RESPONSIBILITY STATEMENT OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

The financial statements of United Motors Lanka PLC and Consolidated Financial Statements of the Group as at 31 March 2025 are prepared and presented in compliance with the requirements of:

- Sri Lanka Accounting Standards
- Sri Lanka Accounting & Auditing Standards Act No. 15 of 1995
- Companies Act No. 07 of 2007
- Listing rules of the Colombo Stock Exchange applicable to the Company
- Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka

We confirm that the significant accounting policies used in the preparation of the financial statements are appropriate and are consistently applied by the Group. 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 significant Accounting Policies and estimates that involved a high degree of judgement and complexity were discussed with the Board Audit and Risk Committee & External Auditors. The significant accounting policies adopted in the preparation of the financial statements of the Group and the Company are given on pages 154 to 163 of the Annual Report.

There were no changes to the accounting policies and methods of computation since the publication of the Annual Report for the year ended 31 March 2024. Therefore, there was no necessity to amend the comparative information to comply with the current presentation.

We confirm, that to the best of our knowledge, the financial statement, significant accounting policies and other financial information included in this Annual Report, fairly present in all material aspects, the financial position, results of the operations and the cash flows of the Company and the Group as of and for the periods presented in this Annual Report.

The Board of Directors and the management of the Company and Group accept responsibility for the integrity and objectivity of these financial statements. The estimates and judgements 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, the form and substance of transactions and Group's state of affairs are reasonably presented. To ensure this the Group has taken proper and sufficient care in installing a system of internal control and accounting records, to safe guard assets and for preventing and detecting frauds and other irregularities, which are reviewed, evaluated and updated on continuing basis.

It is confirmed that the Group has adequate resources to continue its operation in the foreseeable future. Therefore, the Group will continue to adopt the "going concern" basis in preparing these financial statements.

We are responsible for establishing and maintaining internal controls and procedures and have designed such controls and procedures, or caused such controls and procedures to be designed under our supervision, to ensure that material information relating to the Group is made known to us and for safeguarding the Company's assets and preventing and detecting fraud and error. We have evaluated the effectiveness of the Company's internal controls and procedures and are satisfied that the controls and procedures were effective as of the end of the period covered by this Annual Report.

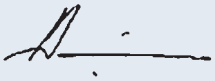
We confirm, based on our evaluations that there were no significant deficiencies and material weaknesses in the design or operation of internal controls. No fraud that involved management or other employees was reported in the year under review.

Our internal audit division has conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed. However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal controls and accounting.

The financial statements of the Company and the consolidated financial statements of the Group were audited by Messrs. Deloitte Partners, Chartered Accountants and their report is given on page 144 to 148 of the Annual Report. The Board Audit and Risk Committee approved audit and non-audit services provided by Messrs. Deloitte Partners' in line with the relevant audit policy, to ensure that the provision of such services does not impair Deloitte Partners's independence and objectivity.

We confirm that to the best of our knowledge

- The Group and the Company have complied with all applicable laws, regulations, and guidelines and there is no material litigation against the Group and the Company other than those arising out of the normal course of business.
- All taxes, duties, levis and all statutory payments payable by the Group and the Company and all contribution, levis and taxes payable on behalf of and in respect of the employees of the Group and the Company as at 31 March 2025 have been paid or where relevant provided for.



Chanaka Yatawara
Group Chief Executive Officer/Executive Director



Thushara Jayasekara
Executive Director-Finance

Colombo, Sri Lanka 28 May 2025

INDEPENDENT AUDITOR'S REPORT

Deloitte.

Deloitte Partners
100 Braybrooke Place
Colombo 2
Sri Lanka

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www.deloitte.com

To the Shareholders of United Motors Lanka PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of United Motors Lanka 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 31 March 2025, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

THE COMPANY:

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Valuation of freehold land and investment property (Refer note 18.3 for freehold land revaluation and note 19 & 19.1 for investment property fair valuation in the financial statements) The Company engaged an independent valuer to determine the fair value of its freehold land classified under property, plant and equipment, and the investment property comprising land and buildings located at Colombo 2. As at 31 March 2025, the freehold land was carried at a revalued amount of LKR 7.5 Billion and the investment property was carried at a fair value of LKR 622 million. The gain on revaluation of freehold land amounting to LKR 335 million and the fair value gain on investment property of LKR 18.5 million had been recognised in the financial statements for the year ended 31 March 2025. The valuation of both freehold land and investment property involved significant judgement and were based on several assumptions, including prices of comparable property transactions adjusted for differences in key attributes such as, property size, shape, legal restrictions, access to main roads, the physical condition of buildings and depreciated replacement cost per square foot. The valuation of freehold land and investment property was considered a key audit matter due to the significant judgement involved in the estimate of fair values and the materiality of these assets in the financial statements.	Our audit approach included the following procedures: ✶ assessed the competence and independence of the external valuer engaged by the management for the valuations; ✶ checked the completeness and accuracy of the data provided by management to the valuer; ✶ obtained the valuation reports and evaluated the appropriateness of the valuation methodology adopted by the external valuer by comparing with methods generally used in the valuation of similar properties; and ✶ evaluated the relevance and reasonableness of the significant assumptions used in the valuations by applying our knowledge and the publicly available information on the real estate market such as range of offer prices for real estates of similar nature and location. Based on the work performed, we found that the valuation methodology and assumptions used in the determination of fair value of both freehold land and investment property as at 31 March 2025 to be appropriate and reasonable.

C S Manoharan FCA, T U Jayasinghe FCA, M D B Boyagoda FCA, H A C H Gunarathne FCA, M P M T Gunasekara FCA, N R Gunasekera FCA, M S J Henry FCA, M M R Hilmy FCA, H P V Lakdeva FCA, K M D R P Manatunga ACA, M M M Manzeer FCA, L A C Tillekeratne ACA, D C A J Yapa ACA

Regd. Office: P.O. Box 918, 100 Braybrooke Place, Colombo 02, Sri Lanka. Reg. No.: w/4179

Deloitte.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Impairment of investment in subsidiaries (Refer note 23.1 in the financial statements) The carrying value of the investments in subsidiaries, measured at cost, in the financial statements amounted to LKR 922.4 million as at 31 March 2025. This included investments of LKR 100 million and LKR 47.4 million in the fully owned subsidiaries, U M L Heavy Equipment Limited ("U M L Heavy") and Unimo Enterprises Limited ("Unimo") respectively. In addition, the Company holds Commercial papers issued by U M L Heavy totalling LKR 550 million, against which an expected credit loss provision of LKR 128 million has been recognised. The financial statements of U M L Heavy for the year ended 31 March 2025 reported a loss of LKR 151.2 million and a negative net asset position of LKR 783.8 million as at that date. Similarly the financial statements of Unimo for the year ended 31 March 2025 reported a loss for the year of LKR 449 million and a negative net asset position of LKR 1,084 million as at that date. At year end, the Company assessed its investments in U M L Heavy and Unimo for impairment and concluded that no impairment was necessary as the recoverable amount based on the cash flow projections exceeded their respective carrying amounts. The assessment of the recoverable amount is judgmental and require significant estimations and assumptions by management, particularly regarding the likelihood, timing and quantum of the projected cash flows. Accordingly, we considered determination of the recoverable amount of the investments in U M L Heavy and Unimo as a key audit matter.	Our audit approach included the following procedures: ✶ obtained an understanding of the process by which management evaluates the recoverability of its investments in subsidiaries; ✶ inquired management and those charged with governance on the current market condition and business prospects of U M L Heavy and Unimo, and corroborated the explanations received against our knowledge on the industry and economy in general; ✶ obtained management's impairment assessment and checked the appropriateness of the selected impairment testing technique, and mathematical accuracy of the calculations, and ✶ checked the reasonableness of the key assumptions used in the discounted cash flow model based on which recoverable amount had been determined, as detailed below: Agreed the forecasted cash flow information to approved budgets and business plans; Checked the reliability of management's cash flow projections, by comparing those to historical income and expense levels; Assessing the appropriateness of the discount rate used by comparing it with market interest rate; and Performed the sensitivity analysis to assess the estimation risk involved in the key assumptions. ✶ Tested the adequacy of the impairment provisions against Commercial papers investment issued by U M L Heavy, based on the 'Expected Credit Loss' (ECL) model under SLFRS 9. We assessed the reasonableness of the model methodology, key assumptions, and management's validation process, and tested the completeness and reasonableness of the key inputs used in the model. Based on the worked performed, we found management determination of recoverable amounts of the equity investments in U M L Heavy and Unimo, and the Commercial papers Investment in U M L Heavy to be based on appropriate methodology and reasonable assumptions.

INDEPENDENT AUDITOR'S REPORT

Deloitte.

THE GROUP:

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Valuation of freehold land (Refer note 18.1 in the financial statements) The group engaged an independent valuer to determine the fair value of its freehold land classified under property, plant and equipment. As at 31 March 2025, the freehold land portfolio of the Group was carried at a revalued amount of LKR 8.2 Billion with a revaluation gain of LKR 357 million recognised for the year. The valuation of freehold land involved significant judgement and was based on several assumptions, including prices of comparable property transactions, adjusted for differences in key attributes such as, property size, shape, legal restrictions, and access to main roads. The valuation of freehold land was considered as a key audit matter due to the materiality of the balance in the Statement of Financial Position and the significant judgement involved in applying valuation methodology.	Our audit approach mainly included substantive audit procedures as follows: ✶ assessed the competence and independence of the external valuer engaged by the management; ✶ checked the completeness and accuracy of the data provided by management to the valuer; ✶ obtained the valuation report and evaluated the appropriateness of the valuation methodology adopted by the external valuer by comparing with the methods generally used in the valuation of similar properties; and ✶ evaluated the relevance and reasonableness of the significant assumptions used in the valuation by applying our knowledge and publicly available information on the real estate market such as range of prices on real estates of similar nature and location. Based on the work performed, we found that the valuation methodology and assumptions used in the determination of fair value of freehold land as at 31 March 2025 to be appropriate and reasonable.
Management assessment of the impact of the economic crisis and current industry challenges on the business operations (Refer notes 2.9.1 and 2.10 in the financial statements) The impact of economic crisis the country went through and the resultant industry challenges, to the current year financial statements of the Group, and it's possible effects on future performance and cash flows of the Group are described in the above notes to the financial statements. The slowdown in the construction industry, import ban on motor vehicles that prevailed for most part of the financial year, heightened market competition following the lifting of the import ban, and reduced customer disposable income have collectively impacted the business operations of both the Company and the Group. Management's assessment of going concern was therefore considered as a key audit matter since the assessment involved evaluation of uncertain future events, which is also based on cash flow projections and business plans that were dependent on significant management judgement.	Our audit procedures to assess the appropriateness of the going concern assumption used in preparing the financial statements included the following; ✶ Checked the mathematical accuracy of management's cash flow forecasts and accuracy of the opening cash position ✶ Obtained the Group's profitability and cash flow projections covering a period of not less than twelve months from the reporting period end date and evaluated the reasonability of the business plans by assessing the assumptions against both external and internal sources, including recent sales volumes, historical income and expense patterns and approved budgets; ✶ Checked the mathematical accuracy of management's cash flow forecasts and accuracy of the opening cash position; ✶ Inspected the availability of credit facilities to ensure the Group has sufficient liquidity to meet its cash flow requirements in the foreseeable future; and ✶ Assessed the adequacy and appropriateness of management disclosures in the financial statements relating to going concern assumption, including the potential impact on business as a result of the uncertainty due to the present economic situation. Based on the procedures performed, we are satisfied that management has considered the impact of the current economic and industry situation on the Group's operations satisfactorily in determining the appropriateness of the going concern assumption and disclosed such consideration adequately in the financial statements.

Deloitte.

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. The Annual Report is expected to be made available to us after the date of this auditor's report.

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 identified above when it becomes available and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual report of the Company, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions based on the circumstances.

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 of the Company and the consolidated financial statements of the Group, management is responsible for assessing the Company's/ 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 Company/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 of the Company and the consolidated financial statements of the Group 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's 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 Company's and 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 of the Company and the consolidated financial statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company/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 of the Company and the consolidated financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT

Deloitte.

Auditor's Responsibilities for the Audit of the Financial Statements (Contd)

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the Company and the consolidated financial statements of the Group 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.

Deloitte Partners

CHARTERED ACCOUNTANTS
CA Sri Lanka membership number [4084]

Colombo
28 May 2025

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Group		Company	
For the year ended 31 March		**2025**	**2024**	**2025**	**2024**
	Note	LKR '000	LKR '000	LKR '000	LKR '000
Revenue from contracts with customers	11	**11,774,364**	11,577,471	**6,333,452**	6,129,073
Cost of sales		**(8,066,668)**	(8,671,787)	**(4,018,640)**	(4,066,903)
Gross profit		**3,707,696**	2,905,684	**2,314,812**	2,062,170
Distribution expenses		**(875,275)**	(665,399)	**(435,491)**	(317,191)
Administrative expenses		**(2,758,398)**	(2,384,271)	**(2,144,767)**	(1,995,270)
Net impairment (losses)/gains on trade and other receivables	12.3	**(50,509)**	60,820	**33,705**	(107,396)
Other gains/(losses)-net	12.4	**197,754**	79,411	**70,468**	143,692
Other income	13	**139,867**	157,259	**337,902**	291,521
Profit from operations		**361,135**	153,504	**176,629**	77,526
Finance income	14.1	**266,923**	165,499	**253,143**	456,261
Finance cost	14.1	**(461,762)**	(563,215)	**(25,922)**	(46,336)
Net finance (cost)/income		**(194,839)**	(397,716)	**227,221**	409,925
Profit/(loss) before income tax expenses		**166,296**	(244,212)	**403,850**	487,451
Income tax expense	15	**(92,947)**	(28,735)	**(65,547)**	(131,576)
Profit/(loss) for the year		**73,349**	(272,947)	**338,303**	355,875
Other Comprehensive Income					
Items that will not be reclassified to profit or loss					
Changes in the fair value of equity investments at fair value through Other Comprehensive Income	14.2	**70,929**	77,216	**56,862**	65,012
Re-measurements of post employment benefit obligations	32.6	**(42,259)**	(145,836)	**(9,271)**	(131,711)
Deferred tax on re-measurements of post employment benefit obligations		**12,842**	42,766	**2,945**	38,529
Revaluation of land	18	**357,250**	322,759	**334,750**	263,000
Deferred tax on revaluation of land		**(103,048)**	(100,955)	**(100,425)**	(78,900)
Other Comprehensive Income for the year, net of tax		**295,714**	195,950	**284,861**	155,930
Total Comprehensive income/(loss) for the year		**369,063**	(76,997)	**623,164**	511,805
Profit/(loss) attributable to:					
Owners of United Motors Lanka PLC		**73,349**	(272,947)	**338,303**	355,875
		73,349	(272,947)	**338,303**	355,875
Total Comprehensive Income attributable to:					
Owners of United Motors Lanka PLC		**369,063**	(76,997)	**623,164**	511,805
		369,063	(76,997)	**623,164**	511,805
Earnings per share-basic and diluted (LKR)	16	**0.73**	(2.71)	**3.35**	3.53
Dividend per share (LKR)	17	**-**	-	**1.50**	1.25

Notes from pages 154 to 227 form an integral part of these financial statements.

Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	Group 2025 LKR '000	Group 2024 LKR '000	Company 2025 LKR '000	Company 2024 LKR '000
Assets					
Non-current assets					
Property, plant and equipment	18	**9,425,216**	9,013,146	**8,375,506**	8,057,729
Investment property	19	**-**	-	**622,000**	603,500
Intangible assets	20	**116,749**	144,742	**113,861**	141,854
Right-of-use assets	21	**332,506**	180,006	**93,216**	110,469
Investments in subsidiaries	23.1	**-**	-	**922,400**	922,400
Other financial assets at amortised cost	24.5	**466,761**	414,066	**-**	-
Financial assets at fair value through Other Comprehensive Income	23.4	**86,200**	170,513	**85,360**	131,746
Reimbursable right	32.2	**631**	88	**631**	88
Deferred tax assets	33	**969,850**	832,711	**-**	-
Total non-current assets		**11,397,913**	10,755,272	**10,212,974**	9,967,786
Current assets					
Inventories	25	**6,378,230**	4,121,507	**1,749,732**	1,825,513
Trade and other receivables	26	**5,652,106**	3,061,541	**2,471,193**	1,406,960
Amounts due from related parties	27	**-**	-	**37,592**	382,979
Current tax receivables	37.2	**19,805**	19,630	**-**	-
Other financial assets at amortised cost	24.5	**150,552**	97,579	**421,985**	433,148
Financial assets at fair value through profit or loss	24.1	**1,815,142**	1,898,780	**1,815,142**	1,898,780
Cash and cash equivalents	28	**645,307**	254,016	**427,073**	158,228
Total current assets		**14,661,142**	9,453,053	**6,922,717**	6,105,608
Total assets		**26,059,055**	20,208,325	**17,135,691**	16,073,394
Equity and liabilities					
Equity					
Stated capital	29	**336,335**	336,335	**336,335**	336,335
Capital reserve	30	**6,305,579**	6,051,377	**5,854,708**	5,620,383
Other components of equity		**(31,427)**	(98,112)	**(21,095)**	(72,000)
Retained earnings		**7,032,473**	7,135,648	**8,927,068**	8,740,485
Total equity attributable to the equity holders of the parent		**13,642,960**	13,425,248	**15,097,016**	14,625,203
Non-current liabilities					
Interest-bearing borrowings	31.1	**25,160**	-	**-**	-
Employee benefit obligations	32.1	**481,409**	411,911	**346,010**	320,136
Lease liabilities	34	**234,209**	122,625	**99,074**	95,534
Deferred tax liabilities	33	**686,767**	594,502	**688,267**	596,002
Total non-current liabilities		**1,427,545**	1,129,038	**1,133,351**	1,011,672
Current liabilities					
Interest-bearing borrowings	31.1	**7,642,391**	3,996,915	**-**	-
Trade and other payables	35	**2,957,033**	1,270,944	**834,405**	323,041
Lease liabilities	34	**99,580**	60,821	**16,522**	25,742
Amounts due to related parties	36	**-**	-	**36,766**	39,071
Current tax liabilities	37.1	**96,675**	153,763	**17,631**	38,636
Bank overdrafts	28	**192,871**	171,596	**-**	10,029
Total current liabilities		**10,988,550**	5,654,039	**905,324**	436,519
Total liabilities		**12,416,095**	6,783,077	**2,038,675**	1,448,191
Total equity and liabilities		**26,059,055**	20,208,325	**17,135,691**	16,073,394
Net assets per share (LKR)		**135.21**	133.05	**149.62**	144.95

Notes from pages 154 to 227 form an integral part of these financial statements.

I certify that these financial statements are in compliance with the requirements of Companies Act No. 07 of 2007.

Thushara Jayasekara
Executive Director - Finance

Colombo
28 May 2025

The Board of Directors is responsible for the preparation and presentation of these financial statements. These financial statements were approved by the Board of Directors on 28 May 2025.

Approved and signed for and on behalf of the Board of Directors.

Devaka Cooray
Chairman

Chanaka Yatawara
Group CEO/Executive Director

STATEMENT OF CHANGES IN EQUITY

	Stated Capital	Capital Reserve	Other Components of Equity				Retained Earnings	Total Equity
			Development Reserve	Property, Plant & Equipment Replacement Reserve	General Reserves	FVOCI Reserve		
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Group								
Balance as at 01.04.2023	336,335	5,829,573	785,400	308,900	466,250	(170,303)	6,072,216	13,628,371
Loss for the year							(272,947)	(272,947)
Other Comprehensive Income								
Items that will not be reclassified to profit or loss								
Re-measurements of post employment benefit obligations							(145,836)	(145,836)
Deferred tax on re-measurements of post employment benefit obligations							42,766	42,766
Net change in equity investments at fair value through Other Comprehensive Income						77,216	-	77,216
Net gains on disposal of equity investments at fair value through Other Comprehensive Income						(5,025)	5,025	-
Revaluation of land		322,759						322,759
Deferred tax on revaluation of land		(100,955)						(100,955)
Transfers to retained earnings			(785,400)	(308,900)	(466,250)	-	1,560,550	-
Total comprehensive income for the year	-	221,804	(785,400)	(308,900)	(466,250)	72,191	1,189,558	(76,997)
Transactions with owners in their capacity as owners :								
Final dividend payable for 2022/2023							(126,126)	(126,126)
Total Dividends	-	-	-	-	-	-	(126,126)	(126,126)
Balance as at 31.03.2024	336,335	6,051,377	-	-	-	(98,112)	7,135,648	13,425,248
Profit for the year							73,349	73,349
Other Comprehensive Income								
Items that will not be reclassified to profit or loss								
Re-measurements of post employment benefit obligations							(42,259)	(42,259)
Deferred tax on re-measurements of post employment benefit obligations							12,842	12,842
Net change in equity investments at fair value through Other Comprehensive Income						70,929	-	70,929
Net gains on disposal of equity investments at fair value through Other Comprehensive Income						(4,244)	4,244	-
Revaluation of land		357,250					-	357,250
Deferred tax on revaluation of land		(103,048)					-	(103,048)
Total comprehensive income for the year	-	254,202	-	-	-	66,685	48,176	369,063
Transactions with owners in their capacity as owners :								
First and final dividend paid for 2023/2024							(151,351)	(151,351)
Total Dividends	-	-	-	-	-	-	(151,351)	(151,351)
Balance as at 31.03.2025	336,335	6,305,579	-	-	-	(31,427)	7,032,473	13,642,960

Notes:

Notes from page 154 to 227 form an integral part of these financial statements.

Figures in the brackets indicate deduction.

STATEMENT OF CHANGES IN EQUITY

	Stated Capital	Capital Reserve	Other Components of Equity				Retained Earnings	Total Equity
			Development Reserve	Property, Plant & Equipment Replacement Reserve	General Reserves	FVOCI Reserve		
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Company								
Balance as at 01.04.2023	336,335	5,436,283	785,400	308,900	466,250	(131,987)	7,038,343	14,239,524
Profit for the year							355,875	355,875
Other Comprehensive Income								
Items that will not be reclassified to profit or loss								
Re-measurements of post employment benefit obligations							(131,711)	(131,711)
Deferred tax on re-measurements of post employment benefit obligations							38,529	38,529
Net change in equity investments at fair value through Other Comprehensive Income						65,012	-	65,012
Net gains on disposal of equity investments at fair value through Other Comprehensive Income						(5,025)	5,025	-
Revaluation of land		263,000						263,000
Deferred tax on revaluation of land		(78,900)						(78,900)
Transfers to retained earnings			(785,400)	(308,900)	(466,250)	-	1,560,550	-
Total comprehensive income for the year	-	184,100	(785,400)	(308,900)	(466,250)	59,987	1,828,268	511,805
Transactions with owners in their capacity as owners :								
Final dividend payable for 2022/2023							(126,126)	(126,126)
Total Dividends	-	-	-	-	-	-	(126,126)	(126,126)
Balance as at 31.03.2024	336,335	5,620,383	-	-	-	(72,000)	8,740,485	14,625,203
Profit for the the year							338,303	338,303
Other Comprehensive Income								
Items that will not be reclassified to profit or loss								
Re-measurements of post employment benefit obligations							(9,271)	(9,271)
Deferred tax on re-measurements of post employment benefit obligations							2,945	2,945
Net change in equity investments at fair value through Other Comprehensive Income						56,862	-	56,862
Net gains on disposal of equity investments at fair value through Other Comprehensive Income						(5,957)	5,957	-
Revaluation of land		334,750						334,750
Deferred tax on revaluation of land		(100,425)						(100,425)
Total comprehensive income for the year	-	234,325	-	-	-	50,905	337,934	623,164
Transactions with owners, recognised directly in equity								
First and final dividend paid for 2023/2024							(151,351)	(151,351)
Total Dividends	-	-	-	-	-	-	(151,351)	(151,351)
Balance as at 31.03.2025	336,335	5,854,708	-	-	-	(21,095)	8,927,068	15,097,016

Fair value through Other Comprehensive Income reserve comprises the cumulative net change in the fair value of equity instruments until the investments are derecognised or impaired.

Notes from page 154 to 227 form an integral part of these financial statements.

Figures in the brackets indicate deduction.

STATEMENT OF CASH FLOWS

For the year ended 31 March	Note	Group 2025 LKR '000	Group 2024 LKR '000	Company 2025 LKR '000	Company 2024 LKR '000
Cash flows from operating activities	38.1	**(2,591,566)**	2,692,246	**(6,118)**	197,202
Interest paid		**(451,539)**	(570,011)	**(25,922)**	(46,336)
Taxes paid		**(285,291)**	(243,174)	**(91,767)**	(197,408)
Defined benefit obligation paid		**(63,389)**	(73,187)	**(51,432)**	(54,440)
Net cash (outflow)/inflow from operating activities		**(3,391,785)**	1,805,874	**(175,239)**	(100,982)
Cash flows from investing activities					
Investment in shares, unit trust and commercial papers		**(8,759,081)**	(8,055,748)	**(8,653,416)**	(8,665,749)
Proceeds from disposal/settlements of investments/unit trust/ commercial papers		**9,030,819**	6,932,640	**8,978,824**	9,431,900
Acquisitions of property, plant & equipment and intangible assets	18 & 20.2	**(203,393)**	(120,472)	**(84,329)**	(46,131)
Proceeds from disposal of property, plant & equipment		**22,426**	62,231	**6,950**	29,286
Net cash & cash equivalents on acquisition of a subsidiary	23.1	**-**	(873,336)	**-**	(700,000)
Interest received		**266,923**	165,499	**232,559**	139,301
Dividend received	13	**26,918**	11,994	**141,161**	62,481
Net cash inflow/(outflow) from investing activities		**384,612**	(1,877,192)	**621,749**	251,088
Cash flows from financing activities					
Dividend paid	17	**(151,351)**	(126,125)	**(151,351)**	(126,125)
Principal element of lease payments		**(131,873)**	(135,751)	**(16,285)**	(22,477)
Loans obtained	38.2	**33,288,311**	34,970,739	**-**	2,872,399
Loans paid	38.2	**(29,627,898)**	(34,819,821)	**-**	(2,872,399)
Net cash inflow/(outflow) from financing activities		**3,377,189**	(110,958)	**(167,636)**	(148,602)
Net increase/(decrease) in cash & cash equivalents		**370,016**	(182,276)	**278,874**	1,504
Cash and cash equivalents at the beginning of the year		**82,420**	264,696	**148,199**	146,695
Cash and cash equivalents at end of the year	28	**452,436**	82,420	**427,073**	148,199

Notes:

Notes from page 154 to 227 form an integral part of these financial statements.

Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1. Reporting entity

United Motors Lanka PLC (the "Company"), is a public quoted Company incorporated on 9 May 1989 and domiciled in Sri Lanka. The registered office and the principal place of business of the Company is located at No. 100, Hyde Park Corner, Colombo 02. The ultimate parent of the Company is R I L Property PLC which holds 51% of the issued shares of the Company.

The ordinary shares of the Company are listed at the Colombo Stock Exchange.

1.2. Consolidated financial statements

The consolidated financial statements of the Group as at and for the year ended 31 March 2025. comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group Entities"). All the Group entities are limited liability companies, incorporated and domiciled in Sri Lanka. The financial statements of the Group entities are prepared to a common financial year ending 31 March using uniform accounting policies.

1.3. Principal business activities and nature of operations

The principal business activities of the Company and the subsidiaries are given below;

NAME OF THE COMPANY	PRINCIPAL ACTIVITIES
The Company	
United Motors Lanka PLC (UML)	Importation and sale of brand new Mitsubishi and Fuso vehicles, spare parts, lubricants,after sales services, 3D printers, equipment & machinery, sale of used vehicles (trade-in) and related services.
Subsidiaries	
Unimo Enterprises Limited (UEL)	Importation and sale of vehicles, machinery, tyres, assembling of vehicles and sale of used vehicles (trade-in).
U M L Heavy Equipment Limited (U M L Heavy)	Importation and sale of heavy equipment and power generators, spare parts and after sales services.
U M L Property Developments Limited (UMPDL)	Renting of premises.
Dutch Lanka Trailer Manufacturers Limited (DLT)	Manufacturing and selling of trailers, carriage of cargo containers and related services.
Dutch Lanka Engineering (Pvt) Limited (DLE)	Manufacturing of road trailers for the Sri Lanka market and related services.

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 and presented in accordance with Sri Lanka Accounting Standards, which comprise Sri Lanka Financial Reporting Standards (SLFRS) and Sri Lanka Accounting Standards (LKAS) relevant Interpretations of the Standing Interpretations Committee ("SIC") and International Financial Reporting Interpretations Committee ("IFRIC") laid down by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), and in compliance with the requirements of the Companies Act No. 07 of 2007 and provide appropriate disclosures as required by the Listing Rules of the Colombo Stock Exchange (CSE).

2.2. Responsibilities for the financial statements

The Board of Directors is responsible for the preparation and presentation of financial statements of the Group and the Company as per Sri Lanka Accounting Standards and the provisions of the Companies Act No. 07 of 2007. The Board of Directors acknowledges their responsibility for the financial statements, as set out in the "Annual Report of the Board of Directors", "Statement of Directors' Responsibilities for Financial Statements" and the certification on the financial position on pages 131 to 139, 142 to 143 and 150 respectively of this Annual Report.

2.3. Approval of financial statements

The financial statements for the year ended 31 March 2025 were approved and authorised for issue by the Board of Directors in accordance with the resolution of directors on 28 May 2025.

2.4. Basis of measurement

The consolidated financial statements have been prepared on an accrual basis of accounting except for cash flow information and under the historical cost convention except for following;

ITEM	BASIS OF MEASUREMENT	NOTE
Freehold land	Initially measured at cost at the time of acquisition and subsequently at revalued amounts which are the fair value at the date of revaluation	18
Investment property	Fair value	19
Financial assets measured at fair value through Other Comprehensive Income	Fair value	23.4
Financial assets at fair value through Profit or Loss	Fair value	24
Reimbursable right	Fair value	32.2
Retirement benefit obligation	Actuarially valued and recognized at present value	32

2.5. Functional and presentation currency

The consolidated financial statements are measured in Sri Lankan Rupees (LKR) which is the currency of the primary economic environment in which the reporting entity operates.

The financial statements of the Company and the Group are presented in Sri Lankan Rupees, which is the Group's presentation currency.

Foreign exchange gains and losses are presented in the income statement within other gains/(losses)-net. All financial information presented in Sri Lankan Rupees has been rounded to the nearest thousands, except where otherwise indicated as permitted by Sri Lanka Accounting Standards - LKAS 1 on "Presentation of Financial Statements".

2.6. Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately, unless they are treated immaterial as permitted by the LKAS 1 on "Presentation of Financial Statements" and amendments to LKAS 1 on "Disclosure initiatives".

2.7. Offsetting

Assets and liabilities and income and expenses in the financial statements are not offset unless required or permitted by Sri Lanka Accounting Standards.

2.8. Comparative information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous year in the financial statements in order to enhance the understanding of the current year's financial statements and to enhance the inter period comparability. The presentation and classification of the financial statements of the previous year is reclassified, where relevant for better presentation and to be comparable with those of the current year.

2.9. Material accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Sri Lanka Accounting Standards (SLFRS/LKAS) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosure of contingent liabilities. Judgements and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future year affected. More information on material areas of estimates, uncertainty, and material judgements in applying accounting policies that have the most material effects on the amounts recognised in these financial statements are included in the following:

ACCOUNTING POLICIES	ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS	NOTE
Classification of financial assets and liabilities	Assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics	6
Impairment of financial assets	Estimation of amount and timing of future cash flows	6.1.5
Useful lives of property, plant and equipment	Judgement is exercised in estimating the residual value, rates and method of depreciation	18
Fair value of investment properties	Judgement regarding market based evidence for estimating fair value of investment properties	19

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICIES	ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS	NOTE
Fair value of financial instruments	Methodologies used for valuation of financial instruments and fair value hierarchy	22
Impairment of non-financial assets	Judgement regarding impairment indicators, business outlook, industry & company performance, future projections & cash flows and discount rates	7
Fair value of freehold land	Judgement regarding market based evidence for estimating fair value of land	18
Defined benefit obligation	Key actuarial assumptions on discount rates, expected rates of return on assets, future salary increases and mortality rates	32
Useful lives of intangible assets	Judgement regarding useful lives of intangible assets	20
Accounting for leases	Determination of the lease term for lease contracts with renewal and termination options and estimation of incremental borrowing rate to measure the lease liabilities	34
Provision for contingent liabilities	Estimate of ongoing legal disputes and litigations and any other commitments	39.2
Current tax and deferred tax	Judgement regarding deferred tax asset (the likely timing and level of future taxable profits) and provision for uncertain tax positions.	15

2.9.1. Estimation uncertainties in preparation of financial statements due to uncertain economic activities

The management acknowledges the impact of economic uncertainties while preparing the financial statements for the current year. Despite the challenges posed by last year's economic instability, we have observed positive developments in Sri Lanka's economic landscape.

The estimation uncertainties primarily relate to the following factors:

- **Business disruptions:** The extent and duration of disruptions caused by various stakeholders, including Government actions, businesses, and customers, continue to influence our estimates.
- **Economic downturn:** While last year' s downturn had material effects on GDP, capital markets, credit risk, and consumer spending, this year' s improvements warrant cautious optimism.
- **Government measures:** The effectiveness of Government and Central Bank measures to support businesses during disruptions remains a key consideration.

Our material accounting estimates affected by these uncertainties pertain to expected credit losses, recoverable amounts of non-financial assets, property, plant, equipment, and net realizable value of inventory.

Collectively assessed allowance for expected credit losses

Probable impacts from economic outcomes due to the financial instability in the country may impact future businesses and customers respond to same. There could be a possible increase in credit risk due to the loss of income by some of the businesses and the individuals who are our customers, which would delay the settlements of customer dues whilst the possibility of default also exists. This uncertainty is reflected in the Group's assessment of expected credit losses from its credit portfolio which are subject to a number of management judgements and estimates. Judgements relevant to expected credit loss computations are further discussed in Note 22.4 to these financial statements.

Fair value of financial instruments

The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions.

Impairment of non financial assets

The Group assesses whether there are any indicators of impairment for an asset or a cash generating unit at each reporting date or more frequently, if events or changes in circumstances necessitate to do so. This requires the estimation of the value in use of such individual assets or the cash generating units. This valuation requires the Group to make estimates about expected future cash flows and discount rates and hence they are subject to uncertainty.

Revaluation of property, plant and equipment

The Group measures land at revalued amounts with changes in fair value being recognized in equity through OCI. The Group engages independent professional valuer to assess fair value of land. The key assumptions used to determine the fair value of the land and building and sensitivity analysis are given in Note 18.7.

2.10. Going concern

The Directors have assessed the ability of the Group to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. The assessment took into consideration the prevailing economic environment, current business performance, and other internal and external factors relevant to the Group's operations. In making this assessment, the Directors have considered the Company's current financial position, cash flow forecasts, available financing facilities, and other relevant factors. Based on this evaluation, the Board is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Accordingly, the financial statements of the Group continue to be prepared on a going concern basis.

3. MATERIAL ACCOUNTING POLICIES

Application of Accounting Policies

The financial statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards, which comprise Sri Lanka Financial Reporting Standards ("SLFRS"s), Sri Lanka Accounting Standards ("LKAS"s), relevant interpretations of the Standing Interpretations Committee ("SIC") and International Financial Reporting Interpretations Committee ("IFRIC").

Sri Lanka Accounting Standards further comprises of Statements of Recommended Practices (SoRPs), Statements of Alternate Treatments (SoATs) and Financial Reporting Guidelines issued by the Institute of Chartered Accountants of Sri Lanka. These financial statements have been prepared under the historical cost convention except for financial assets and liabilities which are measured at fair value. The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's and the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are material to the Company's and the Group's financial statements are disclosed in note 2.9 to the financial statements.

The Group has consistently applied the accounting policies for all periods presented in the financial statements. The Group has not early adopted any standard, interpretation or amendment that has been issued but not yet effective.

Apart from the general accounting policies set out below, the specific accounting policies pertaining to each item in the financial statements have been presented within the respective notes to the financial statements.

These material accounting policies have been applied consistently to all periods presented in the financial statements of the Group, unless otherwise indicated. The accounting policies have been consistently applied by the Group entities where applicable and deviations if any have been disclosed accordingly.

ACCOUNTING POLICY	NOTE REFERENCE	PAGE REFERENCE
Material accounting policies – General		
Basis of consolidation	4	158
Foreign currency transactions and balances	5	158
Financial instruments - classification, recognition and de-recognition, initial measurement, subsequent measurement and impairment	6	159
Impairment of non-financial assets	7	160
Statement of cash flows	8	153
New accounting standards adopted by the Group	9	161
Material accounting policies – Recognition of income and expenses		
Operating segments	10	164
Revenue recognition	11	166
Warranties	11	167
Operating expenditure	12	168
Other Income	13	170
Finance income/cost	14	171
Income tax expenses	15	172
Tax exposures	15	172
Basic and diluted earnings per share (EPS)	16	175
Material accounting policies – Recognition of assets and liabilities		
Property, plant and equipment	18	175
Investment properties	19	183
Intangible assets	20	185
Right-of-use asset	21	187

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICY	NOTE REFERENCE	PAGE REFERENCE
Financial assets measured at FVOCI	23.3	203
Investment in subsidiaries	23.1	203
Inventories	25	207
Impairment of trade receivables	22.4	192
Trade and other payables	35	220
Employee benefits	32	213
Deferred tax assets and deferred tax liabilities	33	217
Accounting for leases	34	219
Other disclosures		
Capital commitments and contingencies	39	223
Related parties	40	225
Events after the reporting date	42	227

MATERIAL ACCOUNTING POLICIES - GENERAL

4. BASIS OF CONSOLIDATION

The Group's financial statements comprise consolidated financial statements of the Company and its subsidiaries prepared as per SLFRS 10 - "Consolidated and Separate Financial Statements".

Business combination

Business combinations are accounted for using the acquisition method of accounting when control is transferred to the parent as per Sri Lanka Accounting Standard SLFRS 3 on "Business Combinations". The consideration transferred at the acquisition and identifiable net assets are measured at fair value. Any goodwill that arises is tested annually for impairment. The results of subsidiaries have been included from the date of acquisition, or incorporation while results of subsidiaries disposed will be included up to the date of disposal. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Subsidiaries

Subsidiaries are investees that are controlled by the Company. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power to govern the financial and operating policies over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date when control ceases.

A list of the Group's subsidiaries is set out in Note 23.1 to the financial statements. There are no material restrictions on the ability of subsidiaries to transfer funds to the Company (the Parent) in the form of cash dividend or repayment of loans and advances.

Non-controlling interests

The Group does not have any subsidiaries with non-controlling interests as all subsidiaries are fully owned by United Motors Lanka PLC.

Transactions eliminated on consolidation

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

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any gains or losses arising on the loss of control is recognized in the income statement. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date the control is lost. Subsequently, it is accounted for as an equity accounted investee or in accordance with the Group's accounting policy for financial instruments depending on the level of influence retained.

5. FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Transactions in foreign currencies are translated to functional currency at the exchange rate prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to functional currency at the exchange rate prevailing as at the reporting date. The foreign currency gains or losses on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities which are measured at historical cost denominated in foreign currencies are translated to functional currency at the exchange rate prevailing at the dates of the transactions. Non-monetary assets and liabilities that are measured at fair value denominated in foreign currencies are translated to functional currency at the exchange rate prevailing at the dates that the fair values were determined. Unrealised foreign

exchange differences arising on translation are recorded under other gains/losses in the Statement of Comprehensive Income.

6. FINANCIAL INSTRUMENTS - CLASSIFICATION, RECOGNITION AND DERECOGNITION, INITIAL MEASUREMENT, SUBSEQUENT MEASUREMENT AND IMPAIRMENT

6.1. Financial assets

6.1.1 Classification

As per SLFRS 9, the Group classifies its financial assets based on business model for managing the financial assets and the contractual terms of the cash flows measured at either;

- Amortised cost
- Measured subsequently at fair value either through OCI (FVOCI) or through profit or loss (FVPL)

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through Other Comprehensive Income (FVOCI).

The Group reclassify debt investments when and only when its business model for managing those assets changes.

6.1.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

6.1.3. Initial measurement

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

6.1.4. Subsequent measurement

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

There are three measurement categories into which the Group classifies its debt instruments:

6.1.4.1. Financial assets measured at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gains or losses arising on derecognition is recognised directly in profit or loss together with foreign exchange gains and losses.

6.1.4.2. Financial assets measured at FVOCI

The Group's management has elected to present fair value gains and losses on long term equity investments in OCI with no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payments is established.

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

6.1.4.3. Financial assets measured at FVPL

Equity investments acquired for the purpose of trading and investments in unit trust are classified as FVPL. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable.

As per SLFRS 9, all financial assets other than those classified at amortised cost or FVOCI are measured at FVPL.

Financial assets at fair value through profit or loss include financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis as they are neither

NOTES TO THE FINANCIAL STATEMENTS

held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets and financial assets designated upon initial recognition at fair value through profit or loss.

Changes in the fair value of financial assets at FVPL are recognised in other gains/ (losses) in the statement of profit or loss as applicable.

6.1.5. Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with trade receivables, debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a material increase in credit risk.

The Group/Company make impairment for receivables based on simplified approach to provide credit losses as per SLFRS 9, which permits lifetime expected losses to be recognised for all trade receivables, refer Note 22.4 for further details.

6.2. Financial liabilities

6.2.1. Initial recognition and measurement

Financial liabilities within the scope of SLFRS/LKAS are recognised when and only when the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are recognised initially at fair value plus transaction cost that are directly attributable to the issue of the financial liability, which are not at fair value through profit or loss.

6.2.2. Classification

Financial liabilities can be classified in to two categories as financial liabilities at fair value through profit or loss and other financial liabilities. The Company has classified its financial liabilities into other financial liability category.

6.2.3. Subsequent measurement

Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Such financial liabilities measured at amortised cost includes trade and other payables, interest-bearing borrowings, overdrafts, amounts due to related companies etc.

6.2.4. Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognised in the Statement of Comprehensive Income.

6.2.5. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the Statement of Financial Position when and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

7. IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying value 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 asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGUs unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("Cash Generating Unit" or CGU) for the purposes of goodwill impairment testing. Goodwill acquired in a business combination is allocated to the Group of CGUs that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

An impairment loss is recognised if the carrying amount of asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

The Management currently believes that it has adequate liquidity and business plans to continue to operate the business and mitigate the risks associated with economic downturn for the next twelve months from the report signing date. Therefore, currently, the Group/Company does not have an intention to discontinue any operation to which an asset belongs or plans to dispose of an asset before the previously expected date.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications

that the loss has decrease 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.

8. STATEMENT OF CASH FLOWS

The Statements of Cash Flows has been prepared by using the "indirect method" of preparing cash flows in accordance with the Sri Lanka Accounting Standard - LKAS 7 on "Statement of Cash Flows".

Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and balances with banks which are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an immaterial risk of changes in value. Cash and cash equivalents as referred to in the Statement of Cash Flows comprised of those items as explained in Note 28.

Bank overdrafts are included as a component of cash and cash equivalents for the purpose of the cash flow statement. The Statements of Cash Flows are given on page 153.

9. NEW STANDARDS AND CHANGES TO ACCOUNTING STANDARDS NOT EFFECTIVE AS AT THE REPORTING DATE

9.1. New and amended SLFRS Accounting Standards that are effective from 1 January 2024

9.1.1. In the current year, the group/company has applied a number of amendments to Sri Lanka Accounting Standards issued by the CA Sri Lanka that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

9.1.2 Amendments to LKAS 1 Classification of Liabilities as Current or Non-current

The group/company has adopted the amendments to LKAS 1, published in January 2020, for the first time in the current year.

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

9.1.3 Amendments to SLFRS 16 Leases—Lease Liability in a Sale and Leaseback

The group/company has adopted the amendments to SLFRS 16 for the first time in the current year.

The amendments to SLFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in SLFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in SLFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

A seller-lessee applies the amendments retrospectively in accordance with LKAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied SLFRS 16.

9.2. New and revised SLFRS Accounting Standards in issue but not yet effective

The following new accounting standards and interpretations are issued by IASB but not yet adopted by CA Sri Lanka.

9.2.1. Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

NOTES TO THE FINANCIAL STATEMENTS

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency.

The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively. Instead, an entity is required to apply the specific transition provisions included in the amendments.

The directors of the company anticipate that the application of these amendments may have an impact on the group's/company's consolidated financial statements in future periods.

9.2.2. Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. These amendments further clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion.

These amendments add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

The directors of the company anticipate that the application of these amendments may have an impact on the group's/company's consolidated financial statements in future periods.

9.2.3. IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The directors of the company anticipate that the application of this standard may have an impact on the group's/company's consolidated financial statements in future periods.

9.2.4. IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements.

A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

An entity is only permitted to apply IFRS 19 if, at the end of the reporting period:

- it is a subsidiary (this includes an intermediate parent)
- it does not have public accountability, and
- its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

Eligible entities can apply IFRS 19 in their consolidated, separate or individual financial statements. An eligible intermediate parent that does not apply IFRS 19 in its consolidated financial statement may do so in its separate financial statements.

The new standard is effective for reporting periods beginning on or after 1 January 2027 with earlier application permitted.

The directors of the company do not anticipate that IFRS 19 will be applied for purposes of the consolidated financial statements of the Group/ company.

9.2.5. Annual improvements to IFRS – Volume 11

Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:

IFRS 1 First-time Adoption of International Financial Reporting Standards;

IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;

IFRS 9 Financial Instruments;

IFRS 10 Consolidated Financial Statements; and

IAS 7 Statement of Cash Flows.

These annual improvements are effective for annual periods beginning on or after 1 January 2026 with earlier application permitted.

The directors of the company anticipate that the application of these improvements may have an impact on the group's/ company's consolidated financial statements in future periods.

NOTES TO THE FINANCIAL STATEMENTS

10. OPERATING SEGMENTS

Accounting policy

The operating business segments are organised and managed separately according to the nature, risk and return.

An operating segment is a component of the Group that engages in business activities from which it earns revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group Chief Executive Officer/Executive Director to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

The business segments of the Group are highlighted in the table below:

REPORTABLE SEGMENT	OPERATIONS
Spare parts & workshop	Repair and service of vehicles, machinery and equipment, Sale of vehicle spare parts, accessories and related components.
Vehicles	Sale of passenger vehicles, assembled vehicles, commercial vehicles, special purpose vehicles, pre-owned passenger vehicles and commercial vehicles. Provide vehicle sales facilitation and brokering services.
Equipment & machinery	Sale of heavy equipment, generators & machinery
3D Printers & services	Sale of 3D printers, filaments, spare parts and related services
Tyres	Sale of tyres
Lubricants and car care products	Sale of lubricants and car care products
Trailers	Manufacturing and selling of trailers, carriage of cargo containers and related services.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments (other than investment property) and related revenue, loans and borrowings and related expenses, corporate expenses, income tax related expenses, assets and liabilities.

Segment capital expenditure is the total cost incurred to acquire property, plant and equipment. Inter-segment pricing is determined on an arm's length basis. The activities of the Group are within Sri Lanka. Consequently, the economic environment in which the Group operates is not subject to risk and rewards that are significantly different on a geographical basis. Hence, disclosure by geographical region is not provided.

Segment Information - Group

	Spare parts and workshop		Vehicles		Equipment and machinery		3D Printers and services		Tyres		Lubricants and car care products		Trailers		Total	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
In LKR'000																
Segment revenue	**4,255,522**	3,620,734	**1,976,513**	4,938,741	**446,463**	388,823	**4,698**	9,178	**478,508**	275,595	**2,057,649**	2,094,238	**2,793,679**	547,870	**12,013,032**	11,875,179
Inter segment revenue	**(129,525)**	(216,766)	**(14,301)**	(9,250)	**-**	-	**-**	-	**(8,646)**	(7,575)	**(48,271)**	(64,117)	**(37,925)**	-	**(238,668)**	(297,708)
Revenue from external customers	**4,125,997**	3,403,968	**1,962,212**	4,929,491	**446,463**	388,823	**4,698**	9,178	**469,862**	268,020	**2,009,378**	2,030,121	**2,755,754**	547,870	**11,774,364**	11,577,471
Revenue from contracts with customers																
Goods transferred at a point in time	**3,381,550**	2,814,949	**1,905,025**	4,895,199	**446,463**	388,823	**4,698**	9,178	**469,862**	268,020	**2,009,378**	2,030,121	**2,581,335**	487,600	**10,798,311**	10,893,890
Services rendered at a point in time	**744,447**	589,019	**57,187**	34,292	**-**	-	**-**	-	**-**	-	**-**	-	**174,419**	60,270	**976,053**	683,581
Total revenue from contracts with customers	**4,125,997**	3,403,968	**1,962,212**	4,929,491	**446,463**	388,823	**4,698**	9,178	**469,862**	268,020	**2,009,378**	2,030,121	**2,755,754**	547,870	**11,774,364**	11,577,471
Segment profit/(loss)	**875,645**	597,258	**(58,342)**	107,753	**10,250**	(7,803)	**(4,975)**	(9,862)	**43,538**	39,880	**(65,525)**	131,773	**355,372**	51,689	**1,155,963**	910,688
Unallocated income		-													**139,867**	157,259
Unallocated expenses															**(934,695)**	(914,443)
Profit from operations before finance cost															**361,135**	153,504
Finance income															**266,923**	165,499
Finance cost															**(461,762)**	(563,215)
Net finance cost															**(194,839)**	(397,716)
Profit/(loss) before income tax expenses															**166,296**	(244,212)
Income tax expense															**(92,947)**	(28,735)
Profit/(loss) for the year															**73,349**	(272,947)
Segment assets	**6,403,490**	4,050,623	**6,638,073**	5,601,739	**656,477**	521,702	**6,188**	9,065	**700,294**	387,254	**3,465,453**	3,283,308	**2,659,235**	1,919,968	**20,529,210**	15,773,659
Unallocated assets															**5,529,845**	4,434,666
Total assets	**6,403,490**	4,050,623	**6,638,073**	5,601,739	**656,477**	521,702	**6,188**	9,065	**700,294**	387,254	**3,465,453**	3,283,308	**2,659,235**	1,919,968	**26,059,055**	20,208,325
Segment liabilities	**120,845**	68,920	**833,468**	222,983	**9,205**	5,134	**102**	167	**823**	317	**63,813**	9,466	**1,554,665**	1,050,721	**2,582,921**	1,357,708
Unallocated liabilities															**9,833,174**	5,425,369
Total liabilities	**120,845**	68,920	**833,468**	222,983	**9,205**	5,134	**102**	167	**823**	317	**63,813**	9,466	**1,554,665**	1,050,721	**12,416,095**	6,783,077
Segment capital expenditure-allocated	**86,551**	37,180	**41,162**	53,843	**9,366**	4,247	**99**	100	**9,856**	2,927	**42,152**	22,175	**14,207**	-	**203,393**	120,472
Depreciation and amortisation-allocated	**84,075**	61,277	**120,140**	181,253	**13,996**	12,085	**79**	131	**7,890**	3,820	**40,120**	34,790	**33,529**	2,130	**299,829**	295,486
Non cash expenses/(income)	**91,076**	102,303	**12,118**	(64,406)	**2,582**	11,003	**325**	3,062	**205**	(9,701)	**36,563**	765	**33,035**	-	**175,904**	43,026

NOTES TO THE FINANCIAL STATEMENTS

11. REVENUE

Accounting policy

Revenue recognition

The Group/Company recognised revenue from contracts with customers when control of goods or services is transferred to the customer at an amount that reflects the consideration that the Group is to be entitled in exchange of goods or services.

Delivery occurs when the products have been dispatched to the location as in the sales contract, the risks of obsolescence and loss have been transferred to the customer and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A five-step model with reference to SLFRS 15, "Revenue from contracts with customers" is applied before the revenue is recognized in books.

1 Identify the contracts with customers
2 Identify the separate performance obligations
3 Determine the transaction price of the contract
4 Allocate the transaction price to each of the separate performance obligations, and;
5 Recognise the revenue when each performance obligation is satisfied.

When determining whether the control has been transferred to the customer, the following indicators are taken into account;

- Legal title to the asset;
- Customer has accepted the asset;
- Physical possession of the asset;
- Right for the payment; and
- Customer has significant risk and rewards.

When a performance obligation is satisfied, an entity recognises as revenue the amount of the transaction price (which excludes estimates of variable considerations, if any) that is allocated to that performance obligation. Transaction prices are explicitly stated in the contracts with customers and agreed upon.

Sale of goods and services

The Group sells a range of brand new and used motor vehicles, spare parts, lubricants, tyres, brand new and used heavy machinery and equipment, trailers, generators, 3D printers, customized 3D products, 3D certification courses and provides after sales services to customers. Vehicle sales are recognized when control or the legal title of the vehicle is transferred to the customer. Revenue of all other products has been recognised when the products are delivered to the customer/dealer and there is no unfulfilled obligation that could affect the customer's/dealer's acceptance of the products. Revenue from services are recognised upon completion of job/service obligation.

Revenue from these sales is recognised based on the price specified in the contract, net of trade/volume discounts. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made on cash basis or with a credit term of 30-90 days, which is consistent with the industry practices.

Warranties

Costs incurred by the Company under the terms of the warranty agreement between principal suppliers are reimbursed to the Company. Any amounts that are not reimbursed under the warranty agreement are charged to the Statement of Comprehensive Income.

Revenue from contracts with customers

	Group		Company	
	2025	**2024**	**2025**	**2024**
	LKR '000	LKR '000	LKR '000	LKR '000
Spare parts, repairs and services	**4,125,997**	3,403,968	**4,154,793**	3,531,464
Vehicles	**1,905,025**	4,895,199	**76,759**	499,304
Local charges and brokering fees - vehicles	**57,187**	34,292	**57,187**	34,292
Equipment and machinery	**446,463**	388,823	**-**	-
3D printers and services	**4,698**	9,178	**4,698**	9,178
Tyres	**469,862**	268,020	**-**	-
Lubricants and car care products	**2,009,378**	2,030,121	**2,022,225**	2,046,075
Trailers	**2,755,754**	547,870	**-**	-
Hiring	**-**	-	**17,790**	8,760
	11,774,364	11,577,471	**6,333,452**	6,129,073

11.1. The detailed segment information is given in note 10 to the Financial Statements.

11.2. Free Service Arrangements

The Company/Group sell vehicles bundled with free services to the customers with limitations on mileage or usage period. The Company/Group generally provide three labour free services with the vehicle. The Company and the Group unbundle and defer revenue component applicable to free service arrangements and free services are recognised as a separate performance obligation in accordance with SLFRS 15.

11.3. Warranty Obligation

A standard warranty period/mileage is agreed with the principal for new vehicle sales. The cost incurred by the Company/Group in respect of replacements within the warranty period, is reimbursed by the principal provided that the claims are within the terms agreed with the principal from the date of imports. The Company has no warranty liability in respect of past sales which can occur in future, as the cost is reimbursed by the principal other than in a situation where the Company gives warranty period commencing from the date of sale which is beyond the warranty period given by the principal.

Extended warranty given by the Company only provides assurance that a product will function as expected in accordance with the specifications set out in the manufacturer's warranty. Further, the warranty is intended to only safeguard the customer against existing defects and does not provide any incremental service to the customer. Therefore, extended warranty is not accounted for as a separate performance obligation.

11.4. Liabilities Related to Contracts with Customers (Note 35)

	Group		Company	
	2025	**2024**	**2025**	**2024**
	LKR '000	LKR '000	LKR '000	LKR '000
Advances received from customers	**616,749**	187,635	**358,623**	55,339
Free service contracts - unsatisfied performance obligations	**3,927**	3,258	**97**	40
	620,676	190,893	**358,720**	55,379

NOTES TO THE FINANCIAL STATEMENTS

11.5. Timing of Revenue Recognition

	Group		Company	
	2025	2024	2025	2024
	LKR '000	LKR '000	LKR '000	LKR '000
Revenue recognised at a point in time	**11,774,364**	11,577,471	**6,333,452**	6,129,073
	11,774,364	11,577,471	**6,333,452**	6,129,073

The group recognised total revenue from the sale of goods and services at a point in time.

11.6. Revenue by Nature of Transactions

	Group		Company	
	2025	2024	2025	2024
	LKR '000	LKR '000	LKR '000	LKR '000
Sale of goods	**10,798,311**	10,893,890	**5,415,118**	5,302,740
Rendering of services	**918,866**	649,289	**843,358**	783,281
Support service income	**57,187**	34,292	**74,976**	43,052
	11,774,364	11,577,471	**6,333,452**	6,129,073

12. PROFIT FROM OPERATIONS

Profit/(loss) before tax from operations is stated after charging all expenses including the following:

	Group		Company	
	2025	2024	2025	2024
	LKR '000	LKR '000	LKR '000	LKR '000
Directors' emoluments	**210,313**	186,121	**210,125**	186,071
Auditors' remuneration (Note 12.1)	**7,678**	9,799	**5,113**	8,033
Tax compliance/consultancy charges	**1,784**	1,188	**738**	741
Depreciation on property, plant and equipment (Note 18)	**142,119**	127,444	**97,465**	102,690
Amortization of intangible assets (Note 20.2)	**27,993**	27,746	**27,993**	27,746
Amortization of right of use assets (Note 21)	**129,717**	140,296	**27,858**	39,015
Write-down/(reversal) of inventory to lower of cost or NRV (Net Realisable Value)	**125,395**	103,846	**35,024**	70,540
Employee benefit expense (Note 12.2)	**2,178,673**	1,679,358	**1,433,733**	1,311,113
Net impairment gains/(losses) on trade and other receivables (Note 12.3)	**(50,509)**	60,820	**33,705**	(107,396)
Other gains/(losses)-net (Note 12.4)	**197,754**	79,411	**70,468**	143,692
Donations	**1,526**	429	**1,333**	218
Legal fees	**1,924**	6,184	**1,349**	1,597

12.1. Auditor's Remuneration

	Group		Company	
	2025	2024	2025	2024
	LKR '000	LKR '000	LKR '000	LKR '000
Audit and related services	**7,678**	6,591	**5,113**	4,825
Non audit services	**-**	3,208	**-**	3,208
	7,678	9,799	**5,113**	8,033

12.2. Employee Benefit Expense

	Group		Company	
	2025	2024	**2025**	2024
	LKR '000	LKR '000	LKR '000	LKR '000
Salaries and bonus	**1,815,282**	1,409,927	**1,180,691**	1,103,377
Contributions to defined contribution plan	**197,908**	148,209	**128,711**	113,531
Employee benefit obligation (Note 32.6)	**90,114**	62,205	**67,521**	48,026
Others	**75,369**	59,017	**56,810**	46,179
	2,178,673	1,679,358	**1,433,733**	1,311,113
Number of employees at the end of the year	**1,240**	1,201	**777**	775

12.3. Net Impairment Gains/(Losses) on Trade and Other Receivables

	Group		Company	
	2025	2024	**2025**	2024
	LKR '000	LKR '000	LKR '000	LKR '000
Net impairment (losses)/gains on trade receivables	**(24,527)**	9,940	**(2,581)**	8,315
Net impairment (losses)/gains on other receivables (Note 12.3.1)	**(25,982)**	50,880	**36,286**	(115,711)
	(50,509)	60,820	**33,705**	(107,396)

12.3.1. Net impairment gains/(losses) on other receivables

	Group		Company	
	2025	2024	**2025**	2024
	LKR '000	LKR '000	LKR '000	LKR '000
Impairment (losses)/gains on warranry receivables	**(25,982)**	50,880	**12,665**	28,459
Impairment gain/(losses) on commercial papers and inter-company loans	**-**	-	**23,621**	(144,170)
	(25,982)	50,880	**36,286**	(115,711)

12.4. Other Gains/(Losses)-net

	Group		Company	
	2025	2024	**2025**	2024
	LKR '000	LKR '000	LKR '000	LKR '000
Foreign exchange gains/(losses)-net	**42,879**	(19,844)	**8,307**	(7,069)
Gain on bargain purchase of a subsidiary	**-**	9,323	**-**	-
Impairment gains/(losses) on borrowings	**16,353**	(16,353)	**(94,861)**	(16,353)
Net change in fair value of financial assets at				
Fair value through profit or loss-equity investments	**16,216**	63,738	**16,216**	63,738
Fair value through profit or loss-unit trust	**10,511**	14,196	**10,511**	14,196
Fair value through profit or loss-commercial papers	**-**	-	**-**	37,329
Change in fair value of investment property	**-**	-	**18,500**	23,500
Net gains on disposal of financial assets at				
Fair value through profit or loss	**111,795**	28,351	**111,795**	28,351
	197,754	79,411	**70,468**	143,692

NOTES TO THE FINANCIAL STATEMENTS

12.5. Operating Expenses

Accounting Policy

Operating expenses are recognised on an accrual basis. Expenses are classified according to their function. For the purpose of presentation of Statement of Comprehensive Income, the Directors are of the opinion that function of expense method present fairly the elements of the enterprise's performance, hence such presentation method is adopted.

a) Other expenses

Other expenses are recognised in the Statement of Comprehensive Income on the basis of a direct association between the cost incurred and the earnings of specific items of income.

b) Repairs and maintenance expenses

All expenditure incurred in maintaining the property, plant and equipment in a state of efficiency has been charged to the Statement of Comprehensive Income in arriving at the results of the year.

c) Capital expenditure

All expenditure incurred in running of the business and in maintaining the property, plant and equipment has been charged to revenue in arriving at the results for the year. Expenditure incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earnings capacity of the business has been treated as capital expenditure.

13. OTHER INCOME

Accounting Policy

Income earned from other sources, which are not directly related to the ordinary course of business are recognised as other income. Other income recognised on an accrual basis.

Rental income

Rental income received or receivable in the course of ordinary activities is recognised on a straight-line basis over the term of the lease.

Profit or loss on disposal of property, plant and equipment

The gains or losses on the sale of property, plant and equipment are determined as the difference between the carrying amount of the property, plant and equipment at the time of disposal and the proceeds of disposal, net of expenses incurred on disposal.

Sundry income

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

Gains/(losses) on the disposal of investments held by the parent

Gains/(losses) on the disposal of investments held by the parent have been accounted under other income after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.

Dividend income

Dividend income is recognised when the Group's/Company's right to receive the payment is established.

13. Other income (Contd.)

	Group		Company	
	2025	**2024**	**2025**	**2024**
	LKR '000	LKR '000	LKR '000	LKR '000
Rent income	**-**	-	**37,198**	37,787
Profit on disposal of property, plant and equipment	**15,972**	40,377	**3,113**	24,561
Award received from principal	**9,765**	9,757	**9,765**	9,757
Facilitation fee	**5,361**	2,900	**84,748**	93,058
Dividend income from investments in subsidiaries	**-**	-	**115,632**	51,000
Dividend income				
Financial assets at the fair value through profit or loss	**8,885**	8,199	**8,885**	8,199
Financial assets at fair value through Other Comprehensive Income	**18,033**	3,795	**16,644**	3,282
Income from solar PV system	**40,221**	41,238	**40,221**	41,238
Commission on insurance	**6,079**	5,392	**6,079**	5,392
Valuation fee	**-**	10	**-**	10
Sundry income (Note 13.1)	**35,551**	45,591	**15,617**	17,237
	139,867	157,259	**337,902**	291,521

13.1. Sundry income

	Group		Company	
	2025	**2024**	**2025**	**2024**
	LKR '000	LKR '000	LKR '000	LKR '000
Scrap sales	**14,601**	25,211	**14,601**	13,247
Write back of other payables	**-**	5,911	**-**	-
Miscellaneous	**20,950**	14,469	**1,016**	3,990
	35,551	45,591	**15,617**	17,237

14. FINANCE INCOME AND FINANCE COST

Accounting Policy

Finance income comprise interest income, income from unit trusts, income from commercial papers and all other income received or receivable as a result of holding financial assets.

The interest component of finance lease payments are recognised in the financial statements using effective rate method.

Interest income is recognised as it accrues using the effective interest method in the Statement of Comprehensive Income.

Finance costs comprise interest payable on all financial liabilities such as term loans, overdrafts and finance leases. Interest expenses are recognised using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

14.1. Recognised in Profit or Loss

	Group		Company	
	2025	2024	2025	2024
	LKR '000	LKR '000	LKR '000	LKR '000
Finance income				
Income from unimpaired financial assets:				
Interest on call deposits	**76,215**	33,951	**3,935**	6,117
Interest on amounts due from related parties	**-**	-	**6,530**	2,047
Income from unit trust investments	**190,708**	131,548	**190,708**	131,137
Income from commercial paper investments	**-**	-	**51,970**	316,960
Total finance income	**266,923**	165,499	**253,143**	456,261
Finance cost				
Expenses on financial liabilities measured at amortized cost:				
Interest on bank borrowings	**(410,102)**	(519,230)	**-**	(20,904)
Interest on amounts due to related parties	**-**	-	**(3,033)**	-
Interest on lease liabilities	**(38,125)**	(34,888)	**(22,731)**	(24,946)
Interest on overdrafts	**(13,535)**	(9,097)	**(158)**	(486)
Total finance cost	**(461,762)**	(563,215)	**(25,922)**	(46,336)
Net finance (cost)/income recognised in profit or loss	**(194,839)**	(397,716)	**227,221**	409,925

14.2. Recognised in Other Comprehensive Income

	Group		Company	
	2025	2024	2025	2024
	LKR '000	LKR '000	LKR '000	LKR '000
Net change in the fair value of equity investments at fair value through Other Comprehensive Income	**70,929**	77,216	**56,862**	65,012
	70,929	77,216	**56,862**	65,012

15. TAXATION-INCOME TAX EXPENSE

Accounting Policy

Income tax on the profit for the year comprise of current and deferred tax. Income tax is recognized directly in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity or Other Comprehensive Income.

In determining the amount of current and deferred tax, the Company considers the impact of tax exposures, including whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities. Such changes to tax liabilities would impact tax expense in the period in which such a determination is made.

Income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of the assets and liabilities as at the reporting date.

Deferred tax is not recognised for;

- temporary differences relating to investments in subsidiaries, to the extent that the Company 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 amount of deferred tax provided is based on the expected realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date.

The principal temporary difference arise from depreciation on property, plant and equipment, investment property, intangible assets, tax losses carried forward, provision for defined benefit obligations, lease assets and lease liabilities.

A deferred tax assets is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised, based on the level of future taxable profit forecasts and tax planning strategies.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A detailed disclosure on deferred tax is given in Note 33.

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authorities, in which case the sales tax is recognised as a part of the asset or part of the expense items as applicable. The amount of sales tax recoverable and payable in respect of taxation authorities is included as a part of receivables and payables in the statement of financial position.

The Company and its subsidiaries are liable to pay Value Added Tax (VAT) on taxable supplies at the specified rates where applicable under Value Added Tax Act No. 14 of 2002 all other amendments.

Company and the Group is liable for Social Security Contribution Levy (SSCL), on the liable turnover specified in the Social Security Contribution Act No. 25 of 2022 at the rate of 2.5% with effect from 1 October 2022.

Investment allowances and similar tax incentives

Companies within the Group is entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure. The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

	Group		Company	
	2025	**2024**	**2025**	**2024**
	LKR '000	LKR '000	LKR '000	LKR '000
Current tax expense				
Current tax on profit for the year	**229,814**	205,860	**70,793**	167,425
Adjustments in respect of prior years	**(1,786)**	(14,061)	**(31)**	(19,584)
Total current tax expense	**228,028**	191,799	**70,762**	147,841
Deferred tax expense				
Deferred tax asset charged during the year	**(124,316)**	(133,973)	**-**	(8,805)
Deferred tax liability reversed during the year	**(10,765)**	(29,091)	**(5,215)**	(7,460)
Total deferred tax reversal	**(135,081)**	(163,064)	**(5,215)**	(16,265)
Income tax expense (Note 15.1)	**92,947**	28,735	**65,547**	131,576

NOTES TO THE FINANCIAL STATEMENTS

The Department of Inland Revenue issued an income tax assessment on the Company for the year of assessment 2010/11 disallowing 2/3rd of the NBT expenses claimed by the Company. Additional assessment (excluding penalty) amounted to LKR 18,317,599. The Company appealed against the assessment but the Commissioner General of Inland Revenue (CGIR) determination was against the Company. The Company appealed against the determination of CGIR dated 21 January 2016 to the Tax Appeals Commission.

On 12 June 2018, the Tax Appeals Commission issued their determination in favour of the Company discharging the assessment issued by CGIR for the year of assessment 2010/11 based on a preliminary objection raised by the Company. However, CGIR filed action in the Court of Appeal against the said determination of the Tax Appeals Commission. Subsequently Court of Appeal has overruled the Tax Appeal Commission's decision. Now the Court of Appeal is hearing arguments on the substantive matter. As there is no independent judgement received in favor of the Assessment issued, the Company has not made any provision in the Financial Statements in relation to this matter.

15.1. Reconciliation of the Accounting Profit/(Loss) to Income Tax Expense:

The income tax on the results of the Group's operations and the Company's profits/(loss) before tax differs from the theoretical amounts that would arise using the basic tax rates as follows.

	Group		Company	
	2025	2024	**2025**	2024
	LKR '000	LKR '000	LKR '000	LKR '000
Profit/(loss) before income tax expense	**166,296**	(244,212)	**403,850**	487,451
Tax calculated at effective tax rate of 30%	**49,889**	(73,264)	**121,155**	146,235
Tax effect on income tax not liable for tax	**(98,024)**	(85,748)	**(90,916)**	(66,334)
Tax effect on expenses not deductible	**280,668**	384,489	**137,702**	172,788
Tax effect on allowable deductions	**(172,808)**	(155,492)	**(102,363)**	(101,529)
Utilisation of tax losses	**-**	(20,484)	**-**	-
Adjustments in respect of prior years	**(1,786)**	(14,061)	**(31)**	(19,584)
Tax losses during the year	**35,022**	23,523	**-**	-
Tax effect of adjustments on consolidation	**(14)**	(30,228)	**-**	-
Tax charge	**92,947**	28,735	**65,547**	131,576

15.2. Income Tax Provisions

(a) The taxable profit of the Company and subsidiaries are liable for current tax rate of 30% in accordance with the provisions of the Inland Revenue Act, No. 24 of 2017 and amendments thereto.

(b) As per the Inland Revenue Act No. 24 of 2017, as amended by the Inland Revenue (Amendment) Act No.10 of 2021 tax losses can be deducted in full and the remaining losses can be carried forward only up to six years.

The tax losses carried forward by the Group entities as at 31 March 2025 amounts to LKR 3,326 Mn (LKR 2,819 Mn in 2024).

	Group		Company	
	2025	2024	**2025**	2024
	LKR '000	LKR '000	LKR '000	LKR '000
Tax losses at the beginning of the year	**2,819,435**	1,750,685	**-**	-
Tax losses for the year including disallowed finance cost	**430,029**	785,297	**-**	-
Tax Losses written off during the year	**(129,787)**	-		
Adjustment in respect of previous year	**215,006**	351,732	**-**	-
Tax losses set off during the year	**(9,156)**	(68,279)	**-**	-
Tax losses at the end of the year	**3,325,527**	2,819,435	**-**	-

(d) Further information about deferred tax is presented in note 33, Deferred tax assets/liabilities.

16. EARNINGS PER SHARE - BASIC AND DILUTED

Accounting Policy

The basic EPS is calculated by dividing the profit /(loss) attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding during the year.

The Company's and the Group's earnings per share is computed on the net profit attributable to equity holders of the parent and the weighted average number of ordinary shares in issue during the year as required by LKAS 33 "Earnings per share".

	Group		Company	
	2025	**2024**	**2025**	**2024**
	LKR '000	LKR '000	LKR '000	LKR '000
Amount used as numerator				
Profit/(loss) attributable to equity holders of the parent company (LKR '000)	**73,349**	(272,947)	**338,303**	355,875
Amount used as denominator				
Weighted average number of ordinary shares ('000)	**100,901**	100,901	**100,901**	100,901
Earnings per share-basic and diluted (LKR)	**0.73**	(2.71)	**3.35**	3.53

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

17. DIVIDEND PER SHARE

	Company			
	2025		**2024**	
	Dividend Per share	**Dividend**	**Dividend Per share**	**Dividend**
	LKR	LKR '000	LKR	LKR '000
Final dividend paid for 2022/23	**-**	**-**	1.25	126,126
First and final dividend paid for 2023/2024	**1.50**	**151,351**	-	-
	1.50	**151,351**	1.25	126,126

As required by Section 56 (2) of the Companies Act No. 07 of 2007, the Board of Directors has confirmed that the Company satisfies the solvency test in accordance with Section 57 of the Companies Act No. 07 of 2007, prior to recommending dividend and has obtained a solvency certificate from the auditors, prior to distribution.

18. PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

Basis of recognition

Property, plant and equipment are tangible items that are held for servicing, or for administrative purposes and are expected to be used during more than one period.

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the assets will flow to the Company and cost of the asset can be measured reliably in accordance with the Sri Lanka Accounting Standard - LKAS 16 on "Property, Plant and Equipment". Purchased software that is integral to the functionality of the related equipment is capitalised as part of computer equipment.

NOTES TO THE FINANCIAL STATEMENTS

Measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and subsequent costs. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use and the costs of dismantling and removing the items and restoring the site on which they are located.

Cost model

The Group applies cost model to property, plant and equipment except for freehold land and records at cost of purchase or construction together with any incidental expenses thereon less accumulated depreciation and any accumulated impairment losses, if only.

Revaluation model

Freehold land is stated at cost at the time of acquisition and subsequently measured at fair value at the next valuation. Freehold land of the Group is revalued periodically unless carrying values do not differ materially from the fair value at the reporting date.

On revaluation of an asset, any increase in the carrying amount is recognised in capital reserve in Other Comprehensive Income and accumulated in equity under the heading of revaluation surplus or used to reverse a previous revaluation decrease relating to the same asset, which was charged to the Profit or Loss. In this circumstance, the increase is recognised as income only to the extent of the previous written down value.

Any decrease in the carrying amount is recognised as an expense in comprehensive income or is recognised in Other Comprehensive Income to the extent of any credit balance existing in the capital reserve in respect of that asset. Upon disposal or retirement, any balance remaining in the revaluation reserve in respect of an asset is transferred directly to retained earnings.

Subsequent costs

The cost of replacing significant parts of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Company and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are charged to the Statement of Comprehensive Income as incurred.

Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gains or losses arising from derecognition of an item of property, plant and equipment is included in Statement of Comprehensive Income when the item is derecognised. When replacement costs are recognised in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is derecognised. Major inspection costs are capitalised. At each such capitalisation, the remaining carrying amount of the previous cost is derecognised.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset or other amount substituted for cost, less its residual value. Depreciation is recognised in the Statement of Comprehensive Income on straightline basis over the estimated useful lives of each item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease terms and useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease period. Freehold land is not depreciated.

The estimated useful lives are as follows:

Buildings	20-40 years
Furniture and fittings	5–10 years
Office equipment	2-4 years
Electrical fixtures and fittings	4–10 years
Machinery and tools	4–10 years
Motor vehicles	4 years
Solar system	20 years
Computers	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date that the asset is derecognised.

Leasehold improvements are capitalised and depreciated over the term of the lease or useful life whichever is shorter. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately.

Borrowing cost

As per LKAS 23 on “Borrowing costs”, the Group capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset. A qualifying asset is an asset which takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed. Other borrowing costs are recognised in the Statement of Comprehensive Income in the year it is incurred.

Capital work-in-progress

Capital expenses incurred during the year which are not completed as at the reporting date are shown as capital work-in progress. Capital work-in-progress is stated in the Statement of Financial Position at cost, including borrowing costs, less any accumulated impairment losses.

Capital work in progress is transferred to the relevant asset, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management (i.e, available for use).

18. PROPERTY, PLANT AND EQUIPMENT

18.1. Group-31 March 2025

	Free hold land	Buildings	Furniture & fittings	Office equipment	Electrical fixtures & fittings	Machinery & tools	Motor vehicles	Solar PV system	Computers	Capital work in progress	Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Cost or revalued amount											
At the beginning of the year	7,865,500	1,269,943	81,312	88,783	152,586	551,525	538,964	226,444	198,303	7,254	10,980,614
Additions	-	36,801	5,194	17,648	4,963	56,697	58,398	-	18,176	5,516	203,393
Gains from revaluation of land [Note 18.5 (ii)]	357,250	-	-	-	-	-	-	-	-	-	357,250
Disposals	-	(9,577)	(42)	(1,756)	-	-	(35,744)	-	(13,722)	-	(60,841)
Reclassifications and adjustments	-	-	-	14,954	-	(5,297)	12,566	-	-	-	22,223
Transferred from capital work-in-progress	-	10,938	340	454	75	13	-	-	-	(11,820)	-
At the end of the year	8,222,750	1,308,105	86,804	120,083	157,624	602,938	574,184	226,444	202,757	950	11,502,639
Accumulated depreciation											
At the beginning of the year	-	546,821	71,868	75,477	127,736	400,793	511,552	56,610	176,611	-	1,967,468
Charge for the year	-	42,556	2,853	8,331	9,443	33,128	25,565	11,322	8,921	-	142,119
Disposals	-	(6,679)	(42)	(986)	-	-	(35,744)	-	(10,936)	-	(54,387)
Reclassifications and adjustments	-	-	-	12,043	-	(2,386)	12,566	-	-	-	22,223
At the end of the year	-	582,698	74,679	94,865	137,179	431,535	513,939	67,932	174,596	-	2,077,423
Carrying amount as at 31 March 2025	8,222,750	725,407	12,125	25,218	20,445	171,403	60,245	158,512	28,161	950	9,425,216
Carrying amount as at 31 March 2024	7,865,500	723,122	9,444	13,306	24,850	150,732	27,412	169,834	21,692	7,254	9,013,146

18.2. Group-31 March 2024

	Free hold land	Buildings	Furniture & fittings	Office equipment	Electrical fixtures & fittings	Machinery & tools	Motor vehicles	Solar PV system	Computers	Capital work in progress	Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Cost or revalued amount											
At the beginning of the year	7,477,000	1,033,313	63,402	62,043	142,483	390,994	591,993	226,444	171,514	10,082	10,169,268
Acquisition of a subsidiary	65,741	241,680	13,663	23,860	9,216	113,491	5,071	-	31,999	9,238	513,959
Additions	-	7,483	5,195	7,837	1,343	55,934	18,227	-	7,990	12,314	116,323
Gains from revaluation of land [Note 18.5 (i)]	322,759	-	-	-	-	-	-	-	-	-	322,759
Disposals	-	(35,762)	(948)	(5,500)	(1,064)	(8,894)	(76,327)	-	(13,200)	-	(141,695)
Transferred from capital work-in-progress	-	23,229	-	543	608	-	-	-	-	(24,380)	-
At the end of the year	7,865,500	1,269,943	81,312	88,783	152,586	551,525	538,964	226,444	198,303	7,254	10,980,614
Accumulated depreciation											
At the beginning of the year	-	408,191	57,988	51,938	114,110	279,767	538,802	45,288	153,245	-	1,649,329
Acquisition of a subsidiary		134,551	13,099	23,246	6,120	101,933	5,071	-	26,516	-	310,536
Charge for the year	-	36,145	1,728	4,941	8,570	27,970	27,128	11,322	9,640	-	127,444
Disposals	-	(32,066)	(947)	(4,648)	(1,064)	(8,877)	(59,449)	-	(12,790)	-	(119,841)
At the end of the year	-	546,821	71,868	75,477	127,736	400,793	511,552	56,610	176,611	-	1,967,468
Carrying amount as at 31 March 2024	7,865,500	723,122	9,444	13,306	24,850	150,732	27,412	169,834	21,692	7,254	9,013,146
Carrying amount as at 31 March 2023	7,477,000	625,122	5,414	10,105	28,373	111,227	53,191	181,156	18,269	10,082	8,519,939

Details of land and buildings owned by the Group as of 31 March 2025 are as follows:

		Buildings		Land					
Location/address	**Land Owned by**	**No.of building units**	**Sq. / Ft**	**Extent**			**Cost**	**Revaluation gains**	**Carrying value**
				Acres	Roods	Perches	LKR '000	LKR '000	LKR '000
100, & 100A, Hyde Park Corner, Colombo 02	United Motors Lanka PLC	10	81,794	1	3	0.54	76,791	4,622,209	4,699,000
143 & 145, Majeed Place, Orugodawatte		27	126,382	7	-	15.14	68,336	1,397,664	1,466,000
Vauxhall Street, Colombo 02		2	825	-	1	10.35	197,316	656,934	854,250
Meetotamulla, Orugodawatte		1	3,494	-	1	28.86	75,081	43,919	119,000
Maligawa Road, Ratmalana		25	89,262	9	3	36.50	443,140	474,860	918,000
Navatkuli, Jaffna		3	9,475	1	-	25.69	12,623	47,877	60,500
Off Nattandiya Road, Dankotuwa	Dutch Lanka Trailer Manufacturers Ltd	4	57,838	7	2	10.71	47,032	58,968	106,000
Total		72	369,070	20	2	37.08	920,319	7,302,431	8,222,750

18.3. Company-31 March 2025

	Free hold land	Buildings	Furniture & fittings	Office equipment	Electrical fixtures & fittings	Machinery & tools	Motor vehicles	Solar PV system	Computers	Capital work in progress	Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Cost or revalued amount											
At the beginning of the year	7,165,000	881,915	50,909	41,197	141,227	318,762	542,334	226,444	151,071	6,680	9,525,539
Additions	-	27,072	2,396	7,525	4,963	10,255	14,301	-	12,404	5,413	84,329
Gains from revaluation of land [Note 18.5 (ii)]	334,750	-	-	-	-	-	-	-	-	-	334,750
Disposals	-	(9,577)	(42)	(1,706)	-	-	(18,010)	-	(8,208)	-	(37,543)
Transferred from capital work-in-progress	-	10,734	340	454	75	13	-	-	-	(11,616)	-
At the end of the year	7,499,750	910,144	53,603	47,470	146,265	329,030	538,625	226,444	155,267	477	9,907,075
Accumulated depreciation											
At the beginning of the year	-	312,179	48,059	32,846	122,423	242,849	517,438	56,610	135,406	-	1,467,810
Charge for the year	-	26,578	1,105	4,427	7,471	19,195	20,406	11,322	6,961	-	97,465
Disposals	-	(6,679)	(42)	(983)	-	-	(18,010)	-	(7,992)	-	(33,706)
At the end of the year	-	332,078	49,122	36,290	129,894	262,044	519,834	67,932	134,375	-	1,531,569
Carrying amount as at 31 March 2025	7,499,750	578,066	4,481	11,180	16,371	66,986	18,791	158,512	20,892	477	8,375,506
Carrying amount as at 31 March 2024	7,165,000	569,736	2,850	8,351	18,804	75,913	24,896	169,834	15,665	6,680	8,057,729

18.4. Company-31 March 2024

	Free hold land	Buildings	Furniture & fittings	Office equipment	Electrical fixtures & fittings	Machinery & tools	Motor vehicles	Solar PV system	Computers	Capital work in progress	Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Cost or revalued amount											
At the beginning of the year	6,902,000	897,423	50,931	40,333	140,340	317,727	584,400	226,444	156,581	9,879	9,326,058
Additions	-	5,892	859	5,438	1,343	8,740	-	-	7,396	12,314	41,982
Gains from revaluation of land [Note 18.5 (i)]	263,000	-	-	-	-	-	-	-	-	-	263,000
Disposals	-	(35,762)	(881)	(5,117)	(1,064)	(7,705)	(42,066)	-	(12,906)	-	(105,501)
Transferred from capital work-in-progress	-	14,362	-	543	608	-	-	-	-	(15,513)	-
At the end of the year	7,165,000	881,915	50,909	41,197	141,227	318,762	542,334	226,444	151,071	6,680	9,525,539
Accumulated depreciation											
At the beginning of the year	-	314,907	47,853	34,025	116,077	229,910	537,526	45,288	140,310	-	1,465,896
Charge for the year	-	29,338	1,086	3,132	7,410	20,627	21,978	11,322	7,797	-	102,690
Disposals	-	(32,066)	(880)	(4,311)	(1,064)	(7,688)	(42,066)	-	(12,701)	-	(100,776)
At the end of the year	-	312,179	48,059	32,846	122,423	242,849	517,438	56,610	135,406	-	1,467,810
Carrying amount as at 31 March 2024	7,165,000	569,736	2,850	8,351	18,804	75,913	24,896	169,834	15,665	6,680	8,057,729
Carrying amount as at 31 March 2023	6,902,000	582,516	3,078	6,308	24,263	87,817	46,874	181,156	16,271	9,879	7,860,162

Details of land & buildings owned by the Company as of 31 March 2025 are as follows:

	Buildings		Land					
Location/address	No.of building units	Sq. / Ft	Extent			Cost	Revaluation gains	Carrying value
			Acres	Roods	Perches	LKR '000	LKR '000	LKR '000
100, Hyde Park Corner, Colombo 02	9	71,524	1	2	3.70	25,000	4,057,000	4,082,000
143 & 145, Majeed Place, Orugodawatte	27	126,382	7	-	15.14	68,336	1,397,664	1,466,000
Vauxhall Street, Colombo 02	2	825	-	1	10.35	197,316	656,934	854,250
Meetotamulla, Orugodawatte	1	3,494	-	1	28.86	75,081	43,919	119,000
Maligawa Road, Ratmalana	25	89,262	9	3	36.50	443,140	474,860	918,000
Navatkuli, Jaffna	3	9,475	1	-	25.69	12,623	47,877	60,500
Total	67	300,962	20	2	0.24	821,496	6,678,254	7,499,750

NOTES TO THE FINANCIAL STATEMENTS

18.5. Revaluation

(I) In March 2024, a revaluation was carried out by Mr. J.M.S. Bandara, a qualified independent valuer to reflect market value of land. The resultant surplus of the Group LKR 322,759,000 and the Company LKR 263,000,000 has been credited to the capital reserve on revaluation of land.

(II) In March 2025, a revaluation was carried out by Mr. J.M.S. Bandara, a qualified independent valuer to reflect market value of land. The resultant surplus of the Group LKR 357,250,000 and the Company LKR 334,750,000 has been credited to the capital reserve on revaluation of land.

18.6. Measurement of fair value

Measurement of fair value of land has been categorised as level 3 of the fair value hierarchy based on the inputs to the valuation technique used.

18.7. Significant unobservable inputs and relationships to fair value

The following table shows the valuation technique used to measure the fair value of land owned by Group, along with the significant unobservable inputs applied.

Location of properties	Method of valuation	Extent A=Acres R= Roods P= Perches	Range of estimated prices for unobservable inputs	Total revalued amount	Significant unobservable valuation Inputs	Relationship of unobservable inputs to fair value
				LKR'000		
100, & 100A, Hyde Park Corner, Colombo 02	Market Approach	1A 3R 0.54 P	LKR 16,750,000 per perch	4,699,000	Price per perch of land	Estimated fair value would increase/ (decrease) if; - Price per perch increases/ (decreases)
143 & 145, Majeed Place, Orugodawatte	Market Approach	7A 15.14 P	LKR 1,250,000 to 1,400,000 per perch	1,466,000		
Vauxhall Street, Colombo 02	Market Approach	1 R 10.35 P	LKR 17,000,000 per perch	854,250		
Meetotamulla, Orugodawatte	Market Approach	1 R 28.86 P	LKR 1,725,000 per perch	119,000		
Maligawa Road, Ratmalana	Market Approach	9 A 3 R 36.5 P	LKR 575,000 per perch	918,000		
Navatkuli, Jaffna	Market Approach	1A 25.69 P	LKR 325,000 per perch	60,500		
Off Nattandiya Road, Dankotuwa	Market Approach	7 A 2 R 10.71 P	LKR 14,000,000 per acre	106,000		

18.8. Fully depreciated assets

Cost of fully depreciated assets which are still in use as at reporting date are as follows:

	Group		Company	
	2025	**2024**	**2025**	**2024**
	LKR '000	LKR '000	LKR '000	LKR '000
Buildings	**173,973**	167,210	**108,914**	104,516
Furniture and fittings	**63,704**	61,758	**43,975**	42,620
Office equipment	**69,091**	63,617	**30,472**	27,222
Electrical fixtures & fittings	**83,178**	76,926	**80,845**	74,593
Machinery & tools	**223,587**	204,364	**112,123**	97,394
Motor vehicles	**524,550**	546,774	**443,222**	474,319
Computers	**148,394**	142,964	**112,516**	108,871
Reference books	**107**	107	**107**	107
Total	**1,286,584**	1,263,720	**932,174**	929,642

18.9. No restrictions existed on the title of the property, plant and equipment of the Group as at the reporting date, and there were no temporarily idle property, plant and equipment as at the reporting date. There was no permanent fall in value of property, plant and equipment which requires a provision for impairment as at reporting date.

18.10. There were no items of property, plant and equipment pledged as security for liabilities.

18.11. There were no compensation received/receivable from third parties for items of property, plant and equipment that were impaired, lost or given up.

18.12. There were no capitalized borrowing costs relating to the acquisition of property plant and equipment during the year (2024- Nil).

19. INVESTMENT PROPERTY

Accounting Policy

Basis of recognition

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

Investment property is recognised if it is probable that future economic benefits that are associated with the investment property will flow to the Company and cost of the investment property can be measured reliably.

Below mentioned properties classified as investment properties in the books of United Motors Lanka PLC and U M L Property Developments Limited and do not qualify as an investment property in the consolidated financial statements.

- The parent company, United Motors Lanka PLC rented part of the land and building to its subsidiary.
- The building held by U M L Property Developments Limited is rented to the parent company, United Motors Lanka PLC.

Measurement

An investment property is measured initially at its cost. The cost of a purchased investment property comprises 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.

At the subsequent measurement investment properties are recognized at fair value.

The fair value of investment properties is determined by using valuation techniques. Further details of the judgements and assumptions made are disclosed in Note 2.9.

NOTES TO THE FINANCIAL STATEMENTS

Derecognition

Investment properties are derecognised when disposed, or permanently withdrawn from use because no future economic benefits are expected.

Reclassification of investment property

When the use of a property changes from owner-occupied to investment property, the transfers are recorded at carrying amount following the cost model as per LKAS 40-"Investment Property".

	Company	
	2025	2024
	LKR '000	LKR '000
Investment Property		
At the beginning of the year	**603,500**	580,000
Gains from fair value remeasurement	**18,500**	23,500
At the end of the year	**622,000**	603,500

19.1. Amounts Recognised in Profit or Loss for Investment Property

	Company	
	2025	2024
	LKR '000	LKR '000
Rentals income from operating leases	**17,620**	17,620
Fair value gains recognised in profit or loss	**18,500**	23,500

No direct operating expenses for property that generated rental income.

19.2. Leasing Arrangements

The investment property is leased to a subsidiary under operating lease arrangement for which rentals are payable monthly.

Minimum lease payments receivable on leases of investment property is as follows.

	Company	
	2025	2024
	LKR '000	LKR '000
Within one year	**17,620**	17,620

The investment property is leased out to a subsidiary for one-year period and the agreement is subject to annual renewal.

According to the valuation done by Mr. J. M. S Bandara, qualified independent valuer, the fair value of this property as at 31 March 2025 is LKR 622 million (March 2024 - LKR 603.5 million).

Details of land and building under investment property are as follows:

	Building			Land				
Location / address	No. of buildings	Sq. / Ft	Carrying value	Extent			Fair value	Carrying value of the property
				Acres	Roods	Perches		
			LKR '000				LKR '000	LKR '000
100A ,Hyde Park Corner, Colombo 02	1	10,270	5,000	-	-	36.84	617,000	622,000

The Company classified part of its land and building as investment property. UML has rented this property to its subsidiary Unimo Enterprises Limited. Hence it does not qualify as an investment property in the consolidated financial statements.

The buildings owned by U M L Property Developments Limited are rented to the parent company, United Motors Lanka PLC. Hence it does not qualify as an investment property in the consolidated financial statements.

In determining the fair value, the current condition of the properties, future usability and market evidence of transaction prices for similar properties with appropriate adjustments for size and location has been considered.

There is no restriction on the realisability of investment property or the remittance of rental income and proceeds on disposals.

19.3. Measurement of Fair Value

Measurement of fair value of investment property has been categorised as level 3 of the fair value hierarchy based on the inputs to the valuation technique used.

19.4. Significant Unobservable Inputs and Relationships to Fair Value

The following table shows the valuation techniques used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Professional valuer	Location of properties	Method of valuation	Extent	Range of estimates for unobservable inputs	Carrying amount at the beginning of the year	Fair value gain	Total revalued amount as at 31.03.2025	Significant Unobservable Valuation Inputs	Relationship of unobservable inputs to fair value
					LKR '000	LKR '000	LKR '000		
J M S Bandara	100A, Hyde Park Corner, Colombo 02	Land Market Approach (Price per perch of land)	36.84 perches	LKR 16,750,000 per perch	598,500	18,500	617,000	Price per perch of land	Estimated fair value would increase (decrease) if;
		Building DRC value (replacement cost)	10,270 Sq/Ft	LKR 6,700 per Sq/ Ft Less depreciation at 93%	5,000	-	5,000	Price per square foot for building	- Price per square foot increases/ (decreases)
								Depreciation rate	- Depreciation rate for building (decreases) / increases

20. INTANGIBLE ASSETS

Accounting Policy

Basis of recognition

An intangible asset is an identifiable non-monetary asset without physical substance held for use in the production or supply of goods or services, or for administrative purpose.

Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the assets can be measured reliably in accordance with the Sri Lanka Accounting Standard - LKAS 38 on “Intangible assets”.

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group’s share of the net identifiable assets of the acquired subsidiary at the date of acquisition. If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree less the net amount of the fair value of the assets acquired and liabilities assumed is recognised. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. The negative goodwill is recognised immediately in the Statement of Comprehensive Income. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold net of disposal proceeds.

NOTES TO THE FINANCIAL STATEMENTS

Software

Costs associated with maintaining software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits and
- the expenditure attributable to the software during its development can be reliably measured.

Intangible assets are amortised using the straight-line method to write down the cost over its estimated useful economic life of 2-10 years from the date of which it is available for use.

Subsequent expenditure

Expenditure incurred on software is capitalized only when it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured and attributed to the asset reliably. All other expenditure is expensed as incurred.

Useful economic lives and amortisation

Computer software are amortised over their estimated useful economic life on a straight-line basis. They are assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation method, useful lives and residual values are reviewed at each reporting date and adjusted if required.

Derecognition

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss.

Intangible Assets

	Group		Company	
	2025	2024	**2025**	2024
	LKR '000	LKR '000	LKR '000	LKR '000
Goodwill (Note 20.1)	**2,890**	2,890	**-**	-
Computer software (Note 20.2)	**113,859**	141,852	**113,861**	141,854
	116,749	144,742	**113,861**	141,854

20.1. Goodwill

	Group		Company	
	2025	2024	**2025**	2024
	LKR '000	LKR '000	LKR '000	LKR '000
At the beginning of the year	**2,890**	2,890	**-**	-
At the end of the year	**2,890**	2,890	**-**	-

Impairment of goodwill

Goodwill represents the difference between the purchase consideration and the fair value of assets acquired as a result of the acquisition of balance 50% shares in Unimo Enterprise Limited (formerly known as Associated United Motors Limited) which was acquired on 3 October 2002.

There is no impairment of goodwill as at the reporting date.

20.2. Computer Software

	Group		Company	
	2025	**2024**	**2025**	**2024**
	LKR '000	LKR '000	LKR '000	LKR '000
Cost				
At the beginning of the year	**291,565**	287,416	**289,062**	284,913
Additions	**-**	4,149	**-**	4,149
At the end of the year	**291,565**	291,565	**289,062**	289,062
Accumulated amortisation				
At the beginning of the year	**149,713**	121,967	**147,208**	119,462
Amortisation during the year	**27,993**	27,746	**27,993**	27,746
At the end of the year	**177,706**	149,713	**175,201**	147,208
Carrying amount at the end of the year	**113,859**	141,852	**113,861**	141,854

20.3. There were no restrictions existed on the title of the intangible assets of the Group as at the reporting date. Further there were no items pledged as security for liabilities.

20.4. There were no significant intangible assets controlled by the entity but not recognized as assets because they did not meet recognition criteria or because they were acquired or generated before SLFRS 3 -"Business Combinations" was effective.

20.5. Cost of fully amortised computer software of the Group amounts to LKR 18.1 million (2024-LKR 17.1 million) and the Company amounts to LKR 16.5 million (2024-LKR 14.6 million) as at the reporting date.

21. RIGHT-OF-USE ASSETS

Accounting Policy

Basis of recognition

The Group applies Sri Lanka Accounting Standard SLFRS 16 "Leases" in accounting for all lease hold rights except for leases due to expire during the financial year and leases on which implications to the financial statements are not considered to be material.

The Group uses its judgment to determine whether an operating lease contract qualifies for recognition of right-of-use assets. The Group applies judgements in evaluating the level of certainty whether the option of renewing the lease exits or otherwise. That is, it considers all relevant factors that create an economic benefits for it to exercise either the renewal or termination.

NOTES TO THE FINANCIAL STATEMENTS

Basis of measurement

Right-of-use assets are measured at cost, less any accumulated amortization and impairment losses, and adjusted for any re-measurement of lease liabilities.

The cost of right-of-use assets includes:

- the amount of lease liabilities recognised,
- initial direct costs incurred, and
- lease payments made at or before the commencement date less any lease incentives received.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straightline basis over the shorter of its estimated useful life or the lease term. Right-of-use assets are subject to impairment.

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-less than one year leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

	Group		Company	
	2025	2024	2025	2024
	LKR '000	LKR '000	LKR '000	LKR '000
Cost				
At the beginning of the year	**957,231**	839,435	**732,107**	713,761
Acquisition of a subsidiary	**-**	53,043	**-**	-
Adjustments-termination of lease contract	**(63,893)**	(21,454)	**(1,074)**	-
Additions during the year	**293,027**	86,207	**11,679**	18,346
At the end of the year	**1,186,365**	957,231	**742,712**	732,107
Accumulated amortisation				
At the beginning of the year	**777,225**	587,753	**621,638**	582,623
Acquisition of a subsidiary	**-**	49,176	**-**	-
Adjustments	**(53,083)**	-	**-**	-
Amortisation for the year	**129,717**	140,296	**27,858**	39,015
At the end of the year	**853,859**	777,225	**649,496**	621,638
Carrying amount at the end of the year	**332,506**	180,006	**93,216**	110,469

The Group has lease contracts for properties used for showrooms, workshops and warehouses under different lease terms and conditions. Lease contracts are generally entered for fixed period of 1 year to 30 years.

On adoption of SLFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the previous of LKAS-17 "Leases".

These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of the date of lease commencement.

22. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Accounting Policy

Refer Note 6 for accounting policies.

The group holds the following financial instruments;

		Group		Company	
As at 31 March		**2025**	**2024**	**2025**	**2024**
	Note	LKR '000	LKR '000	LKR '000	LKR '000
Financial assets					
Financial assets at amortised cost					
Trade & other receivables excluding prepayments	26	**4,993,339**	2,754,569	**2,417,502**	1,332,404
Amounts due from related parties	27	**-**	-	**37,592**	382,979
Investments in commercial papers & fixed deposits	24.5	**617,313**	511,645	**421,985**	433,148
Cash & cash equivalents	28	**645,307**	254,016	**427,073**	158,228
Financial assets measured at fair value through Other Comprehensive Income (FVOCI)	23.5	**86,200**	170,513	**85,360**	131,746
Financial assets at fair value through profit or loss (FVPL)					
Equity shares	24.1	**520,631**	134,584	**520,631**	134,584
Investments in unit trusts	24.1	**1,294,511**	1,764,196	**1,294,511**	1,764,196
		8,157,301	5,589,523	**5,204,654**	4,337,285
Financial liabilities					
Liabilities at amortised cost					
Interest bearing borrowings	31	**7,667,551**	3,996,915	**-**	-
Trade and other payables	35	**2,957,033**	1,270,944	**834,405**	323,041
Amounts due to related parties	36	**-**	-	**36,766**	39,071
Lease liabilities	34	**333,789**	183,446	**115,596**	121,276
Bank overdrafts	28	**192,871**	171,596	**-**	10,029
		11,151,244	5,622,901	**986,767**	493,417

22.1. Fair Values Vs. Carrying Amounts

The following notes show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Trade receivable includes the contractual amounts for settlement of trade and other obligations due to the Company. Trade and other payables and borrowings represent contract amounts and obligations due from the Company.

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed in the accounting standard. Details of each level is given in Note 22.2 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

		Group					
		2025			2024		
		Carrying amount	Fair value		Carrying amount	Fair value	
	Note	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
			Level 1	Level 2		Level 1	Level 2
Financial assets at fair value through profit or loss (FVPL)							
Equity shares	24.1	**520,631**	**520,631**	**-**	134,584	134,584	-
Investments in unit trusts	24.1	**1,294,511**	**-**	**1,294,511**	1,764,196	-	1,764,196
Financial assets at amortised cost							
Trade & other receivables excluding prepayments	26	**4,993,339**	**-**	**-**	2,754,569	-	-
Other financial assets at amortised cost-investments in fixed deposits	24.5	**617,313**	**-**		511,645	-	-
Cash & cash equivalents	28	**645,307**	**-**	**-**	254,016	-	-
Financial assets measured at fair value through Other Comprehensive Income (FVOCI)							
Equity shares	23.5	**86,200**	**86,200**	**-**	170,513	170,513	-
		8,157,301	**606,831**	**1,294,511**	5,589,523	305,097	1,764,196
Financial liabilities at amortised cost							
Interest-bearing borrowings	31.1	**7,667,551**	**-**	**-**	3,996,915	-	-
Bank overdrafts	28	**192,871**	**-**	**-**	171,596	-	-
		7,860,422	**-**	**-**	4,168,511	-	-

		Company					
		2025			2024		
		Carrying amount	Fair value		Carrying amount	Fair value	
	Note	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
			Level 1	Level 2		Level 1	Level 2
Financial assets at fair value through profit or loss (FVPL)							
Equity shares	24.1	**520,631**	**520,631**	**-**	134,584	134,584	-
Investments in unit trusts	24.1	**1,294,511**		**1,294,511**	1,764,196		1,764,196
Financial assets at amortised cost							
Trade & other receivables excluding prepayments	26	**2,417,502**	**-**	**-**	1,332,404	-	-
Amounts due from related parties	27	**37,592**	**-**	**-**	382,979	-	-
Other financial assets at amortised cost-investments in commercial papers	24.5	**421,985**	**-**	**-**	433,148	-	-
Cash & cash equivalents	28	**427,073**	**-**	**-**	158,228	-	-
Financial assets measured at fair value through Other Comprehensive Income (FVOCI)							
Equity shares	23.5	**85,360**	**85,360**	**-**	131,746	131,746	-
		5,204,654	**605,991**	**1,294,511**	4,337,285	266,330	1,764,196
Financial liabilities at amortised cost							
Bank overdrafts	28	**-**	**-**	**-**	10,029	-	-
		-	**-**	**-**	10,029	-	-

The following table shows the valuation technique used in measuring level 2 fair values, as well as the significant unobservable inputs used.

TYPE	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	INTER-RELATIONSHIP BETWEEN KEY UNOBSERVABLE INPUTS AND FAIR VALUE MEASUREMENT
Investments in unit trusts	Fair value is based on the published unit prices.	Based on published unit prices.	The estimated fair value will increase/ (decrease) if; The published unit prices are higher/(lower)

22.2. Fair Value Hierarchy

Fair value of financial instruments are based on a fair value hierarchy which is detailed below.

Level 1

Inputs that are quoted market prices (unadjusted) in active market for identical instruments. The Company measures the fair value of an instrument using active quoted prices or dealer price quotations without any deductions for transaction cost. Market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions at arm's length basis.

Level 2

Inputs other than quoted prices included within level one that are observable either directly or indirectly. This category includes instruments valued using quoted market prices in an active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or valuation techniques in which whole significant inputs are directly or indirectly observable from market data.

Level 3

The input that are unobservable. This category includes all the instruments for which valuation techniques includes input not based on observable data and the unobservable inputs have a significant effect on the instruments valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

22.3. Overview of Financial Risk Management

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies, and processes for identifying, analysing, evaluating, and monitoring the risk, and the management of capital of the Group. Further, quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The respective Board of Directors of each company has overall responsibility for the establishment and oversight of the respective company's risk management framework.

Each company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk profile and controls, and to monitor risks and mitigate. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

NOTES TO THE FINANCIAL STATEMENTS

The Board Audit and Risk Committee oversees how management monitors compliance with their risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by each company. The Audit and Risk Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board Audit and Risk Committee.

22.4. Credit Risk

Credit risk is the risk that a customer or counterparty will not meet its contractual obligations under financial instrument or customer contract, leading to a financial loss.

The Group is exposed to credit risk from its operating activities (primarily from trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Risk management

The Group does an extensive and continuous evaluation of credit worthiness of its customers/financial institutions by assessing external credit ratings (if available) or historical information about default rates and change the credit limits and payment terms where necessary.

Sales to retail customers are required to be settled in cash, cheques or credit cards. The Group has taken necessary steps to monitor debtors more closely and frequently to ensure that the debts are settled on time.

Security

For some trade receivables the Group may obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is given in Note 22.4 (a) and (d).

Impairment of trade receivables and other investments at amortised cost

Accounting Policy

Trade receivables and investment in commercial papers carried at amortised cost are subject to the expected credit loss model while cash and cash equivalents are also subject to the impairment requirements of SLFRS 9.

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group/Company make impairment for receivables based on simplified approach to provide credit losses as per SLFRS 9, which permits lifetime expected losses to be recognised for all trade receivables, refer Note 22.4.(a) for further details.

Expected Credit Losses (ECL)

Expected Credit Loss (ECLs) are a probability weighted estimate of credit losses. Credit losses are measures at the present value of all cash shortfalls (i.e. the difference between the cash flow that the Company expected to receive). ECLs are discounted at the effective interest rate of the financial asset.

In assessing collective impairment the Company/Group uses historical information on the probability of default, the timing of recoveries, and the amount of loss incurred and make an adjustment if current and forward looking economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested historical trends. Trade receivables which are in default or credit impaired or have individually significant balances are separately assessed for ECL measurement.

The Company assess expected credit lossess for investment in commercial papers issued by subsidiaries based on predetermined criteria. Please refer Note 12.3.1.

a. Trade and other receivables

The management assesses the credit quality of the customer, taking into account their financial position, past experience and other factors. Sources of credit risks are identified, assessed and monitored and the Group has policies to manage the risks within various subcategories. The utilization of credit limits is regularly monitored.

Maximum exposure to credit risk for trade receivables at the reporting date by category wise are as follows:

	Group		Company	
	2025	**2024**	**2025**	**2024**
	LKR '000	LKR '000	LKR '000	LKR '000
Public Sector	**245,712**	182,516	**204,608**	119,569
Private Sector				
Individual customers	**21,140**	1,020	**19,573**	1,020
Corporate customers	**718,638**	711,401	**125,690**	138,622
Dealers & distributors	**703,762**	811,670	**584,168**	749,053
Leasing companies	**486,495**	113,962	**-**	-
	2,175,747	1,820,569	**934,039**	1,008,264

The Group applies the SLFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables has been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the settlement pattern of dues over a period of 36 months ended 31 March 2025 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forwardlooking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Economic crisis in the country has resulted in reduction of income for majority of the Corporates as well as for the individuals which increases the credit risk and the outbreak significantly affected the macro economic forecast which affects the recoverability of receivables.

Uncertainty due to financial crises in the country are reflected in the Group's assessment of expected credit losses from its credit portfolio which are subject to a number of management judgements and estimates, reasonability of the model methodology and key assumptions.

The loss allowance as at 31 March 2025 and 31 March 2024 was determined as follows;

Group

31 March 2025	Current	More than 60 days past due	More than 120 days past due	More than 180 days past due	More than 240 days past due	More than 300 days past due	More than 360 days past due	Collective model Total	Specific Total	Total
Expected loss rate	**0.45%**	**2.11%**	**2.63%**	**8.30%**	**10.04%**	**35.89%**	**100.00%**			
Gross carrying amount – trade receivables (LKR'000)	**1,208,593**	**162,726**	**243,703**	**21,027**	**16,561**	**11,211**	**46,309**	**1,710,130**	**–**	**1,710,130**
Loss allowance – collective model (LKR'000)	**(5,440)**	**(3,440)**	**(6,412)**	**(1,745)**	**(1,662)**	**(4,024)**	**(46,309)**	**(69,032)**	**–**	**(69,032)**
Gross carrying amount – trade receivables (LKR'000)	**458,248**	**52,426**	**3,216**	**13,441**	**–**	**–**	**9,138**	**–**	**536,469**	**536,469**
Loss allowance – specific (LKR'000)	**–**	**–**	**–**	**–**	**–**	**–**	**(1,820)**	**–**	**(1,820)**	**(1,820)**
Total (LKR'000)	**1,661,401**	**211,712**	**240,507**	**32,723**	**14,899**	**7,187**	**7,318**	**1,641,098**	**534,649**	**2,175,747**

31 March 2024	Current	More than 60 days past due	More than 120 days past due	More than 180 days past due	More than 240 days past due	More than 300 days past due	More than 360 days past due	Collective model Total	Specific Total	Total
Expected loss rate	0.95%	2.28%	0.96%	0.19%	2.72%	1.28%	49.40%			
Gross carrying amount – trade receivables (LKR'000)	899,393	111,103	99,351	160,394	15,789	5,863	81,276	1,373,169	–	1,373,169
Loss allowance – collective model (LKR'000)	(8,577)	(2,536)	(954)	(306)	(429)	(75)	(40,154)	(53,031)	–	(53,031)
Gross carrying amount – trade receivables (LKR'000)	275,361	184,513	20,084	16,069	2,358	–	2,306	–	500,691	500,691
Loss allowance – specific (LKR'000)	–	(63)	(6)	(2)	–	–	(189)	–	(260)	(260)
Total (LKR'000)	1,166,177	293,017	118,475	176,155	17,718	5,788	43,239	1,320,138	500,431	1,820,569

Company

31 March 2025	Current	More than 60 days past due	More than 120 days past due	More than 180 days past due	More than 240 days past due	More than 300 days past due	More than 360 days past due	Collective model Total	Specific Total	Total
Expected loss rate	**0.82%**	**1.56%**	**1.48%**	**7.63%**	**5.97%**	**26.89%**	**100.00%**			
Gross carrying amount – trade receivables (LKR'000)	**590,232**	**85,763**	**202,540**	**14,403**	**11,484**	**569**	**11,428**	**916,419**	**–**	**916,419**
Loss allowance – collective model (LKR'000)	**(4,818)**	**(1,338)**	**(2,999)**	**(1,099)**	**(686)**	**(153)**	**(11,428)**	**(22,521)**	**–**	**(22,521)**
Gross carrying amount – trade receivables (LKR'000)	**35,667**	**4,469**	**–**	**5**	**–**	**–**	**168**		**40,309**	**40,309**
Loss allowance – specific (LKR'000)	**–**	**–**	**–**	**–**			**(168)**		**(168)**	**(168)**
Total (LKR'000)	**621,081**	**88,894**	**199,541**	**13,309**	**10,798**	**416**	**–**	**893,898**	**40,141**	**934,039**

31 March 2024	Current	More than 60 days past due	More than 120 days past due	More than 180 days past due	More than 240 days past due	More than 300 days past due	More than 360 days past due	Collective model Total	Specific Total	Total
Expected loss rate	1.83%	1.70%	4.05%	12.63%	21.48%	61.01%	100.00%			
Gross carrying amount – trade receivables (LKR'000)	443,008	58,767	13,597	1,409	1,071	88	9,741	527,681	–	527,681
Loss allowance – collective model (LKR'000)	(8,094)	(1,001)	(550)	(178)	(230)	(54)	(9,741)	(19,848)	–	(19,848)
Gross carrying amount – trade receivables (LKR'000)	275,361	184,513	20,084	16,069	2,358	–	2,306	–	500,691	500,691
Loss allowance – specific (LKR'000)	–	(63)	(6)	(2)	–	–	(189)	–	(260)	(260)
Total (LKR'000)	710,275	242,216	33,125	17,298	3,199	34	2,117	507,833	500,431	1,008,264

b. The movement in the allowance for impairment in respect of trade receivables during the year is given in Note 26.2.

c. When the Group ascertains that no recovery of the amounts due is possible, at that point the amounts are considered irrecoverable and are written off against the financial asset directly.

d. Credit risk relating to other financial assets at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

Maximum exposure to credit risk for other financial assets at amortised cost as at the reporting date is as follows;

	Group		Company	
	2025	2024	2025	2024
	LKR '000	LKR '000	LKR '000	LKR '000
Other financial assets at amortised cost-commercial papers	**-**	-	**421,985**	433,148
Other financial assets at amortised cost-fixed deposits	**617,313**	511,645	**-**	-
	617,313	511,645	**421,985**	433,148

Commercial papers are issued at fixed terms (maximum 6 months) at current market rate.

Investments in commercial papers are unsecured and repayable in cash on due date.

Fixed deposits are held with banks and financial institutions which are rated above 'A(lka)'.

e. Credit risk relating to cash and cash equivalents.

The cash and cash equivalents are held with banks and financial institutions which are rated above 'BBB-(lka).

22.5. Liquidity Risk

Liquidity risk is the risk that the Group may not have sufficient liquid financial resources to meet its obligations when they fall due. The Group manages the liquidity risk by carrying out cash flow forecasts and identifying future cash needs. Investments are planned ensuring money is available for settlements. Adequate banking facilities are approved and kept for use as and when necessary. Strong relationships have been built with banks to ensure that urgent borrowing needs are met at short notice. Group has un-utilized bank facilities (short term loans and overdraft) amounted to LKR 15,220 million as at 31 March 2025.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

Non- derivative financial liabilities	Carrying amount	Contractual Cash flows	Less than 6 months	6- 12 months	1-2 years	2-5 years	More than 5 years
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Group							
31 March 2025							
Lease liabilities	**333,789**	**486,366**	**47,076**	**65,693**	**90,888**	**182,846**	**99,863**
Interest-bearing borrowings	**7,667,551**	**7,667,551**	**7,634,111**	**8,280**	**16,560**	**8,600**	**-**
Trade and other payables	**2,957,033**	**2,957,033**	**2,957,033**	**-**	**-**	**-**	**-**
Bank overdrafts	**192,871**	**192,871**	**192,871**	**-**	**-**	**-**	**-**
	11,151,244	**11,303,821**	**10,831,091**	**73,973**	**107,448**	**191,446**	**99,863**
31 March 2024							
Lease liabilities	183,446	313,647	45,187	24,260	54,442	70,303	119,455
Interest-bearing borrowings	3,996,915	3,996,915	3,996,915	-	-	-	-
Trade and other payables	1,270,944	1,270,944	1,270,944	-	-	-	-
Bank overdrafts	171,596	171,596	171,596	-	-	-	-
	5,622,901	5,753,102	5,484,642	24,260	54,442	70,303	119,455

Non- derivative financial liabilities	Carrying amount	Contractual Cash flows	Less than 6 months	6- 12 months	1-2 years	2-5 years	More than 5 years
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Company							
31 March 2025							
Lease liabilities	**115,596**	**229,596**	**17,980**	**17,493**	**32,592**	**61,668**	**99,863**
Trade and other payables	**834,405**	**834,405**	**834,405**	**-**	**-**	**-**	**-**
Amounts due to related parties	**36,766**	**36,766**	**36,766**	**-**	**-**	**-**	**-**
	986,767	**1,100,767**	**889,151**	**17,493**	**32,592**	**61,668**	**99,863**
31 March 2024							
Lease liabilities	121,276	244,560	14,461	16,248	26,775	67,621	119,455
Trade and other payables	323,041	323,041	323,041	-	-	-	-
Amounts due to related parties	39,071	39,071	39,071	-	-	-	-
Bank overdrafts	10,029	10,029	10,029	-	-	-	-
	493,417	616,701	386,602	16,248	26,775	67,621	119,455

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

22.6. Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks;

- Foreign exchange risk
- Interest rate risk
- Equity price risk

a. Foreign exchange risk

Foreign exchange risk arises when future commercial transactions are denominated in a currency that is not the entity's functional currency. The Group is principally exposed to fluctuations in the value of the Japanese Yen (JPY) and US Dollar (USD) against the Sri Lankan Rupees (LKR). The Group's functional currency is LKR in which most of the transactions are denominated, and all other currencies are considered foreign currencies for reporting purposes.

Changes in foreign currency exchange rates affect the Group's cost of purchases. Import bills are negotiated at the most favourable rate for the Group. Selling prices are decided after considering the expected exchange rate movements and quotations are issued with conditions for currency fluctuations. Selling prices are adjusted regularly in line with the increase in exchange rates.

The aggregate net foreign exchange gains/losses recognized in profit or loss were;

	Group		Company	
	2025	2024	2025	2024
	LKR '000	LKR '000	LKR '000	LKR '000
Net foreign exchange gains/(losses) included in other gains/losses	**42,879**	(19,844)	**8,307**	(7,069)
	42,879	(19,844)	**8,307**	(7,069)

NOTES TO THE FINANCIAL STATEMENTS

The exposure to currency risk as at the reporting date are as follows:

	Group		Company	
	USD - '000	JPY - '000	USD - '000	JPY - '000
Trade receivables as at 31 March 2025	2,376	292	32	292
Trade receivables as at 31 March 2024	2,093	5,574	6	5,574
Trade payables as at 31 March 2025	2,675	18,001	91	18,001
Trade payables as at 31 March 2024	1,467	1,835	81	1,835

Sensitivity analysis

The following table demonstrates the sensitivity of the Group/Company profits to a reasonable possible change in the US Dollar (USD) and Japanese Yen (JPY) exchange rate with all other variables held constant.

The impact on the profit before tax due to change in the fair value of monetary assets and liabilities denominated in foreign currency are as follows;

	Impact on post tax profit/equity					
	+ 5 %	- 5 %	+ 10 %	- 10 %	+1 5 %	-1 5 %
As at 31 March 2025						
Group						
USD	**27,290**	**(27,290)**	**54,580**	**(54,580)**	**81,870**	**(81,870)**
JPY	**(1,775)**	**1,775**	**(3,550)**	**3,550**	**(5,325)**	**5,325**
Company						
USD	**(905)**	**905**	**(1,810)**	**1,810**	**(2,715)**	**2,715**
JPY	**(1,775)**	**1,775**	**(3,550)**	**3,550**	**(5,325)**	**5,325**

	Impact on post tax profit/equity					
	+ 5 %	- 5 %	+ 10 %	- 10 %	+1 5 %	-1 5 %
As at 31 March 2024						
Group						
USD	29,691	(29,691)	59,382	(59,382)	89,073	(89,073)
JPY	356	(356)	712	(712)	1,068	(1,068)
Company						
USD	(1,136)	1,136	(2,272)	2,272	(3,408)	3,408
JPY	356	(356)	712	(712)	1,068	(1,068)

b. Interest rate risk

The Group's interest rate risk arises mainly from the short term borrowings and investment of excess funds in financial instruments. Borrowings at variable rates expose the Group to interest rate risk which is partially offset by cash/investments held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Company has cash and bank balances including deposits placed with Government and reputed financial institutions. All available opportunities are considered before making investment decisions.

Proper working capital management is done to ensure that borrowing needs and investment opportunities are foreseen. Market interest rates are monitored closely to ensure borrowings and investments are at the best rate for the Group.

At the end of the reporting period the interest rate profile of the Group/Company's interest bearing financial instruments was as follows:

	Group		Company	
	2025	**2024**	**2025**	**2024**
	LKR '000	LKR '000	LKR '000	LKR '000
Fixed rate instruments				
Financial assets	**617,313**	511,645	**421,985**	433,148
Financial liabilities	**(333,789)**	(183,446)	**(115,596)**	(121,276)
	283,524	328,199	**306,389**	311,872
Variable rate instruments				
Financial assets	**1,294,511**	1,764,196	**1,294,511**	1,764,196
Financial liabilities	**(7,835,262)**	(4,168,511)	**-**	(10,029)
	(6,540,751)	(2,404,315)	**1,294,511**	1,754,167

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonable possible change in variable interest, with all other variables held constant.

	Increase/ decrease in variable rates	**Impact on post tax profit/ equity-Group**	**Impact on post tax profit/equity-Company**
	%	LKR '000	LKR '000
31 March 2025 variable rate instruments	**+5%**	**(20,099)**	**7,726**
	-5%	**20,099**	**(7,726)**
31 March 2024 variable rate instruments	+5%	69,511	93,173
	-5%	(69,511)	(93,173)

	Increase/ decrease in variable rates	**Impact on post tax profit/ equity-Group**	**Impact on post tax profit/equity-Company**
	%	LKR '000	LKR '000
31 March 2025 variable rate instruments	**+10%**	**(40,198)**	**15,452**
	-10%	**40,198**	**(15,452)**
31 March 2024 variable rate instruments	+10%	139,022	186,346
	-10%	(139,022)	(186,346)

	Increase/ decrease in variable rates	**Impact on post tax profit/ equity-Group**	**Impact on post tax profit/equity-Company**
	%	LKR '000	LKR '000
31 March 2025 variable rate instruments	**+15%**	**(60,297)**	**23,178**
	-15%	**60,297**	**(23,178)**
31 March 2024 variable rate instruments	+15%	208,533	279,519
	-15%	(208,533)	(279,519)

NOTES TO THE FINANCIAL STATEMENTS

c. Equity price risk

Listed equity securities are susceptible to equity price risk arising from uncertainties of future values of the investment securities. The Group manages the equity price risk through diversification of its portfolio to different business segments.

The Group's equity risk management policies adopted by the Investment Committee are as follows;

- Equity investment decisions are based on fundamentals rather than on speculation.
- Decisions are made based on in-depth industry and macroeconomic analysis as well as on research reports on the Company performance.

The table below shows the diversification of equity investments;

Investment shares

	Group				Company			
Sector	**2025**		**2024**		**2025**		**2024**	
	LKR '000	%	LKR '000	%	LKR '000	%	LKR '000	%
Banks	**85,360**	**99.0**	160,265	94.0	**85,360**	**100.0**	130,154	98.8
Diversified	**484**	**0.6**	9,625	5.6	**-**	**-**	1,592	1.2
Energy	**356**	**0.4**	327	0.2	**-**	**-**	-	-
Utilities	**-**	**-**	296	0.2	**-**	**-**	-	-
Total	**86,200**	**100.0**	170,513	100.0	**85,360**	**100.0**	131,746	100.0

Trading shares

	Group / Company			
Sector	**2025**		**2024**	
	LKR '000	%	LKR '000	%
Banks	**213,404**	**41.0**	49,612	36.9
Capital goods	**119,877**	**23.0**	4,976	3.7
Diversified	**52,662**	**10.1**	71,029	52.8
Food beverage & tobacco	**67,671**	**13.0**	6,535	4.9
Utilities	**20,258**	**3.9**	-	-
Consumer Durables & Apparel	**26,166**	**5.0**	-	-
Materials	**20,593**	**4.0**	2,432	1.8
Total	**520,631**	**100.0**	134,584	100

Sensitivity analysis

Investments in equity shares are subject to the performance of investee company and the factors that effects the status of the stock market.

The following table demonstrates the sensitivity of the Group and the Company's equity to a reasonably possible change in the market prices of the listed equity securities, with all other variables held constant.

	Change in share price of all companies in which the Group / Company has invested	Group		Company	
		Effect on Profit before tax as a result of gains/ losses on equity securities classified as FVPL	Effect on other component of equity as a result of gains/losses on equity securities classified as FVOCI	Effect on Profit before tax as a result of gains/losses on equity securities classified as FVPL	Effect on other component of equity as a result of gains/losses on equity securities classified as FVOCI
		LKR '000	LKR '000	LKR '000	LKR '000
31 March 2025 - Investments in equity shares	**+ 5%**	**26,032**	**4,310**	**26,032**	**4,268**
	- 5%	**(26,032)**	**(4,310)**	**(26,032)**	**(4,268)**
	+10%	**52,063**	**8,620**	**52,063**	**8,536**
	- 10%	**(52,063)**	**(8,620)**	**(52,063)**	**(8,536)**
	+15%	**78,095**	**12,930**	**78,095**	**12,804**
	- 15%	**(78,095)**	**(12,930)**	**(78,095)**	**(12,804)**

22.7. Operational Risk

Operational risk is the risk of direct or indirect losses arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations. The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- training and professional development;
- ethical and business standards;
- risk mitigation, including insurance when applicable.

NOTES TO THE FINANCIAL STATEMENTS

Compliance with set procedures is supported by periodic reviews undertaken by Internal Audit. The results of Internal Audit findings are discussed with the management of the relevant business unit with summaries submitted to the Audit Committee and Senior Management of the Group.

22.8. Capital Management

(a) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital consistent with others in the industry. Capital is monitored on the basis of the gearing ratio.

Further, a strong capital base is maintained for investors, creditors in order to maintain market confidence and sustain future development of the business. Capital consist of ordinary shares and retained earnings of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

No changes were made in objectives, policies or processes for managing capital during the years ended 31 March 2025 and 31 March 2024. The Group monitors capital using a gearing ratio, which is net debt divided by equity plus net debt. Net debt includes interest bearing borrowings, lease payable, trade and other payables, less cash and cash equivalents.

		Group		Company	
		2025	2024	**2025**	2024
	Note	LKR '000	LKR '000	LKR '000	LKR '000
Interest-bearing borrowings	31	**7,667,551**	3,996,915	**-**	-
Bank overdrafts	28	**192,871**	171,596	**-**	10,029
Lease liabilities	34	**333,789**	183,446	**115,596**	121,276
Less: Cash and short term deposits	28	**(645,307)**	(254,016)	**(427,073)**	(158,228)
Investments in unit trust	24.1	**(1,294,511)**	(1,764,196)	**(1,294,511)**	(1,764,196)
Investments in commercial papers & fixed deposit	24.5	**(617,313)**	(511,645)	**(421,985)**	(433,148)
Net debt		**5,637,080**	1,822,100	**(2,027,973)**	(2,224,267)
Equity		**13,642,960**	13,425,248	**15,097,016**	14,625,203
Capital and net debt		**19,280,040**	15,247,348	**13,069,043**	12,400,936
Gearing ratio		**0.29**	0.12	**(0.16)**	(0.18)

(b) Dividends

Dividends paid by the company for the year 2024/25 is disclosed in note 17.

22.9. Compliance with Loan Covenants

The Group has complied with the financial covenants of its borrowing facilities during the year ended 31 March 2025.

23. INVESTMENTS- NON-CURRENT

Accounting Policy

Investment in subsidiaries

Investment in subsidiaries are initially recognised at cost in the financial statements.

Following initial recognition investments in subsidiaries are recorded at cost less accumulated impairment in the financial statements of the Company. The net assets of each subsidiary are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the investment is estimated and the impairment loss is recognized to the extent of its negative net assets.

23.1. Investments in Subsidiaries

		Group		Company	
	Holding	2025	2024	2025	2024
	%	LKR '000	LKR '000	LKR '000	LKR '000
U M L Property Developments Limited	100	**-**	-	**75,000**	75,000
Unimo Enterprises Limited	100	**-**	-	**47,400**	47,400
U M L Heavy Equipment Limited	100	**-**	-	**100,000**	100,000
Dutch Lanka Trailer Manufacturers Limited	100	**-**	-	**700,000**	700,000
		-	-	**922,400**	922,400

23.2. Impairment of investments

Investments in subsidiaries are carried at cost less any accumulated impairment losses.

Based on impairment assessment carried out as at 31 March 2025, it was concluded that the net realisable value exceeded its carrying value.

23.3. Financial Assets measured at Fair Value through Other Comprehensive Income

Accounting Policy

Classification of financial assets at fair value through Other Comprehensive Income

Financial assets at Fair Value through Other Comprehensive Income (FVOCI) comprise equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

Refer Note 6 for remaining relevant accounting policies.

23.4. Equity investment at fair value through Other Comprehensive Income

	Group		Company	
	2025	2024	2025	2024
	LKR '000	LKR '000	LKR '000	LKR '000
Equity investments (Note 23.7)	**117,176**	268,175	**106,456**	203,747
Decrease in market value	**(30,976)**	(97,662)	**(21,096)**	(72,001)
	86,200	170,513	**85,360**	131,746

23.5. Amounts Recognised in Profit or Loss and Other Comprehensive Income

During the year, the following gains/(losses) were recognised in profit or loss and Other Comprehensive Income.

	Group		Company	
	2025	2024	2025	2024
	LKR '000	LKR '000	LKR '000	LKR '000
Fair value gains/(losses) recognised in Other Comprehensive Income (Note 14.2)	**70,929**	77,216	**56,862**	65,012
Dividends from equity investments held at FVOCI recognised in profit or loss in finance income (Note 13)	**18,033**	3,795	**16,644**	3,282
	88,962	81,011	**73,506**	68,294

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23.6. Disposal of Equity Investments

During the year, the Company/Group reclassified below gains from FVOCI reserve to retained earnings as a result of disposal of equity investments at fair value through Other Comprehensive Income. The Group sold part of its investments classified as fair value through Other Comprehensive Income as those investments no longer suited the Group's investment strategy.

	Group		Company	
	2025	2024	2025	2024
	LKR '000	LKR '000	LKR '000	LKR '000
Net gain on disposal of equity investments at fair value through Other Comprehensive Income	**4,244**	5,025	**5,957**	5,025
	4,244	5,025	**5,957**	5,025

23.7. Equity Securities Designated as Fair Value through Other Comprehensive Income

	Group					
	2025			2024		
	No. of Shares	Cost	Market Value	No. of Shares	Cost	Market Value
		LKR '000	LKR '000		LKR '000	LKR '000
Commercial Bank of Ceylon PLC - Non voting	-	-	-	345,534	35,623	29,440
Commercial Bank of Ceylon PLC - Voting	-	-	-	308,203	40,302	30,111
DFCC Bank PLC	**805,282**	**106,456**	**85,360**	794,728	106,456	60,399
Laugfs Power PLC	-	-	-	32,874	-	296
MTD Walkers PLC	**90,259**	**5,521**	-	90,259	5,521	-
National Development Bank PLC	-	-	-	545,077	54,298	37,065
People's Leasing & Finance PLC	-	-	-	245,050	4,066	2,695
Seylan Bank PLC - Voting	-	-	-	69,150	4,793	3,250
Singer Finance (Lanka) PLC	-	-	-	521,885	11,917	6,419
Softlogic Finance PLC	**89,709**	**5,171**	**484**	89,709	5,171	511
Lanka IOC PLC	**28,000**	**28**	**356**	28,000	28	327
		117,176	**86,200**		268,175	170,513

	Company					
	2025			2024		
	No. of Shares	Cost	Market Value	No. of Shares	Cost	Market Value
		LKR '000	LKR '000		LKR '000	LKR '000
Commercial Bank of Ceylon PLC - Non voting	-	-	-	345,534	35,623	29,440
DFCC Bank PLC	**805,282**	**106,456**	**85,360**	794,728	106,456	60,399
National Development Bank PLC	-	-	-	545,077	54,298	37,065
People's Leasing & Finance PLC	-	-	-	144,756	2,577	1,592
Seylan Bank PLC - Voting	-	-	-	69,150	4,793	3,250
		106,456	**85,360**		203,747	131,746

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

24.1. Financial Assets Mandatorily Measured at FVPL Include Following:

Accounting Policy

Classification of financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss

- debt investments that do not qualify for measurement at either amortised cost or FVOCI
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through Other Comprehensive Income (OCI).

Refer note 6 for the remaining relevant accounting policies.

	Group		Company	
	2025	**2024**	**2025**	**2024**
	LKR '000	LKR '000	LKR '000	LKR '000
Investment in equity shares (Note 24.3)	**548,499**	172,495	**548,499**	172,495
Decrease in market value	**(27,868)**	(37,911)	**(27,868)**	(37,911)
	520,631	134,584	**520,631**	134,584
Investments in unit trusts (Note 24.4)	**1,294,511**	1,764,196	**1,294,511**	1,764,196
	1,815,142	1,898,780	**1,815,142**	1,898,780

24.2. Amounts recognised in profit or loss

	Group		Company	
	2025	**2024**	**2025**	**2024**
	LKR '000	LKR '000	LKR '000	LKR '000
Fair value gains/(losses) on equity investment at FVPL (Note 12.4)	**16,216**	63,738	**16,216**	63,738
Dividends from equity investments held at FVPL recognised in profit or loss (Note 13)	**8,885**	8,199	**8,885**	8,199
	25,101	71,937	**25,101**	71,937

NOTES TO THE FINANCIAL STATEMENTS

24.3. Equity securities Classified as fair value through profit or loss

	Group / Company					
	2025			2024		
	No. of Shares	Cost	Market Value	No. of Shares	Cost	Market Value
		LKR '000	LKR '000		LKR '000	LKR '000
Access Engineering PLC	**1,200,046**	**40,910**	**46,202**	-	-	-
Commercial Bank of Ceylon PLC	**722,441**	**98,492**	**106,560**	100,000	7,358	9,770
Dipped Products PLC	**225,000**	**13,018**	**12,375**	80,000	5,503	2,432
Distilleries Company of Sri Lanka PLC	**637,127**	**20,181**	**23,191**	-	-	-
LOLC Finance PLC	**900,000**	**25,710**	**5,310**	900,000	25,710	4,950
Hayleys PLC	**98,210**	**11,914**	**13,455**	-	-	-
John Keells Holdings PLC	**2,250,000**	**53,922**	**45,450**	-	-	-
ACL Cables PLC	**121,064**	**13,369**	**14,770**	-	-	-
L B Finance PLC	**274,299**	**23,675**	**23,535**	820,000	50,580	51,414
Melstacorp PLC	**-**	**-**	**-**	74,256	4,235	6,535
Pan Asia Banking Corporation PLC	**850,000**	**29,724**	**30,175**	-	-	-
People's Leasing PLC	**-**	**-**	**-**	539,584	8,779	5,935
Royal Ceramics Lanka PLC	**-**	**-**	**-**	160,000	10,501	4,976
Sanasa Development Bank PLC	**54,297**	**5,211**	**1,966**	53,151	5,211	1,727
Sampath Bank PLC	**447,000**	**55,167**	**54,758**	476,432	35,167	38,115
Singer Finance (Lanka) PLC	**-**	**-**	**-**	679,224	15,683	8,354
Softlogic Finance PLC	**65,944**	**3,768**	**356**	65,944	3,768	376
Vallibel One PLC	**343,951**	**22,424**	**20,258**	-	-	-
Hatton National Bank PLC	**65,394**	**21,059**	**19,945**	-	-	-
Browns Investments PLC	**3,600,000**	**28,759**	**26,280**	-	-	-
JAT Holdings PLC	**305,500**	**8,020**	**8,218**	-	-	-
Teejay Lanka PLC	**513,060**	**27,487**	**26,166**	-	-	-
Central Finance Company PLC	**120,781**	**25,806**	**23,461**	-	-	-
Watawala Plantations PLC	**650,000**	**19,883**	**18,200**	-	-	-
		548,499	**520,631**		172,495	134,584

24.4. Other Investments Classified as Fair Value through Profit or Loss

	2025			2024		
	No of Units	Cost of Investment	Market Value	No of Units	Cost of Investment	Market Value
	in '000	LKR.'000	LKR.'000	in '000	LKR.'000	LKR.'000
Group						
Investments in unit trusts	**22,215**	**1,284,000**	**1,294,511**	53,852	1,750,000	1,764,196
	22,215	**1,284,000**	**1,294,511**	53,852	1,750,000	1,764,196
Company						
Investments in unit trusts	**22,215**	**1,284,000**	**1,294,511**	53,852	1,750,000	1,764,196
	22,215	**1,284,000**	**1,294,511**	53,852	1,750,000	1,764,196

24.5. Other Investments Classified as Amortised Cost

Accounting Policy

Classification of financial assets at amortised cost

The Group classifies its financial assets at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and;
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Refer note 6 for the remaining relevant accounting policies.

	Group		Company	
	2025	**2024**	**2025**	**2024**
	LKR '000	LKR '000	LKR '000	LKR '000
Non-current				
Other financial assets at amortised cost				
Guarantee deposit	**391**	10,320	**-**	-
Investment in fixed deposits	**466,370**	403,746	**-**	-
	466,761	414,066	**-**	-
Current				
Other financial assets at amortised cost				
Investment in fixed deposits	**150,552**	97,579		
Commercial papers	**-**	-	**549,913**	529,329
Less: Loss allowance for other investments at amortised cost (Note 24.5.1)	**-**	-	**(127,928)**	(96,181)
	150,552	97,579	**421,985**	433,148
24.5.1. Loss allowance for other investments at amortised cost				
Balance at the beginning of the year	**-**	-	**96,181**	13,542
Loss allowance during the year	**-**	-	**31,747**	82,639
Balance at the end of the year	**-**	-	**127,928**	96,181

Other financial assets at amortised cost include investment in commercial papers issued by subsidiary companies. Exposure to credit risk is given in Note 22.4.d.

25. INVENTORIES

Accounting Policy

Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes expenditure incurred in purchasing the inventories and other costs incurred in bringing them to their present location and condition. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses. Accordingly, the costs of inventories are accounted as follows:

Raw materials - at actual cost on a weighted average basis

Work-in-progress - remaining incomplete work-in-progress are stated at cost

Finished goods - at the cost of direct materials, direct labour and an appropriate proportion of fixed production overheads based on normal operating capacity but excluding borrowing costs.

Stock-in-trade - the cost of inventories that are not interchangeable are recognised by using specific identification of their individual cost and other inventories are based on weighted average cost formula.

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Other stock - at weighted average cost

Goods-in-transit - at actual cost as at reporting date

Inventories are written down to reflect the lower of cost or net realizable value where required.

	Group		Company	
	2025	2024	2025	2024
	LKR '000	LKR '000	LKR '000	LKR '000
Spare parts	**773,249**	843,965	**712,506**	787,935
Vehicles	**2,336,724**	1,032,290	**48,400**	57,891
Lubricants	**861,797**	894,711	**861,797**	894,711
Tyres	**72,300**	61,984	**-**	-
Equipment & machinery	**74,334**	118,518	**-**	142
Trailers	**507,232**	420,489	**-**	-
3D Printers	**1,339**	1,624	**1,339**	1,624
Stock-in-trade	**4,626,975**	3,373,581	**1,624,042**	1,742,303
Work-in-progress	**468,128**	420,697	**44,256**	44,003
Raw materials and others	**316,594**	162,524	**24,252**	23,116
Goods in transit (Note 25.2)	**966,533**	164,705	**57,182**	16,091
	6,378,230	4,121,507	**1,749,732**	1,825,513

The stock-in-trade of each category has been shown after netting off the provision made for NRV adjustments in respect of each category.

25.1. Provision for slow moving inventories

	Group		Company	
	2025	2024	2025	2024
	LKR '000	LKR '000	LKR '000	LKR '000
At the beginning of the year	**533,166**	438,976	**281,212**	210,814
Provision made during the year	**125,395**	105,502	**35,024**	70,398
Written off during the year	**-**	(11,312)	**-**	-
At the end of the year	**658,561**	533,166	**316,236**	281,212

25.2. Goods in transit

	Group		Company	
	2025	2024	2025	2024
	LKR '000	LKR '000	LKR '000	LKR '000
Spare parts and lubricants	**945,483**	133,322	**57,182**	16,091
Trailers	**21,050**	31,383	**-**	-
	966,533	164,705	**57,182**	16,091

25.2. Inventories & trade receivables pledged as security for liabilities of Group entities are as follows.

Company	Bank	Facility	Amount pledged as security	Balance outstanding against security as at 31.03.2025	Balance outstanding against security as at 31.03.2024
			LKR '000	LKR '000	LKR '000
Unimo Enterprises Limited	National Development Bank PLC	Overdraft, Short term loans, Letter of Credit	650,000	303,960	105,000
	Commercial Bank of Ceylon PLC	Overdraft, Short term loans, Letter of Credit	525,000	494,654	525,000
	Standard Chartered Bank	Overdraft, Short term loans, Letter of Credit	500,000	500,000	500,000
U M L Heavy Equipment Limited	Commercial Bank of Ceylon PLC	Overdraft, Short term loans, Letter of Credit	160,000	160,000	160,000
Dutch Lanka Trailer Manufacturers Limited	National Development Bank PLC	Overdraft, Short term loans, Letter of Credit	1,037,215	285,760	170,329
	Commercial Bank of Ceylon PLC	Overdraft, Short term loans, Letter of Credit	63,000	-	-
	Sampath Bank PLC	Overdraft, Short term loans, Letter of Credit	61,136	54,730	-
Dutch Lanka Engineering (Pvt) Limited	Sampath Bank PLC	Overdraft, Short term loans, Letter of Credit	35,000	21,311	-

26. TRADE AND OTHER RECEIVABLES

Accounting Policy

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Other financial nature receivables are recognised as other receivables. If collection is expected in one year or less, they are classified as current assets. If not, they are classified as non-current.

	Group		Company	
	2025	2024	2025	2024
	LKR '000	LKR '000	LKR '000	LKR '000
Trade receivables	**2,246,599**	1,873,860	**956,728**	1,028,372
Impairment allowance (Note 26.2)	**(70,852)**	(53,291)	**(22,689)**	(20,108)
	2,175,747	1,820,569	**934,039**	1,008,264
Other receivables	**1,180,736**	483,930	**34,678**	200,966
LC margins	**1,236,363**	-	**1,236,363**	-
Loans to employees	**3,024**	2,762	**3,024**	2,762
Prepayments	**658,767**	306,972	**53,691**	74,556
Advances paid	**397,469**	447,308	**209,398**	120,412
Total trade and other receivables	**5,652,106**	3,061,541	**2,471,193**	1,406,960

26.1. Classification of Trade Receivables

Trade receivables are generally due for settlement within 30-90 days and therefore all are classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

Fair values of trade receivables

Due to the short-term nature of the trade receivables, their carrying amount is considered to be the same as their fair value.

Impairment and risk exposure

Information on the impairment of trade receivables and the Group's exposure to credit risk, foreign currency risk and interest rate risk is given in Note 22.

26.2. Impairment Allowance for Trade Receivables

	Group		Company	
	2025	2024	2025	2024
	LKR '000	LKR '000	LKR '000	LKR '000
Balance at the beginning of the year	**53,291**	45,283	**20,108**	28,422
Increase/(decrease) in impairment allowance recognised in profit or loss during the year	**19,165**	15,204	**3,837**	(4,585)
Receivables written off during the year as uncollectible	**(1,604)**	(7,196)	**(1,256)**	(3,729)
Balance at the end of the year	**70,852**	53,291	**22,689**	20,108

26.3. Loans to employees

There were no loan disbursements during the year and loans granted to employees which exceeded LKR 20,000 are disclosed as follows:

	Group / Company		Group / Company	
	2025		2024	
	No. of employees	LKR '000	No. of employees	LKR '000
At the beginning of the year - non executive employees	**-**	**-**	2	78
Recovered during the year		**-**		(78)
At the end of the year-non executive employees	**-**	**-**	-	-

No loans have been granted to the Directors of the Company.

26.4. Trade receivables pledged as security for liabilities are given in Note 25.2.

26.5. Other receivables mainly consist warranty receivables, deposits and recoverable taxes.

27. AMOUNTS DUE FROM RELATED PARTIES

		Group		Company	
	Relationship	2025	2024	2025	2024
		LKR '000	LKR '000	LKR '000	LKR '000
Unimo Enterprises Limited	Subsidiary	**-**	-	**14,325**	86,137
U M L Heavy Equipment Limited	Subsidiary	**-**	-	**22,815**	296,842
Dutch Lanka Trailer Manufacturers Ltd	Subsidiary	**-**	-	**98**	
Dutch Lanka Engineering (Pvt) Ltd	Subsidiary	**-**	-	**354**	-
		-	-	**37,592**	382,979

28. CASH & CASH EQUIVALENTS

Reconciliation to cash flow statement

The below figures reconciled to the amount of cash & cash equivalents shown in the statement of cash flows at the end of the financial year as follows:

	Group		Company	
	2025	**2024**	**2025**	**2024**
	LKR '000	LKR '000	LKR '000	LKR '000
Favourable balances				
Call deposits	**71,273**	42,362	**71,273**	42,362
Cash at bank	**560,030**	191,828	**344,918**	98,762
Cash In hand	**14,004**	19,826	**10,882**	17,104
	645,307	254,016	**427,073**	158,228
Unfavourable balances				
Bank overdrafts used for cash management purposes	**(192,871)**	(171,596)	**-**	(10,029)
Net cash and cash equivalent for the purpose of cash flow statements	**452,436**	82,420	**427,073**	148,199

Overdraft facilities of the Company are unsecured. Refer Note 39.2 for details of Corporate guarantees given for related companies.

The Group's/Company's exposure to interest rate risk is disclosed in Note 22.6.b.

29. STATED CAPITAL

	No of Shares		Group		Company	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
			LKR '000	LKR '000	LKR '000	LKR '000
At the beginning of the year	**100,900,626**	100,900,626	**336,335**	336,335	**336,335**	336,335
At the end of the year	**100,900,626**	100,900,626	**336,335**	336,335	**336,335**	336,335

None of the shares held by neither, the Company on its own nor its subsidiaries. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share per individual present at the meeting of the shareholders or one vote per share in the case of a poll.

30. CAPITAL RESERVES

	Group		Company	
	2025	**2024**	**2025**	**2024**
	LKR '000	LKR '000	LKR '000	LKR '000
At the beginning of the year	**6,051,377**	5,829,573	**5,620,383**	5,436,283
Revaluation of land	**357,250**	322,759	**334,750**	263,000
Deferred tax on revaluation of land	**(103,048)**	(100,955)	**(100,425)**	(78,900)
At the end of the year	**6,305,579**	6,051,377	**5,854,708**	5,620,383

NOTES TO THE FINANCIAL STATEMENTS

31. INTEREST-BEARING BORROWINGS

Accounting Policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of Comprehensive Income as other income or finance costs.

	Group		Company	
	2025	2024	2025	2024
	LKR '000	LKR '000	LKR '000	LKR '000
At the beginning of the year	**3,978,265**	2,900,790	**-**	-
Acquisition of a subsidiary	**-**	926,557	**-**	-
Obtained during the year	**33,288,311**	34,970,739	**-**	2,872,399
	37,266,576	38,798,086	**-**	2,872,399
Payments made during the year	**(29,627,898)**	(34,819,821)	**-**	(2,872,399)
Loans outstanding as at 31 March	**7,638,678**	3,978,265	**-**	-
Accrued loan interest	**28,873**	18,650	**-**	-
At the end of the year	**7,667,551**	3,996,915	**-**	-

31.1. Details of Company and Group's interest-bearing borrowings, which are measured at amortised cost are given below.

	Group		Company	
	2025	2024	2025	2024
	LKR '000	LKR '000	LKR '000	LKR '000
Non current liabilities				
Long term loans	**25,160**	-	**-**	-
Current liabilities				
Short term loans	**7,642,391**	3,996,915	**-**	-
	7,667,551	3,996,915	**-**	-

31.2. Borrowings which are guaranteed through corporate guarantees given by the parent company, United Motors Lanka PLC, in favour of its subsidiaries are described in Note 39.2 to these consolidated financial statements.

31.3. Terms & Debt Repayment Schedule

Terms & conditions of the outstanding loans are as follows:

			2025		2024	
	Effective interest rate	Year of Maturity	Face value	Carrying value	Face value	Carrying value
			LKR '000	LKR '000	LKR '000	LKR '000
Group						
Long term loans-secured	Market rate	2025	25,160	25,160	-	-
Short term loans-secured	Market rate	2025	7,642,391	7,642,391	3,996,915	3,996,915
Short term loans - unsecured	Market rate	2025	-	-	-	-
			7,667,551	7,667,551	3,996,915	3,996,915

32. EMPLOYEE BENEFIT OBLIGATIONS

Accounting Policy

Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

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

a) Employees' Provident Fund

The Company and employees contribute 12% and 10% of the salary of each employee to the approved Private Provident Fund. Other companies in the Group and their employees contribute at 12%, 10% and 8% to the Employees' Provident Fund managed by the Central Bank of Sri Lanka.

b) Employees' Trust Fund

The Company and the Group contribute 3% of the salary of each employee to the Employees' Trust Fund managed by the Central Bank of Sri Lanka.

Contributions to defined contribution plans are recognised as an expense in the Statement of Comprehensive Income as incurred.

Defined benefit plans - retiring gratuity

A defined benefit plan is a postemployment benefit plan other than a defined contribution plan. The Company is liable to pay retirement benefits under the Payment of Gratuity Act No. 12 of 1983. The liability for the gratuity payment to an employee arises only on the completion of five years of continued service with the Company and calculated based on half a month's wages or salary for each year of completed service. The net obligation of the Company in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods and discounted to determine its present value.

The liability recognised in the statement of financial position is the present value of the defined benefit obligation at the reporting date. The calculation of defined benefit obligation is performed annually by a qualified actuary using the Projected Unit Credit (PUC) method. Remeasurement of the net defined benefit liability, which comprises actuarial gains and losses, are recognised immediately in OCI. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined liability, taking in to account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in the Statement of Comprehensive Income.

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

All the subsidiaries have adopted actuarial valuation method in line with the Group accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

32.1. Retirement Benefit Obligations

	Group		Company	
	2025	2024	2025	2024
	LKR '000	LKR '000	LKR '000	LKR '000
Present value of retirement benefit obligation	**481,409**	411,911	**346,010**	320,136
Retirement benefit obligation (Note 32.5)	**481,409**	411,911	**346,010**	320,136

The retirement benefit obligations is based on the actuarial valuation performed by Mr. M. Poopalanathan, AIA, of Messrs Actuarial and Management Consultants (Pvt) Limited. The valuation method used by the actuary is the "Projected Unit Credit Method", the method recommended by LKAS 19 - "Employee Benefits".

32.2. Reimbursable Right

	Group		Company	
	2025	2024	2025	2024
	LKR '000	LKR '000	LKR '000	LKR '000
Employees joined before 1992/93				
Mutual fund (Note 32.3)	**117**	88	**117**	88
Employees joined after 1992/93				
Reimbursable right (Note 32.4)	**514**	-	**514**	-
	631	88	**631**	88

32.3. Retiring gratuity is a defined benefit plan covering employees of the Company. The Company's liability arising on retirement benefits of employees joined prior to 1992/93 is partly externally funded through investments in NDB Mutual Funds and the value of this fund as at 31 March 2025 is LKR 117,231 (2024 - LKR 87,720).

32.4. Movement in Fair Value of Reimbursable Right

	Group		Company	
	2025	2024	2025	2024
	LKR '000	LKR '000	LKR '000	LKR '000
At the beginning of the year	**-**	19,482	**-**	13,447
Return on reimbursable right (Note 32.6)	**-**	2,837	**-**	2,221
Benefits paid by reimbursable right	**-**	(19,024)	**-**	(12,373)
Losses in Other Comprehensive Income (Note 32.6)	**514**	(3,295)	**514**	(3,295)
Fair value of reimbursable right at the end of the year	**514**	-	**514**	-

32.5. Movement in the Present Value of the Defined Benefit Obligations

	Group		Company	
	2025	2024	2025	2024
	LKR '000	LKR '000	LKR '000	LKR '000
At the beginning of the year	**411,911**	234,612	**320,136**	208,286
Acquisition of a subsidiary	**-**	61,927	**-**	-
Expenses recognised in profit and loss (Note 32.6)	**90,114**	65,042	**67,521**	50,247
Actuarial losses/(gains) in Other Comprehensive Income (Note 32.6)	**42,803**	142,554	**9,815**	128,429
Benefits paid during the year	**(63,419)**	(92,224)	**(51,462)**	(66,826)
Defined benefit obligation at the end of the year	**481,409**	411,911	**346,010**	320,136

32.6. Expenses Recognised in Statement of Profit or Loss and Comprehensive Income

	Group		Company	
	2025	**2024**	**2025**	**2024**
	LKR '000	LKR '000	LKR '000	LKR '000
Recognised in profit & loss				
Defined benefit obligations				
Current service costs	**40,685**	22,823	**29,105**	15,880
Provision	**-**	(7,428)	**-**	-
Interest on obligation	**49,429**	49,647	**38,416**	34,367
	90,114	65,042	**67,521**	50,247
Defined benefit plan				
Return on reimbursable right	**-**	(2,837)	**-**	(2,221)
	-	(2,837)	**-**	(2,221)
Recognised in Other Comprehensive Income				
Defined benefit obligations				
Actuarial (losses)/gains recognised during the year	**(42,803)**	(142,554)	**(9,815)**	(128,429)
	(42,803)	(142,554)	**(9,815)**	(128,429)
Reimbursable right				
Gains/(losses) recognised during the year	**514**	(3,295)	**514**	(3,295)
Dividend adjustment to reimbursable right	**30**	13	**30**	13
	544	(3,282)	**544**	(3,282)
	(42,259)	(145,836)	**(9,271)**	(131,711)

32.7. Actuarial assumptions

Principal actuarial assumptions are as follows:

	Group		Company	
	2025	**2024**	**2025**	**2024**
Rate of discount as at 31 March (%)	**11%**	12%	**11%**	12%
Future salary increases (%)	**10%**	10% - 12%	**10%**	12%
Normal retirement age	**60 years**	60 years	**60 years**	60 years
Staff turnover rate (%)	**20% - 22%**	18% - 25%	**20%**	18%

Assumptions regarding future mortality are based on A67/70 Mortality table, issued by the Institute of Actuaries, London, United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS

32.8. Sensitivity Analysis

Values appearing as employee benefit obligation in the financial statements are sensitive to the changes in financial and non-financial assumptions used. The estimated impact based on sensitivity analysis carried out is as follows:

	Group				Company			
	+ 1%	+ 5%	- 1%	- 5%	+ 1%	+ 5%	- 1%	- 5%
As at 31 March 2025								
A percentage point change in the discount rate								
Effect on the present value of defined benefit obligation (LKR '000)	**(19,202)**	**(96,011)**	**20,843**	**104,213**	**(12,654)**	**(63,270)**	**13,615**	**68,073**
A percentage point change in the salary escalation rate								
Effect on the present value of defined benefit obligation (LKR '000)	22,873	114,364	(21,417)	(107,084)	15,074	75,368	(14,238)	(71,189)
As at 31 March 2024								
A percentage point change in the discount rate								
Effect on the present value of defined benefit obligation (LKR '000)	(16,380)	(81,898)	17,821	89,105	(11,987)	(59,935)	12,981	64,903
A percentage point change in the salary escalation rate								
Effect on the present value of defined benefit obligation (LKR '000)	19,512	97,558	(18,234)	(91,171)	14,242	71,211	(13,380)	(66,899)

32.9. Maturity Profile of the Defined Benefit Obligation

Maturity profile-discounted

	Group		Company	
	2025	**2024**	**2025**	**2024**
	LKR '000	LKR '000	LKR '000	LKR '000
Within the next 12 months	**92,189**	91,515	**73,149**	77,907
Between 1 to 2 years	**139,876**	84,335	**96,744**	68,659
Between 2 to 5 years	**85,399**	105,352	**62,594**	74,991
Beyond 5 years	**163,945**	130,709	**113,523**	98,579
Total	**481,409**	411,911	**346,010**	320,136

Maturity profile-undiscounted

	Group		Company	
	2025	**2024**	**2025**	**2024**
	LKR '000	LKR '000	LKR '000	LKR '000
Within the next 12 months	**97,695**	96,669	**77,648**	82,273
Between 1 to 2 years	**176,447**	105,091	**120,967**	85,504
Between 2 to 5 years	**135,395**	170,741	**99,104**	121,768
Beyond 5 years	**460,290**	436,362	**284,290**	305,885
Total	**869,827**	808,863	**582,009**	595,430

33. DEFERRED TAX ASSETS / LIABILITIES

33.1. The Gross Movement in Deferred Tax Assets and Liabilities is as follows,

	Group		Company	
	2025	**2024**	**2025**	**2024**
	LKR '000	LKR '000	LKR '000	LKR '000
Deferred tax assets/(liabilities) at the beginning of the year	**238,209**	103,935	**(596,002)**	(571,897)
Acquisition of a subsidiary	**-**	29,398	**-**	-
Origination of timing differences-recognised in profit or loss	**135,081**	163,064	**5,215**	16,265
Origination of timing differences- recognised in Other Comprehensive Income	**(90,207)**	(58,188)	**(97,480)**	(40,370)
Deferred tax assets/(liabilities) at the end of the year	**283,083**	238,209	**(688,267)**	(596,002)

The presentation of deferred tax assets and liabilities has been changed from gross basis to net basis.

33.2. Deferred Tax Assets

	Group		Company	
	2025	**2024**	**2025**	**2024**
	LKR '000	LKR '000	LKR '000	LKR '000
At the beginning of the year	**832,711**	674,332	**260,472**	213,138
Acquisition of a subsidiary	**-**	29,398	**-**	-
Origination of timing differences-recognised in profit or loss including rate change	**124,316**	139,749	**(1,811)**	8,805
Origination/(reversal) of timing differences-recognised in Other Comprehensive Income	**12,823**	(10,768)	**2,945**	38,529
At the end of the year	**969,850**	832,711	**261,606**	260,472
Composition of deferred tax assets				
Property, plant & equipment	**(19,273)**	(19,903)	**-**	-
Retirement benefit obligation	**40,619**	27,533	**103,803**	96,041
Provisions	**177,775**	124,716	**123,124**	128,048
Lease liability	**46,779**	18,170	**34,679**	36,383
Leased assets	**(52,239)**	(17,740)	**-**	-
Tax losses	**788,267**	714,940	**-**	-
Gains on revaluation of land	**(12,078)**	(15,005)	**-**	-
Net deferred tax assets	**969,850**	832,711	**261,606**	260,472

According to the Group/Company policy, deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which they can be used. The Directors have assessed future profitability of the Group/Company and is of the view that future taxable profits will be available against which the unused tax losses and unused tax credits can be utilized.

NOTES TO THE FINANCIAL STATEMENTS

33.3. Deferred Tax Liabilities

	Group		Company	
	2025	2024	2025	2024
	LKR '000	LKR '000	LKR '000	LKR '000
At the beginning of the year	**594,502**	570,397	**856,474**	785,034
(Reversal)/charge of timing differences-recognised in profit or loss	**(10,765)**	(23,315)	**(7,026)**	(7,460)
Origination of timing differences- recognised in Other Comprehensive Income	**103,030**	47,420	**100,425**	78,900
At the end of the year	**686,767**	594,502	**949,873**	856,474
Composition of deferred tax liability				
Property plant & equipment	**182,670**	190,130	**182,670**	190,130
Retirement benefit obligation	**(103,803)**	(96,041)	**-**	-
Gains on revaluation of land	**737,738**	631,763	**690,788**	590,363
Provisions	**(123,124)**	(128,048)	**-**	-
Investment property-buildings	**-**	-	**1,500**	1,500
Investment property - land	**-**	-	**46,950**	41,400
Leased assets	**27,965**	33,081	**27,965**	33,081
Lease liability	**(34,679)**	(36,383)	**-**	-
Net deferred tax liability	**686,767**	594,502	**949,873**	856,474

As per the Inland Revenue Act, No. 24 of 2017, which came into effect from 1 April 2018, capital gains on realization of investment assets were taxed at the rate of 10%. The Company identified land portfolio of the Company as an asset held as part of an investment. According to the transitional provisions, assets acquired prior to 30 September 2017, the cost of the asset is deemed to be the market value of such asset as at 30 September 2017.

In current financial year, the Group recognized fair value gain of LKR 357,250,000 related to the land revaluation. Capital gain tax applicable on realisation of investment assets is at 30%.

The presentation of deferred tax assets and liabilities has been changed during the current year from gross basis to net basis in accordance with the requirements of LKAS.12.

33.4. Expenses Recognised in Statement of Other Comprehensive Income

	Group		Company	
	2025	2024	2025	2024
	LKR '000	LKR '000	LKR '000	LKR '000
Origination/(reversal) of timing differences-recognised in Other Comprehensive Income (Note 33.1)	**12,823**	(10,768)	**-**	-
Origination of timing differences-recognised in Other Comprehensive Income (Note 33.2)	**(103,030)**	(47,420)	**(97,480)**	(40,370)
	(90,207)	(58,188)	**(97,480)**	(40,370)

34. LEASE LIABILITIES

Accounting Policy

Accounting for leases - where the Company is the lessee

The Group's lease hold property includes land and buildings. Rental contract is typically made as per the initial rental or lease agreements. Rental contracts may contain both lease and non-lease components. It was elected not to separate lease and nonlease components and instead account for these as a single lease component. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

On adoption of SLFRS 16 the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of LKAS 17 "Leases". These liabilities were measured on a present value basis.

Lease liabilities include the net present value of the fixed payments less any lease incentives receivable.

Since the interest rate implicit in the lease is not readily determinable, the Group uses incremental borrowing rate as the discount rate at the time of initial application. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in similar economic environment.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of SLFRS 16 are only applied after that date.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance of fixed lease payments or a change in the assessment to purchase the underlying asset.

	Group		Company	
	2025	**2024**	**2025**	**2024**
	LKR '000	LKR '000	LKR '000	LKR '000
At the beginning of the year	**183,446**	248,841	**121,276**	125,407
Acquisition of a subsidiary	**-**	5,604	**-**	-
Additions during the year	**279,796**	86,207	**11,679**	18,346
Interest expense	**34,204**	34,978	**22,731**	24,946
Adjustments-termination of lease contract	**(10,811)**	(21,455)	**(1,074)**	-
Payments made during the year	**(152,846)**	(170,729)	**(39,016)**	(47,423)
At the end of the year	**333,789**	183,446	**115,596**	121,276
Classified as non-current liabilities	**234,209**	122,625	**99,074**	95,534
Classified as current liabilities	**99,580**	60,821	**16,522**	25,742
	333,789	183,446	**115,596**	121,276

NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
	2025	2024	2025	2024
	LKR '000	LKR '000	LKR '000	LKR '000
Amounts recognised in profit or loss				
Interest on lease liabilities	**34,204**	34,978	**22,731**	24,946
Total cash outflow for leases	**152,846**	170,729	**39,016**	47,423
Maturity analysis of lease liability - discounted cash-flows				
Less than 2 years	**142,525**	118,169	**30,420**	58,378
2-5 years	**125,313**	36,897	**19,226**	34,518
6-10 years	**55,989**	23,836	**55,989**	23,836
Over 10 years	**9,962**	4,544	**9,961**	4,544
	333,789	183,446	**115,596**	121,276
Maturity analysis of lease payments - undiscounted cash-flows				
Less than 2 years	**217,684**	123,889	**68,066**	57,484
2- 5 years	**182,845**	70,303	**61,668**	67,621
6-10 years	**88,603**	94,307	**88,603**	94,307
Over 10 years	**11,261**	25,148	**11,261**	25,148
	500,393	313,647	**229,598**	244,560

35. TRADE AND OTHER PAYABLES

Accounting Policy

Trade payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30-60 days. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Accrued and other payables

Payables are recognised in the Statement of Financial Position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the provision can be measured reliably in accordance with LKAS 37-"Provisions, Contingent Liabilities and Contingent Assets". The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation at that date. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is determined based on the present value of those cash flows.

Provisions in respect of other expenses are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Warranty provision

The provision for warranty relates mainly to vehicles sold for which the Company gives warranty commencing from the date of sale. The warranty received from the principal is effective from date of shipment. This results a time gap during which the Company is exposed to warranty liability. A provision for warranty is recognised to cover such exposure to a liability. The provision is based on the historical warranty data and a weighting of possible outcomes against their associated probabilities. The said warranty provision will be reversed upon expiration of the warranty period.

Dividends payable

Provision for final dividends is recognised at the time the dividend is approved by the shareholders. Interim dividends payable is recognised when the Board approves such dividend in accordance with the provisions of the Companies Act No. 07 of 2007.

Dividends for the year that are approved after the reporting period are disclosed under Events after the reporting period in accordance with the Sri Lanka Accounting Standard LKAS 10-"Events after the reporting period."

Trade and other payable

	Group		Company	
	2025	**2024**	**2025**	**2024**
	LKR '000	LKR '000	LKR '000	LKR '000
Trade payables	**1,138,360**	428,973	**118,607**	51,525
Taxes payable	**690,943**	217,724	**59,422**	23,652
Contract liabilities				
Advances received from customers	**616,749**	187,635	**358,623**	55,339
Free service contracts	**3,927**	3,258	**97**	40
Accrued and other payables	**507,054**	433,354	**297,656**	192,485
	2,957,033	1,270,944	**834,405**	323,041

Trade payables are unsecured and are usually paid within 30-60 days.

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

Other payables mainly consist statutory contributions/payments and other taxes payable.

36. AMOUNTS DUE TO RELATED PARTIES

	Group		Company	
	2025	**2024**	**2025**	**2024**
	LKR '000	LKR '000	LKR '000	LKR '000
Unimo Enterprises Limited	**-**	-	**-**	2,014
U M L Property Developments Limited	**-**	-	**36,766**	36,400
U M L Heavy Equipment Limited	**-**	-	**-**	657
	-	-	**36,766**	39,071

37. CURRENT TAXATION

	Group		Company	
	2025	**2024**	**2025**	**2024**
	LKR '000	LKR '000	LKR '000	LKR '000
At the beginning of the year	**134,133**	70,654	**38,636**	88,203
Income tax charge for the year	**229,814**	205,860	**70,793**	167,425
Under provision in respect of previous years	**(1,786)**	(14,061)	**(31)**	(19,584)
Acquisition of a subsidiary	**-**	114,854	**-**	-
WHT set off against income tax	**(40,223)**	(23,604)	**(30,235)**	(12,475)
ESC set off against income tax	**-**	(86)	**-**	-
Income tax paid	**(245,068)**	(219,484)	**(61,532)**	(184,933)
At the end of the year	**76,870**	134,133	**17,631**	38,636

NOTES TO THE FINANCIAL STATEMENTS

The income tax liability comprise of:

	Group		Company	
	2025	2024	2025	2024
	LKR '000	LKR '000	LKR '000	LKR '000
37.1. Current tax liabilities	**96,675**	153,763	**17,631**	38,636
37.2. Current tax receivable	**(19,805)**	(19,630)	**-**	-
	76,870	134,133	**17,631**	38,636

38. CASH FLOW INFORMATION

38.1. Reconciliation of (Loss)/Profit before Tax to Cash Flows from Operating Activities

		Group		Company	
		2025	2024	2025	2024
	Note	LKR '000	LKR '000	LKR '000	LKR '000
Profit/(loss) before income tax expense		**166,296**	(244,212)	**403,850**	487,451
Adjustments for;					
Provision for depreciation/amortisation	18 & 20.2	**170,112**	155,190	**125,458**	130,436
Profit on disposal of property, plant and equipment	13	**(15,972)**	(40,377)	**(3,113)**	(24,561)
Net gain on disposal of financial assets at the fair value through profit or loss	12.4	**(111,795)**	(28,351)	**(111,795)**	(28,351)
Net change in fair value - financial asset at fair value through profit or loss	12.4	**(16,216)**	(63,738)	**(16,216)**	(63,738)
Change in fair value of investment property	12.4	**-**	-	**(18,500)**	(23,500)
Interest expense		**461,762**	563,215	**25,922**	46,336
Interest income	14.1	**(266,923)**	(165,499)	**(253,143)**	(139,301)
Dividend income from equity investments	13	**(26,918)**	(11,994)	**(25,529)**	(11,481)
Dividend received from a subsidiaries	13	**-**	-	**(115,632)**	(51,000)
Impairment on trade receivables and losses on warranty claims	12.3	**50,509**	(60,820)	**(33,705)**	107,396
Provision for employee benefit obligations	32	**90,085**	65,091	**67,492**	50,296
Amortisation of right-of use assets	21	**129,717**	140,296	**27,858**	39,015
Return on reimbursable right	32.6	**-**	(2,837)	**-**	(2,221)
Write-down of inventory to lower of cost or NRV (net realisable value)	12	**125,395**	103,846	**35,024**	70,540
Gain on bargain purchase of a subsidiary		**-**	(9,323)	**-**	-
Fair value adjustment on unit trust and commercial papers	12.4	**(10,511)**	(14,196)	**(10,511)**	(51,525)
Operating profit before working capital changes		**745,541**	386,291	**97,460**	535,792
(Increase)/decrease in inventories		**(2,382,118)**	1,783,863	**40,757**	349,083
(Increase)/decrease in trade and other receivables		**(2,641,076)**	838,817	**(998,782)**	(299,746)
Decrease(increase)/ in amounts due from related parties		**-**	5,845	**345,387**	(371,606)
(Decrease)/increase in amounts due to related parties		**-**	-	**(2,305)**	5,268
Increase/(decrease) in trade and other payables		**1,686,087**	(322,570)	**511,365**	(21,589)
Cash (outflow)/inflow from operating activities		**(2,591,566)**	2,692,246	**(6,118)**	197,202

38.2. Reconciliation of Liabilities Arising from Financing Activities

	Group		Company	
	2025	**2024**	**2025**	**2024**
	LKR '000	LKR '000	LKR '000	LKR '000
Bank borrowings				
At the beginning of the year	**3,978,265**	2,900,790	**-**	-
Acquisition of a subsidiary	**-**	926,557	**-**	-
Proceeds from borrowings	**33,288,311**	34,970,739	**-**	2,872,399
Repayments of borrowings	**(29,627,898)**	(34,819,821)	**-**	(2,872,399)
At the end of the year	**7,638,678**	3,978,265	**-**	-

39. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Accounting Policy

Contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be measured reliably as defined in the Sri Lanka Accounting Standard LKAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

39.1. Capital commitments

There were no capital commitments with regard to property, plant and equipment and intangible assets as at the balance sheet date.

39.2. Contingent liabilities

Corporate guarantees issued to subsidiaries are given below;

Name of the Company	Name of the Bank	Facility	Amount pledged as security	Outstanding as at 2025	Outstanding as at 2024
				LKR '000	LKR '000
Unimo Enterprises Limited	Sampath Bank PLC	Letter of credits, overdraft and term loans	1,770,000	**902,565**	1,147,020
	Standard Chartered Bank	Letter of credits, overdraft and term loans	500,000	**-**	-
	Bank of Ceylon	Letter of credits, overdraft and term loans	1,000,000	**749,000**	-
	Hatton National Bank PLC	Letter of credits, overdraft and term loans	1,500,000	**1,500,000**	1,405,675
	Pan Asia Banking Corporation PLC	Letter of credits, overdraft and term loans	1,000,000	**1,000,000**	390,192
	Commercial Bank of Ceylon PLC	Letter of credits, overdraft and term loans	1,000,000	**1,000,000**	1,000,000
	Nations Trust Bank PLC	Letter of credits, overdraft and term loans	3,000,000	**1,358,664**	285,347
U M L Heavy Equipment Limited	Pan Asia Banking Corporation PLC	Letter of credits, overdraft and term loans	400,000	**40,000**	-
	DFCC Bank PLC	Letter of credits, overdraft and term loans	100,000	**-**	-
	Commercial Bank of Ceylon PLC	Letter of credits, overdraft and term loans	315,000	**-**	90,000

Unimo Enterprises Limited has given bank guarantees to Sri Lanka Customs amounting to LKR 924 million for excise duty concession in respect of vehicles assembled but to be approved by the Cabinet appointed committee.

The Company has given bid bond/performance guarantees amounting to LKR 33.9 million as at the reporting date.

Details relating to certain tax assessments are reflected in Notes 15.

NOTES TO THE FINANCIAL STATEMENTS

40. RELATED PARTY DISCLOSURES

The Company carries out transactions in the ordinary course of business on an arm's length basis with parties who are defined as related parties in Sri Lanka Accounting Standard 24 (LKAS) "Related Party Disclosures", the details of which are reported below.

40.1. Parent and ultimate controlling party

R I L Property PLC which holds 51% of shares of UML is considered as the parent and ultimate controlling party.

40.2. Transaction with Key Management Personnel (KMP)

According to Sri Lanka Accounting Standard, LKAS 24 "Related Party Disclosures" , Key Management Personnel (KMP) are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Directors and Heads of divisions of the Company have been classified as KMP of the Company. The Directors of subsidiaries along with the Company have been identified as KMP of the Group.

40.3. Compensation to KMP

	Group		Company	
	2025	2024	**2025**	2024
	LKR '000	LKR '000	LKR '000	LKR '000
Short term employment benefits	**401,817**	358,414	**369,314**	343,144
Post employment benefits-defined contribution plans	**31,527**	29,870	**30,447**	28,260
	433,344	388,284	**399,761**	371,404

Total salary related expenditure paid to key management personnel (KMP) in 2025, directly reporting to the CEO, amount to LKR. 334Mn.

In addition to their salaries/fees, the Company provides non-cash benefits to KMP. The Company also contributes to a post employment defined benefit plan on behalf of the KMP.

The Company/Group also has an obligation towards a post-employment benefit plan and termination benefits for the Key Management Personnel. The liability arising from the post-employment obligation has been provided for, based on an actuarial valuation and is disclosed under Employee Benefits in Note 32.1 to the Financial Statements.

There are no share-based payments made to KMPs of the Company/Group.

No loans were granted to KMPs of the Company/Group.

40.4. Terms and Conditions of Transactions with Related Parties

Transactions with related parties are carried out in the ordinary course of business on an arm's length basis. The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions and comparable with those that would have been charged from unrelated companies. Outstanding current account balances at year end are unsecured and are to be settled in cash. The Company does not have any material commitments to related parties.

40.5. Recurrent Related Party Transactions

Name of the related party	Relationship	Nature of the transactions	Aggregate value of related party transactions for 2024/25	Aggregate value of related party transactions as a % of net revenue	Terms & conditions of the related party transactions
			LKR' 000		
Unimo Enterprises Limited	Subsidiary	Intercompany loans granted/settled and investment in commercial papers	-	-	11.5% - 25%
U M L Heavy Equipment Ltd	Subsidiary	Intercompany loans granted/settled and investment in commercial papers	1,092,700	17%	11.5% - 25%

40. RELATED PARTY DISCLOSURES CONTD.

40.6. Recurrent Related Party Disclosures

Transactions with subsidiaries and related entities.

a. Transactions with subsidiaries

Company	UEL	U M P D L	U M L Heavy	DLT	DLE	Total	Total
						2024/25	2023/24
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Sale of spare parts	1,186	-	-			**1,186**	3,467
Purchase of tyres	8,646	-	-			**8,646**	7,575
Sale of fixed assets	-	-	-			**-**	50
Purchase of spare parts	1,185	-	-			**1,185**	702
Sale of lubricants	2,993	-	26,654	83	752	**30,482**	55,628
Repairs and services provided	132,367	-	1,855	33	296	**134,551**	225,476
Services obtained	-	-	3,533			**3,533**	2,083
Purchase of vehicles	14,301	-	-			**14,301**	9,250
Interest received	-	-	58,500			**58,500**	356,336
Interest paid	-	3,033	-			**3,033**	3,167
Expenses incurred	282,214	2,758	45,462	1,189	14	**331,637**	662,964
Reimbursement of expenses	17,414	-	-			**17,414**	6,560
Hiring income received	16,120	-	1,670			**17,790**	8,760
Hiring rentals paid for vehicles	11,512	-	-			**11,512**	801
Rentals received for premises occupied	37,198	-	-			**37,198**	37,787
Rentals paid for premises occupied	-	98,043	-			**98,043**	98,043
Commission on sales	-	-	2,678			**2,678**	961
Fees on financial services provided	73,275	-	6,113			**79,388**	90,157
Dividend received	-	57,375	-	58,257		**115,632**	51,000
Investments in commercial papers	-	-	-			**-**	610,000
Settlement of commercial papers including interest	-	-	31,386			**31,386**	3,143,274
Loans granted	-	-	1,092,700			**1,092,700**	1,302,316
Loans settlements	-	-	1,407,316			**1,407,316**	965,000

NOTES TO THE FINANCIAL STATEMENTS

b. Transactions between subsidiaries

Unimo Enterprises Limited with U M L Heavy Equipment Limited

	Total 2024/25	Total 2023/24
	LKR '000	LKR '000
Reimbursement of expenses	**-**	5,926
Sale of spare parts	**-**	1,078
Commission on sales	**888**	-
Services obtained	**708**	881
Expenses incurred	**2,088**	1,893

Unimo Enterprises Limited with Dutch Lanka Engineering (Pvt) Limited

	Total 2024/25	Total 2023/24
	LKR '000	LKR '000
Purchase of domestic value addition assembly parts	**58,307**	-
Purchase of fixed assets	**11,493**	-
Services obtained	**72**	-

c. Transactions with the Parent company

United Motors Lanka PLC with R I L Property PLC

	Total 2024/25	Total 2023/24
	LKR '000	LKR '000
Repairs and services provided	**5,281**	2,088

c. Transactions with the other related entities of Parent company

United Motors Lanka PLC with Pap Solar One (Pvt) Limited

	Total 2024/25	Total 2023/24
	LKR '000	LKR '000
Repairs and services provided	**943**	820

e. The receivables from related companies and payables to related companies on sale/purchase of goods/services are set out in Note 27 and 36 respectively. These receivables and payables are unsecured and usually paid within 30-60 days.

41. CONSOLIDATION

The consolidated financial statements of the Company's shareholding as at 31 March 2025 are in the proportions indicated below.

Subsidiary	Ownership interest	
	2025	2024
Unimo Enterprises Limited	**100%**	100%
U M L Property Developments Limited	**100%**	100%
U M L Heavy Equipment Limited	**100%**	100%
Dutch Lanka Trailer Manufacturers Limited	**100%**	100%
Dutch Lanka Engineering (Pvt) Limited	**100%**	100%

Group has no non-controlling interest to be reported as all its subsidiaries are fully owned.

Analysis of consolidated profit/(loss) after income tax expense

	Group	
	2025	2024
	LKR '000	LKR '000
Parent company	**338,303**	355,875
Subsidiaries	**(347,841)**	(730,793)
	(9,538)	(374,918)
Inter-company elimination	**82,887**	101,971
Consolidated profit/(loss) after income tax expenses	**73,349**	(272,947)

42. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Dividends on ordinary shares

After satisfying the solvency test, in accordance with Section 57 of the Companies Act, No.07 of 2007, the Board of Directors recommended a first and final dividend of LKR. 2.00 per share for the year ended 31 March 2025 amounting to LKR. 201,801,252 which is to be approved at the forth coming Annual General Meeting. In accordance with LKAS 10 - "Events after the reporting period" this dividend was not recognised as a liability as at 31 March 2025.

Subsequent to the reporting date, no circumstances have arisen, which would require adjustment to or disclosure in the financial statements other than those disclosed above.



MISCELLANEOUS

SHARE INFORMATION

The audited income statement for the year ended 31 March 2025 and the audited statement of financial position as at 31 March 2025 have been submitted to the Colombo Stock Exchange (CSE) within the required deadlines as required by the Listing Rule No. 7.5(a) of the CSE (the Company duly complied with this requirement for 2023/24).

The Company duly submitted the audited interim financial statements for the year 2024/25 to the CSE within applicable statutory deadlines (The Company also duly complied with this requirement for 2023/24).

1. STOCK EXCHANGE LISTING

The issued ordinary shares of United Motors Lanka PLC were listed on the CSE on 05 December 1989.

2. ANALYSIS OF SHAREHOLDERS

The number of ordinary shareholders as at 31 March 2025 was 4,081 (3,632 as at 31 March 2024).

a) Resident/non-resident as at 31 March 2025

Range of Shareholdings (No. of shares)	Resident			Non-Resident			Total		
	No. of share holders	No. of shares	% of total holding	No. of share holders	No. of shares	% of total holding	No. of share holders	No. of shares	% of total holding
1 - 1,000	**2,730**	**863,989**	**0.86**	**30**	**15,416**	**0.01**	**2,760**	**879,405**	**0.87**
1,001 - 10,000	**1,125**	**3,965,699**	**3.93**	**17**	**64,049**	**0.06**	**1,142**	**4,029,748**	**3.99**
10,001 - 100,000	**148**	**3,906,473**	**3.87**	**8**	**336,149**	**0.33**	**156**	**4,242,622**	**4.20**
100,001 - 1,000,000	**16**	**3,305,355**	**3.28**	**-**	**-**	**-**	**16**	**3,305,355**	**3.28**
Over 1,000,000	**6**	**80,262,194**	**79.54**	**1**	**8,181,302**	**8.12**	**7**	**88,443,496**	**87.66**
Total	**4,025**	**92,303,710**	**91.48**	**56**	**8,596,916**	**8.52**	**4,081**	**100,900,626**	**100.00**

b) Individuals/institutions

	31 March 2025			31 March 2024		
	No of shareholders	Total holdings No. of shares	% of total holdings	No of shareholders	Total holdings (No. of shares)	% of Total holdings
Individuals	**3,917**	**41,061,172**	**40.69**	3,495	36,537,866	36.21
Institutions	**164**	**59,839,454**	**59.31**	137	64,362,760	63.79
Total	**4,081**	**100,900,626**	**100.00**	3,632	100,900,626	100.00

c) Public shareholding

	31 March 2025	31 March 2024
Percentage (%)	**20.37**	24.48
No. of shareholders	**4,070**	3,567
The float adjusted market capitalization (LKR)	**1,751,529,757**	1,432,417,474

The float adjusted market capitalization of the Company falls under Option 5 of Rule 7.13.1(i) (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.

SHARE INFORMATION

3. SHARE TRADING

	2024/25	2023/24	2022/23	2021/22	2020/21
Market					
Number of transactions	**4,324,305**	3,134,737	4,720,261	8,698,799	4,762,434
Number of shares traded	**28,910,702,945**	15,191,687,864	21,853,709,928	54,819,648,085	37,966,240,706
Value of shares traded (LKR millions)	**694,220**	376,004	500,918	1,151,628	675,136
Market days	**238**	238	235	240	229
Company					
Number of transactions	**3,222**	2,198	2,139	6,874	5,455
Number of shares traded	**11,870,415**	736,305	1,858,045	6,843,652	6,282,463
Value of shares traded (LKR millions)	**857**	47	107	600	409
Market days	**232**	214	211	234	210

4. MARKET CAPITALIZATION AND MARKET PRICES

a) Market capitalization

Year	Shareholder's fund	Ordinary shares in issue	UML market capitalization	CSE market capitalization	As a % of CSE market capitalization	Market capitalization rank
	LKR (millions)	LKR (millions)	LKR (millions)	LKR (billions)		
2024/25	15,097	100.90	8,596.73	5,606.37	0.15	103
2023/24	14,625	100.90	5,852.24	4,534.65	0.13	112
2022/23	14,240	100.90	6,043.95	3,903.54	0.15	107
2021/22	13,812	100.90	5,559.62	3,826.50	0.15	107

b) Market prices

	2024/25	2023/24	2022/23	2021/22	2020/21
Highest (LKR)	**106.00**	80.00	67.50	110.00	83
	28.01.2025	22.08.2023	05.04.2022	16.12.2021	18.12.2020
Lowest (LKR)	**51.50**	50.00	50.00	55.00	45.00
	30.09.2024	31.05.2023	29.08.2022	20.04.2021	01.06.2020
Last Traded Prices (LKR)	**86.10**	58.00	59.90	55.10	57.70
	28.03.2025	28.03.2024			

5. DIVIDENDS PAID

	2024/25	2023/24	2022/23	2021/22	2020/21
Dividends (LKR'000)	**151,351**	126,126	151,351	252,252	151,351
Profit (LKR'000)	**338,303**	355,875	552,516	272,806	766,639
Dividends payout ratio	**44.78**	35.41	27.39	92.47	19.74
Dividends per share (LKR)	**1.50**	1.25	1.50	2.50	1.50

6. VALUE CREATION FOR SHAREHOLDERS

	2024/25	2023/24	Change %
Net asset value per share - Company (LKR)	**149.62**	144.95	3.22
Earnings per share - Company (LKR)	**3.35**	3.53	(5.10)
Market price per share - Company (LKR)	**85.20**	58.00	46.90
Return on equity (%) after tax - Company (LKR)	**2.24**	2.43	7.82

7. TWENTY LARGEST SHAREHOLDERS

Shareholder	31 March 2025		31 March 2024	
	No. of shares	%	No. of shares	%
R I L Property PLC	**51,459,320**	**51.00**	51,459,320	51.00
Mrs. R.R. Takahashi	**11,762,041**	**11.66**	11,762,041	11.66
Mr. M.A. Yaseen	**8,181,302**	**8.11**	6,178,511	6.12
Mrs. S.M. Chrysostom	**6,945,471**	**6.88**	6,945,471	6.88
Commercial Bank of Ceylon PLC/Mr. M.A.Yaseen	**5,000,000**	**4.96**	5,000,000	4.96
Mr. C. Yatawara	**3,696,193**	**3.66**	1,696,193	1.68
Mr. A.M. Weerasinghe	**1,399,169**	**1.39**	1,369,743	1.36
Seylan Bank PLC/Mr. Mohamed Nayaz Deen	**369,175**	**0.36**	359,175	0.36
Amana Bank PLC/Mr. M.Z. Mohamed Ghouse	**349,000**	**0.35**	636,500	0.63
Amana Bank PLC/Mr. Mohamed Nayaz Deen	**302,490**	**0.30**	255,683	0.25
J.B. Cocoshell (Pvt) Ltd	**283,355**	**0.28**	-	-
Mr. S.D. Yaseen	**243,300**	**0.24**	243,300	0.24
Mr. M.P.D. Cooray	**200,000**	**0.20**	-	-
Mrs. L.E.M. Yaseen	**200,000**	**0.20**	200,000	0.20
Seylan Bank PLC/Gladstone Capital (Private) Limited	**200,000**	**0.20**	-	-
Hatton National Bank PLC/Mr. Mohamed Zulficar Mr. Mohamed Ghouse	**171,000**	**0.17**	171,000	0.17
Mr. M.M.N. Kumar	**167,000**	**0.17**	-	-
Mr. P. Rathnayaka	**156,000**	**0.16**	156,000	0.16
Mercantile Investments and Finance PLC	**150,000**	**0.15**	150,000	0.15
Mr. S.A.C. Keerthisinghe & Mrs. D.M.J.S.Dissanayaka	**141,000**	**0.14**	141,000	0.14
*Others (Shareholders under 20 largest shareholders as at 31 March 2024)	**-**	**-**	5,782,647	5.74
Total	**91,375,816**	**90.56**	92,506,584	86.01

*Shareholders included in the twenty largest shareholdings as at 31 March 2024

Shareholdings as at March 2024	No. of shares	% of total shareholding
Mitsubishi Motors Corporation	4,937,142	4.89
Rubber Investment Trust Ltd A/C No. 1	389,427	0.39
Mr. M.S. Bahaudeen	200,000	0.20
Akbar Brothers Pvt Ltd A/C No. 1	136,648	0.14
Mr. M. Anndreino Yaseen	119,430	0.12
Total	5,782,647	5.74

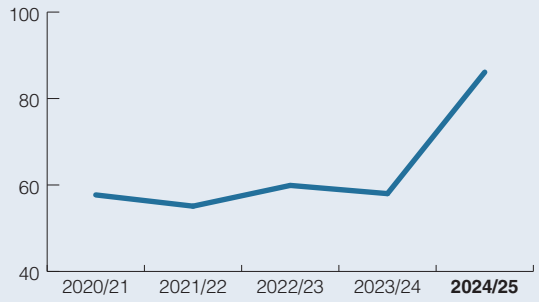
SHARE INFORMATION

8. DIRECTORS' SHAREHOLDING

Name of Director	Capacity	No of shares as at 01 April 2024	% of total holdings	Movement during the year	No of shares as at 31 March 2025	% of total holdings
Mr. Devaka Cooray	Chairman/Non-Executive Director	50,000	0.050	150,000	**200,000**	0.198
Mr. Chanaka Yatawara	Group CEO/Executive Director	1,696,193	1.681	2,000,000	**3,696,193**	3.663
Ms. Hiroshini Fernando	Non-Executive Director	-	-	-	**-**	-
Mr. Stuart Chapman	Non-Executive Director	-	-	-	**-**	-
Ms. Coralie Pietersz	Non-Executive Director	-	-	-	**-**	-
Mr. Thushara Jayasekara	Executive Director	-	-	-	**-**	-
Mr. Vish Govindasamy	Non-Executive Director	-	-	-	**-**	-
Mr. Arjuna Herath	Non-Executive Director	-	-	-	**-**	-
Mr. Jonathan Alles	Non-Executive Director	-	-	-	**-**	-
Mr. Buddhika Singhage	Executive Director	12,597	0.012	-	**12,597**	0.012

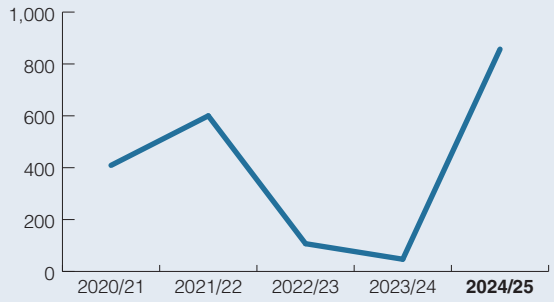
LAST TRADED PRICES

LKR



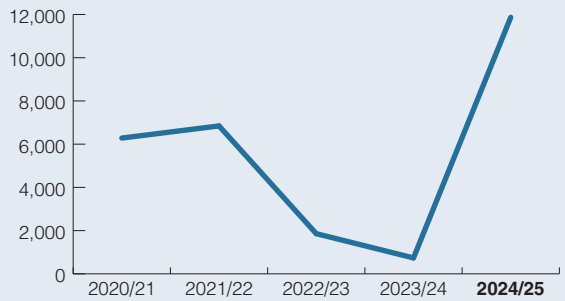
VALUE OF SHARES TRADED

LKR. Millions



NUMBER OF SHARES TRADED

Nos'000



TEN YEAR SUMMARY - GROUP

Reported as per	SLFRS / LKAS									
For the year ended 31 March	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Turnover	**11,774,364**	11,577,471	10,736,341	12,884,249	13,537,657	9,845,621	12,769,409	14,716,147	17,925,373	15,303,852
Profit before taxation	**166,296**	(244,212)	(312,436)	449,235	646,392	(547,882)	423,468	866,458	1,438,602	2,353,603
Income tax	**(92,947)**	(28,735)	181,345	(134,217)	(142,717)	138,207	12,455	(197,558)	(312,495)	(651,380)
Profit for the year	**73,349**	(272,947)	(131,091)	315,018	503,675	(409,675)	435,923	668,900	1,126,107	1,702,223
Shareholders' funds										
Stated capital	**336,335**	336,335	336,335	336,335	336,335	336,335	336,335	336,335	336,335	336,335
Capital reserve	**6,305,579**	6,051,377	5,829,573	5,822,198	5,380,532	5,258,843	4,556,009	4,556,009	2,956,382	2,956,382
Other components of the equity & retained earnings	**7,001,046**	7,037,536	7,462,463	7,720,749	7,583,119	7,126,266	7,986,763	7,807,783	7,449,652	7,019,398
Shareholders' funds	**13,642,960**	13,425,248	13,628,371	13,879,282	13,299,986	12,721,444	12,879,107	12,700,127	10,742,369	10,312,115
Total equity	**13,642,960**	13,425,248	13,628,371	13,879,282	13,299,986	12,721,444	12,879,107	12,700,127	10,742,369	10,312,115
Assets employed										
Current assets	**14,661,142**	9,453,053	9,150,304	11,030,280	9,619,928	10,957,323	10,028,771	9,392,929	10,160,553	8,735,328
Non current assets	**11,397,913**	10,755,272	10,007,635	9,368,539	9,134,124	9,182,450	7,984,026	7,497,571	6,762,193	6,356,068
Total assets	**26,059,055**	20,208,325	19,157,939	20,398,819	18,754,052	20,139,773	18,012,797	16,890,500	16,922,746	15,091,396
Current liabilities	**(10,988,550)**	(5,654,039)	(4,319,483)	(5,710,279)	(4,671,977)	(6,746,403)	(4,773,425)	(3,937,583)	(5,967,512)	(4,598,093)
Non current liabilities	**(1,427,545)**	(1,129,038)	(1,210,085)	(809,258)	(782,089)	(671,926)	(360,265)	(252,790)	(212,865)	(181,188)
Total liabilities	**(12,416,095)**	(6,783,077)	(5,529,568)	(6,519,537)	(5,454,066)	(7,418,329)	(5,133,690)	(4,190,373)	(6,180,377)	(4,779,281)
Net assets	**13,642,960**	13,425,248	13,628,371	13,879,282	13,299,986	12,721,444	12,879,107	12,700,127	10,742,369	10,312,115
Profitability										
Earnings per share (LKR)	**0.73**	(2.71)	(1.30)	3.12	4.99	(4.06)	4.32	6.63	11.16	16.87
Net assets per share *										
At the year end (LKR)	**135.21**	133.05	135.07	137.55	131.81	126.08	127.64	125.87	106.46	102.20
Return on average										
Net assets (%)	**0.54**	(2.03)	(0.96)	2.27	3.79	(3.32)	3.38	5.27	10.48	16.51
Others										
Market price per share (LKR)	**85.20**	58.00	59.90	55.10	57.70	45.40	66.80	76.00	78.00	83.00
Price earnings ratio	**117.20**	(21.44)	(46.11)	17.66	11.56	(11.18)	15.46	11.46	6.99	4.92
Annual sales growth (%)	**1.70**	7.83	(16.67)	(4.83)	37.50	(22.90)	(13.23)	(17.90)	17.13	45.22
Current ratio (times)	**1.33**	1.67	2.12	1.93	2.06	1.62	2.10	2.39	1.70	1.90

* Net assets per share has been calculated, for all periods, based on the net assets of the Group and number of shares in issue as at 31 March 2025

INVESTOR INFORMATION

Year		Shares at the beginning	Issued during the year	Stated Capital	Market Value Per Share (Last Traded Price)
				(LKR)	(LKR)
1990/1991		10,000,000	-	100,000,000	23.75
1991/1992		10,000,000	-	100,000,000	53.00
1992/1993	Issued through Share Trust Scheme to employees	10,000,000	90,266	100,902,660	35.00
1993/1994	Issued through Share Trust scheme to employees	10,090,266	91,230	-	-
	Bonus issue 1:5		2,036,300	122,177,960	60.00
1994/1995		12,217,796	-	122,177,960	27.50
1995/1996		12,217,796	-	122,177,960	31.50
1996/1997	Issued through Share Trust scheme to employees	12,217,796	53,319	-	-
	Bonus issue 1:5		2,443,560	147,146,750	32.00
1997/1998		14,714,675	-	147,146,750	41.50
1998/1999		14,714,675	-	147,146,750	32.50
1999/2000		14,714,675	-	147,146,750	31.25
2000/2001		14,714,675	-	147,146,750	28.00
2001/2002		14,714,675	-	147,146,750	32.00
2002/2003	Bonus issue 1:1	14,714,675	14,714,675	294,293,500	31.00
2003/2004		29,429,350	-	294,293,500	28.00
2004/2005		29,429,350	-	294,293,500	51.75
2005/2006		29,429,350	-	294,293,500	80.00
2006/2007	Bonus issue 1:7	29,429,350	4,204,192	336,335,420	80.00
2007/2008		33,633,542	-	336,335,420	53.75
2008/2009		33,633,542	-	336,335,420	33.50
2009/2010		33,633,542	-	336,335,420	90.00
2010/2011	Subdivision of shares-every existing ordinary share was subdivided into two ordinary shares	33,633,542	33,633,542	336,335,420	152.20
2011/2012		67,267,084	-	336,335,420	108.00
2012/2013		67,267,084	-	336,335,420	96.00
2013/2014		67,267,084	-	336,335,420	123.00
2014/2015	Subdivision of shares-every two existing ordinary shares were subdivided into three ordinary shares	67,267,084	33,633,542	336,335,420	88.00
2015/2016		100,900,626	-	336,335,420	83.00
2016/2017		100,900,626	-	336,335,420	78.00
2017/2018		100,900,626	-	336,335,420	76.00
2018/2019		100,900,626	-	336,335,420	66.80
2019/2020		100,900,626	-	336,335,420	45.40
2020/2021		100,900,626	-	336,335,420	57.70
2021/2022		100,900,626	-	336,335,420	55.10
2022/2023		100,900,626	-	336,335,420	59.90
2023/2024		100,900,626	-	336,335,420	58.00
2024/2025		100,900,626	-	336,335,420	86.10

GLOSSARY OF FINANCIAL TERMS

ACCOUNTING POLICIES

The specific principles, bases, conventions, rules and practices adopted by an entity in preparing and presenting financial statements.

ACCRUAL BASIS

Recognizing the effects of transactions and other events when they occur without waiting for receipt or payment of cash or its equivalent.

ACTUARIAL GAINS AND LOSSES

Is the effect of difference between the previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions.

AMORTIZATION

The systematic allocation of cost of an intangible asset over its useful life.

AMORTIZED COST

Amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and minus any reduction for impairment or un-collectability.

CAPITAL RESERVES

Reserves identified for specific purposes and considered not available for distribution.

COLLECTIVE IMPAIRMENT

Impairment assessment on a collective basis for receivables with similar risk characteristics that are not considered individually significant and to cover losses that has been incurred but has not yet been identified at the reporting date.

CONTINGENCIES

Conditions or situations at the reporting date, the financial effects of which are to be determined by the future events which may or may not occur.

CURRENT RATIO

Current assets divided by current liabilities.

CURRENT SERVICE COST

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

DEFERRED TAXATION

Sum set aside for income tax in the Financial Statements that may become payable/ receivable in a financial year other than the current financial year.

DEPRECIATION

The systematic allocation of the depreciable amount as an asset over its useful life.

DIVIDEND COVER

Profit after tax divided by gross dividends. This ratio measures the number of times dividend is covered by the current year's distributable profits.

DIVIDEND PAY-OUT

Dividend per share as a percentage of the earnings per share.

DIVIDEND YIELD

Dividend earned per share as a percentage of market price of the share.

EARNINGS PER SHARE

Profit attributable to ordinary shareholders divided by the number of ordinary shares in issue.

EFFECTIVE TAX RATE

Income tax expenses divided by profit from ordinary activities before tax.

EBITDA

Earnings before interest expenses, tax, depreciation and amortisation.

EXPECTED CREDIT LOSSES (ECLS)

ECL approach is the loan loss impairment method under SLFRS 9 on "Financial Instruments". ECLs are the discounted outcome of the probability of default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). ECL measurements are unbiased and are determined by evaluating a range of possible outcomes.

GLOSSARY OF FINANCIAL TERMS

EXPOSURE AT DEFAULT

The exposure at default represent the expected exposure in the event of a default.

FAIR VALUE

The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

FINANCIAL INSTRUMENT

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity instrument in another entity.

FINANCIAL ASSET

Any asset that is cash, equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity.

FINANCIAL ASSETS MEASURED AT AMORTISED COST

A financial asset is measured at amortised cost if the asset is held within a business model whose objective is to hold assets to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

FVOCI include debt and equity instruments measured at fair value through other comprehensive income. A debt instrument is measured at FVOCI, if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVPL)

All financial assets other than those classified at amortised cost or FVOCI are classified as measured at FVPL. These are held for trading or managed and their performance is evaluated on a fair value basis as they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

FINANCIAL LIABILITY

Any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

GEARING

Proportion of total interest bearing borrowings to capital employed.

IMPAIRMENT

This occurs when recoverable amount of an asset is less than its carrying amount.

INTANGIBLE ASSET

An identifiable non-monetary asset without physical substance held for use in the production/supply of goods/services or for rental to others or for administrative purposes.

INTEREST COVER

A ratio showing the number of times interest charge is covered by earnings before interest and tax.

INVESTMENT PROPERTY

Investment property is property (land or a building or part of a building or both) held (by the owner or by the lessee under

a finance lease) to earn rentals or for capital appreciation or both, rather than for use or sale.

KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

LOSS GIVEN DEFAULT

The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. Net assets value against the total exposure of the borrower is considered for the loss given default.

LIQUID ASSETS

Assets that are held in cash or in a form that can be converted to cash readily, such as deposits with other banks, Bills of Exchange and Treasury Bills and Bonds.

MARKET CAPITALISATION

Number of ordinary shares in issue multiplied by the market value of a share as at a date.

MATERIALITY

The relative significance of a transaction or an event, the omission or misstatement of which could influence the economic decisions of users of financial statements.

NET ASSET VALUE PER SHARE

Shareholders' funds divided by the number of ordinary shares in issue.

NON-CONTROLLING INTEREST

Equity in a subsidiary not attributable directly or indirectly to a parent.

PARENT

A parent is an entity that has one or more subsidiaries.

PRICE EARNINGS RATIO

Market price of a share divided by earnings per share as reported at that date.

PUBLIC HOLDING

Percentage of shares held by the public calculated as per the Listing Rules of Colombo Stock Exchange as of the date of the report.

PROBABILITY OF DEFAULT

The probability of default is an estimate of likelihood of borrower defaulting on its financial obligations.

RELATED PARTIES

Parties where one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, directly or indirectly.

RIGHT-OF-USE ASSET (ROU)

An asset that represents a lessee's right to use an underlying asset over the lease term. The asset is calculated as the initial

amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus any initial direct costs incurred minus any lease incentives received.

SHAREHOLDERS' FUNDS

Shareholders' funds consist of stated capital, statutory reserves, capital and revenue reserves.

SPECIFIC IMPAIRMENT PROVISIONS

Impairment is measured individually for receivables that are individually significant.

NOTICE OF MEETING

Notice is hereby given that the Thirty-Sixth (36th) Annual General Meeting of United Motors Lanka PLC will be held on Friday, 27 June, 2025 at 11.30 a.m. at the Renuka City Hotel, 328, Galle Road, Colombo 03, for the following purposes;

AGENDA

01. To receive and consider the Annual Report of the Board of Directors, the Audited Financial Statement for the year ended 31 March 2025 and the Report of the Auditors thereon.

02. (i) To re-elect, Mr. Stuart Chapman who retire by rotation in terms of Article 83 of the Articles of Association of the Company.

    (ii) To re-elect, Ms. Coralie Pietersz who retire by rotation in terms of Article 83 of the Articles of Association of the Company.

    (iii) To re-elect, Mr. Arjuna Herath in terms of Article 89 of the Articles of Association of the Company.

    (iv) To re-elect, Mr. Jonathan Alles in terms of Article 89 of the Articles of Association of the Company.

    (v) To re-elect, Mr. Buddhika Singhage in terms of Article 89 of the Articles of Association of the Company.

03. To declare a first and final dividend of LKR 2.00 per share for the year ended 31 March 2025 as recommended by the Directors.

04. To re-appoint Deloitte Partners, Chartered Accountants, as the Auditors for the ensuing year and to authorize the Directors to fix their remuneration.

05. To authorize the Board of Directors to determine donations for 2025/26.

06. To consider any other business of which due notice has been given.

By Order of the Board



Ms. Rinoza Hisham
Company Secretary

Colombo
28 May 2025

FORM OF PROXY

I/We ..... o f

..... being a Shareholder/Shareholders of

United Motors Lanka PLC, hereby appoint .....

of ..... whom failing

1)	Mututantrige Parakrama Devaka Cooray	of Colombo or failing him	6)	Thushara Banda Abeykoon Jayasekara	of Colombo or failing him
2)	Chanaka Yatawara	of Colombo or failing him	7)	Visvanathamoorthy Govindasamy	of Colombo or failing him
3)	Ladduwa Kovisge Anne Hiroshini Fernando	of Colombo or failing her	8)	Arjuna Herath	of Colombo or failing him
4)	Stuart Anthony Chapman	of Colombo or failing him	9)	Antonio Jonathan Alles	of Colombo or failing him
5)	Miriam Coralie Pietersz	of Colombo or failing her	10)	Buddhika Pathmalal Singhage	of Colombo

as my/our Proxy to represent me/us and* ..... to vote on my/our behalf at the Thirty-Sixth Annual General Meeting of the Company to be held on Friday, 27 June, 2025 at 11.30 a.m, at the Renuka City Hotel, 328, Galle Road, Colombo 03, and at any adjournment thereof and at every poll which may be taken in consequence of the above said meeting. I/We the undersigned hereby authorize my/our Proxy to vote on my/ our behalf in accordance with the preference indicated below:

		FOR	AGAINST	ABSTAINED
01.	To receive and consider the Annual Report of the Board of Directors, the Audited Financial Statements for the year ended 31 March 2025 and the Report of the Auditors thereon.			
02.	To re-elect, Mr. Stuart Chapman as a Director of the Company.			
03.	To re-elect, Ms. Coralie Pietersz as a Director of the Company.			
04.	To re-elect, Mr. Arjuna Herath as a Director of the Company.			
05.	To re-elect, Mr. Jonathan Alles as a Director of the Company.			
06.	To re-elect, Mr. Buddhika Singhage as a Director of the Company.			
07.	To declare a first and final dividend of LKR 2.00 per share for the year ended 31 March 2025, as recommended by the Directors.			
08.	To re-appoint Deloitte Partners, Chartered Accountants, as the Auditors for the ensuing year.			
09.	To authorize the Board of Directors to determine donations for 2025/26.			

Signed on this..... day of ..... Two Thousand and Twenty Five.

.....
Signature/s

* If you wish your Proxy to speak at the meeting you should insert the words “to speak and” in the place indicated and initial such insertion.

Notes:

Please indicate with an “x” in the space provided how your Proxy is to vote. If there is in the view of the Proxy holder doubt (by reason of the way in which the instructions contained in the proxy have been completed) as to the way in which the Proxy holder should vote, the Proxy holder shall vote as he thinks fit.

FORM OF PROXY

INSTRUCTIONS FOR COMPLETION

1. Kindly perfect the form of proxy, after filling in legibly your full name and address, and sign in the space provided. Please fill in the date of your signature.
2. If you wish to appoint any person other than the Directors as your Proxy, please insert the relevant details.
3. In terms of Article 66 of the Articles of Association of the Company.
   (i) In the case of an individual shall be signed by the Appointer of his Attorney: and
   (ii) In the case of a company or a corporate body shall be either under its common seal or signed by its Attorneys or by an Officer authorized to do so on behalf of such entity.
4. In terms of Article 61 of the Articles of the Company in the case of joint-holders of a share the senior who tenders the vote, whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint-holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.
5. Duly filled forms of proxy should be sent to reach the Company via email to uml36agm2025@unitedmotors.lk or facsimile to +94 112448113 or by post to the registered address of the Company 100, Hyde Park Corner, Colombo 02, not less than 48 hours before the appointed hour of the meeting.

PLEASE PROVIDE THE FOLLOWING DETAILS (MANDATORY):	
NIC/PP/Company Registration Number of the shareholder/s:	
Folio No:	
E-mail address of the Shareholder/s or Proxy holder (other than a Director appointed as proxy)	
Mobile No:	
Residence/Telephone/ Landline No:	

CORPORATE INFORMATION

NAME OF COMPANY

United Motors Lanka PLC

LEGAL FORM

A Public Limited Liability Company
Incorporated in Sri Lanka on 09 May 1989.

LISTED ON THE COLOMBO STOCK EXCHANGE

05 December 1989

COMPANY REGISTRATION NUMBER

PQ -74

ACCOUNTING YEAR END

March 31

REGISTERED OFFICE

100, Hyde Park Corner, Colombo 02

HEAD OFFICE

P.O. Box 697,
100, Hyde Park Corner, Colombo 02
Tel : 011-4797200, 011-4696333/4
Fax : 011-2448113
www.unitedmotors.lk

AUDITORS

Deloitte Partners
Chartered Accountants
100, Braybrook Place, Colombo 02

REGISTRARS

Central Depository Systems (Pvt) Limited
Ground Floor,
M & M Center,
341/5, Kotte Road, Rajagiriya

SUBSIDIARY COMPANIES

Unimo Enterprises Limited
U M L Heavy Equipment Limited
U M L Property Developments Limited
Dutch Lanka Trailer Manufacturers Limited
Dutch Lanka Engineering (Private) Limited

BANKERS (IN ALPHABETICAL ORDER)

Bank of Ceylon
Commercial Bank PLC
DFCC Bank PLC
Hatton National Bank PLC
National Development Bank PLC
Nations Trust Bank PLC
Pan Asia Bank PLC
People's Bank
Sampath Bank PLC
Seylan Bank PLC
Standard Chartered Bank
State Bank of China

BOARD OF DIRECTORS

Chairman
Mr. Devaka Cooray

Group Chief Executive Officer/ Executive Director
Mr. Chanaka Yatawara

Directors
Ms. Hiroshini Fernando
Mr. Stuart Chapman
Ms. Coralie Pietersz
Mr. Thushara Jayasekara
Mr. Vish Govindasamy
Mr. Arjuna Herath
Mr. Jonathan Alles
Mr. Buddhika Singhage

Company Secretary
Ms. Rinoza Hisham

BOARD AUDIT AND RISK COMMITTEE

Ms. Coralie Pietersz (Chairperson)
Mr. Stuart Chapman
Mr. Arjuna Herath
Mr. Jonathan Alles

HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Arjuna Herath (Chairman)
Mr. Devaka Cooray
Ms. Hiroshini Fernando
Mr. Vish Govindasamy

NOMINATION AND GOVERNANCE COMMITTEE

Mr. Stuart Chapman (Chairman)
Mr. Devaka Cooray
Ms. Hiroshini Fernando
Mr. Vish Govindasamy

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Mr. Jonathan Alles (Chairman)
Mr. Stuart Chapman
Mr. Thushara Jayasekera
Mr. Vish Govindasamy

STRATEGY REVIEW COMMITTEE

Mr. Vish Govindasamy (Chairman)
Ms. Hiroshini Fernando
Mr. Stuart Chapman
Mr. Arjuna Herath
Mr. Jonathan Alles

INVESTOR RELATIONS

For investor relations and clarifications on the report, please contact:

Company Secretary,
United Motors Lanka PLC,
100, Hyde Park Corner, Colombo 02,
Sri Lanka.
Email : rinozah@unitedmotors.lk
Tel : +94 4696019/6015

United Motors Lanka PLC