

NATURE, PERFECTED



 **LANKATILES**
Fine Living Redefined

LANKA WALLTILES PLC
ANNUAL REPORT 2025/26



NATURE, PERFECTED

As nature paints across an ever-changing canvas, each brushstroke carries the memory of its origin. At Lanka Walltiles, we translate that natural inspiration into engineered surfaces; celebrating their roots, while refining them for the rhythm of modern living.

This year, through deliberate recalibration and disciplined effort, we streamlined operations, restructured with purpose, and emerged with a reinvigorated brand, strengthened capabilities, and a renewed market presence; a living expression of a legacy that continues to evolve.

Now, as Lanka Walltiles steps into a new phase with the confidence of decades of experience and the clarity of a team attuned to its path, our portfolio orchestrates form, function, and technology in harmony.

We are positioned not simply as tile makers, but as curators of environments and craftsmen of expressive spaces.

 **LANKATILES**
Fine Living Redefined

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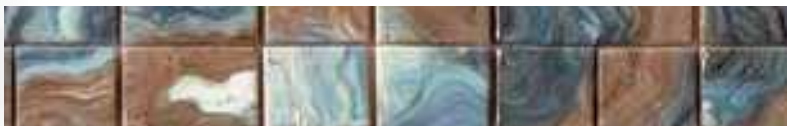
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ABOUT THE REPORT

This Integrated Annual Report presents the financial and non-financial performance of Lanka Walltiles PLC and its subsidiaries for the year ended 31st March 2026. It outlines how the Group has navigated the evolving operating landscape while continuing to create value for its stakeholders.

The year under review reflects a period of gradual transition, as the Group adapted to a stabilising yet still uncertain economic environment. Against this backdrop, Lanka Walltiles PLC focused on strengthening its operational foundations, improving cost structures, and enhancing market responsiveness.



SCOPE AND BOUNDARY:

This Integrated Annual Report presents material financial and non-financial information relating to Lanka Walltiles PLC (the parent company) and its subsidiaries, collectively referred to as "the Group," operating across its core business sectors.

This report has been prepared in line with the principles of the International <IR> Framework and the Global Reporting Initiative (GRI) Standards. It aims to provide stakeholders with a clear and balanced view of the Group's strategy, governance, performance, and future outlook, while demonstrating how value is created over time across multiple capitals.

The report covers the financial year from 1st April 2025 to 31st March 2026 and includes comparative information for the previous financial year to facilitate meaningful year-on-year analysis.

The scope of reporting encompasses all entities under the Group's financial and operational control. The boundaries applied to both financial and non-financial disclosures remain consistent with prior reporting periods, ensuring continuity, comparability, and transparency in performance evaluation.



REPORTING FRAMEWORKS & PRINCIPLES:

ASSURANCE:

Financial Reporting

Assurance on financial statements has been provided by M/s Ernst & Young, Chartered Accountants and their reports are set out on pages 156 to 158.

Significant Changes and Restatements:

There were no significant changes requiring restatements of financial or sustainability information during the reporting period.

FINANCIAL REPORTING

- Companies Act No.7 of 2007
- Listing Rules of the Colombo Stock Exchange
- Sri Lanka Accounting & Auditing Standards Act No 15 of 1995
- Sri Lanka Financial Reporting Standards (SLFRS/LKAS) Issued by CA Sri Lanka

INTEGRATED REPORTING

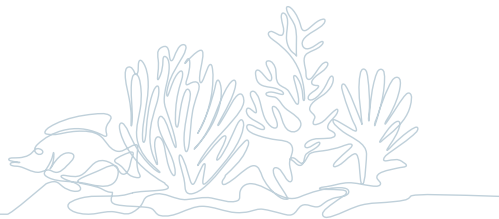
- International <IR> Framework

CORPORATE GOVERNANCE

- Code of Best Practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka
- Listing Rules of the Colombo Stock Exchange

SUSTAINABILITY REPORTING

- Global Reporting Initiative Sustainability Reporting Standards
- Sustainable Development Goals (SDGs) of United Nations
- Sustainability Reporting Standards (SLFRS S1 and S2)
- Sustainability Accounting Standards for,
 - Construction material
 - Containers and Packaging
 - Iron and Steel Producers



GUIDING PRINCIPLES OF OUR REPORT



Materiality

Disclosures focus on matters that substantively influence the Group's ability to create value over time, ensuring relevance and clarity for stakeholders.



Reliability and Completeness

The report includes all material matters, presented in a balanced way, ensuring that both positive and negative aspects of performance are transparently communicated.



Stakeholder Relationships

The report reflects the nature and quality of the Group's engagement with key stakeholders, highlighting how their interests and expectations are considered in decision-making.



Consistency and Comparability

Information is prepared on a consistent basis over time, enabling stakeholders to analyse trends and compare performance across reporting periods and, where relevant, with industry peers.



Connectivity of Information

A holistic view is presented by demonstrating the interrelationships between strategy, governance, performance, risks, and the various capitals that the Group depends on and affects.



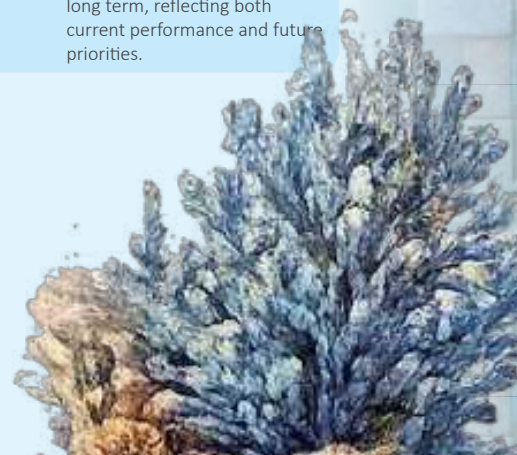
Strategic Focus & Future Orientation

The report provides insight into the Group's strategy and how it supports value creation over the short, medium, and long term, reflecting both current performance and future priorities.



Conciseness

Information is presented in a clear and concise manner, avoiding unnecessary detail while maintaining completeness.

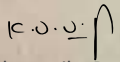


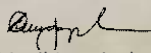
ABOUT THE REPORT


The Statement of Responsibility

The Annual Report has been prepared by the Senior Management of the Group on behalf of the Board of Directors. Senior Management has used internal and external resources in compiling this report to enhance presentation and readability of the report.

The Annual Report of the Board of Director includes an acknowledgement of the Directors' responsibility with regard to the Annual Report. The Board of Directors acknowledge their responsibility to ensure the integrity of the Integrated Report and are of the opinion that Integrated Annual Report of Lanka Walltiles PLC for the financial year ended 31st March 2026 is presented in accordance with the <IR> Framework 2021.

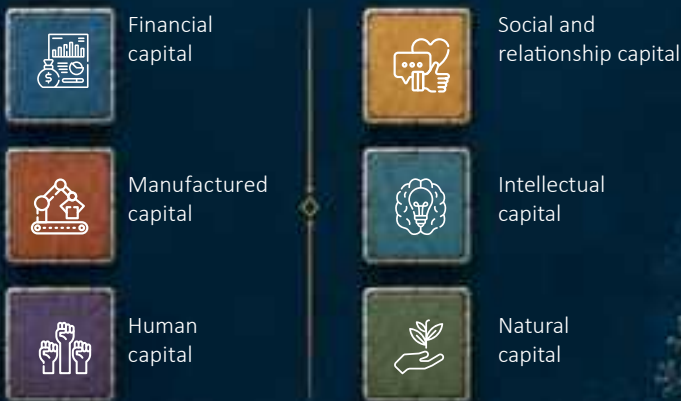

Dhammika Perera
Chairman


Manil Jayasinghe
Chairman Audit Committee


Priyantha Talwatte
Managing Director

NAVIGATING THIS REPORT

CAPITALS



STAKEHOLDERS



FEEDBACK AND INQUIRIES

Your feedback is valuable to us, and we are dedicated to improving the quality of our report. Should you have any questions or feedback, please feel free to reach out to the following contact:

Mr. Thilanka Sampath
General Manager-Finance
Email- thilankas@lankatiles.com
Tel- 0114526700

ABOUT US

Lanka Walltiles PLC is a leading manufacturer of ceramic and porcelain tiles in Sri Lanka, with a long-standing presence in the building materials industry and a reputation built on quality, innovation, and design excellence. With a legacy spanning five decades, the Company continues to play a pivotal role in shaping modern living spaces while maintaining its position as a trusted and preferred brand in the market.

The Group's tiles segment is further strengthened through its subsidiary, Lanka Tiles PLC, which complements the parent company's operations and enhances overall production capacity, product range, and market reach. Together, these entities form a strong and integrated platform within the ceramic and porcelain tile industry.

Manufacturing operations are anchored by technologically advanced facilities located in Meepe and Ranala, designed to meet both local and international standards. Continuous investments in process improvements, automation, and quality assurance systems have enabled the Group to enhance efficiency, maintain product consistency, and respond effectively to evolving customer preferences.

The group is supported by a well-established distribution and retail network across the island, enabling strong market penetration and close engagement with customers.

This network, combined with a deep understanding of market trends, allows the Group to deliver innovative, design-driven solutions that cater to both residential and commercial segments.

Beyond its core tiles business, the Group has strategically expanded into complementary sectors including aluminium, tile adhesives, and packaging. This diversified portfolio strengthens operational synergies, enhances resilience against market fluctuations, and supports the creation of sustainable value across multiple industries.

As the Group continues to evolve, its focus remains on driving operational excellence, strengthening its competitive position, and delivering long-term value to stakeholders through a balanced approach to growth, innovation, and sustainability.



VISION

Creating a fine art of living.



MISSION

Creating contemporary fashionable lifestyles for our customers while adding value to our stakeholders by excelling in everything we do with the strength of our inherited values



VALUES

Quality, Trust, Sense of heritage, Longstanding relationships



01

CERAMIC & PORCELAIN TILES

- Leading manufacturer in Sri Lanka with a trusted brand presence
- Commitment to innovation and design excellence
- Quality products that enhance modern living spaces

02

MANUFACTURING EXCELLENCE

- State-of-the-art facilities in Meepe & Ranala
- Process improvements and automation
- Quality assurance & international standards
- Consistent efficiency and customer satisfaction

03

DIVERSIFIED GROWTH

- Aluminium
- Bathware
- Tile Adhesives
- Packaging
- Creating sustainable value across multiple industries

OUR BUSINESS SEGMENTS



Scan QR
LANKATILES



Scan QR
Swisstek Ceylon



Scan QR
Swisstek Aluminium



Scan QR
Uni Dil

Lanka Walltiles PLC operates through a diversified portfolio of business segments that collectively strengthen the Group's resilience, enhance operational synergies, and support sustainable value creation.

Anchored by its core tiles business, the Group has strategically expanded into complementary sectors that align with the broader construction and building materials ecosystem.

Tiles & Associated Products

The tiles segment remains the cornerstone of the Group's operations, encompassing the manufacture and distribution of ceramic and porcelain tiles under the Lanka Walltiles PLC and Lanka Tiles PLC, forming a fully integrated platform with enhanced production capabilities, design innovation and market reach.

In addition to tiles, the segment includes associated products such as tile adhesives and related solutions, enabling the Group to offer end-to-end surface finishing systems. Continuous focus on product innovation and operational efficiency ensures segment remains competitive in both domestic and exports markets.

Aluminium

The aluminium segment produces high quality aluminium extrusions and value-added products catering to the construction, industrial and architectural sectors. With the advanced manufacturing capabilities and a strong emphasis on precision and quality, this segment has established itself as a key player in the local market which expanding presence internationally.

The segment contributes to the Group's diversification strategy by providing exposure to the adjacent industries, while also creating cross-sector synergies within the construction industry.

Packaging

The packaging segment specialises in the manufacture of corrugated cartons and paper-based packaging solutions, serving both internal group requirements and a broad external customer base including internationally recognised brands.

Uni Dil Packaging contributes to the Group's revenue base while continuously enhancing its capabilities in product innovation and sustainable packaging. With increasing emphasis on environmentally responsible solutions, the segment is well positioned to meet regulatory requirements and shifting customer preferences.

LANKATILES
Fine Living Redefined

SWISSTEK
FOR THE PERFECT FINISH

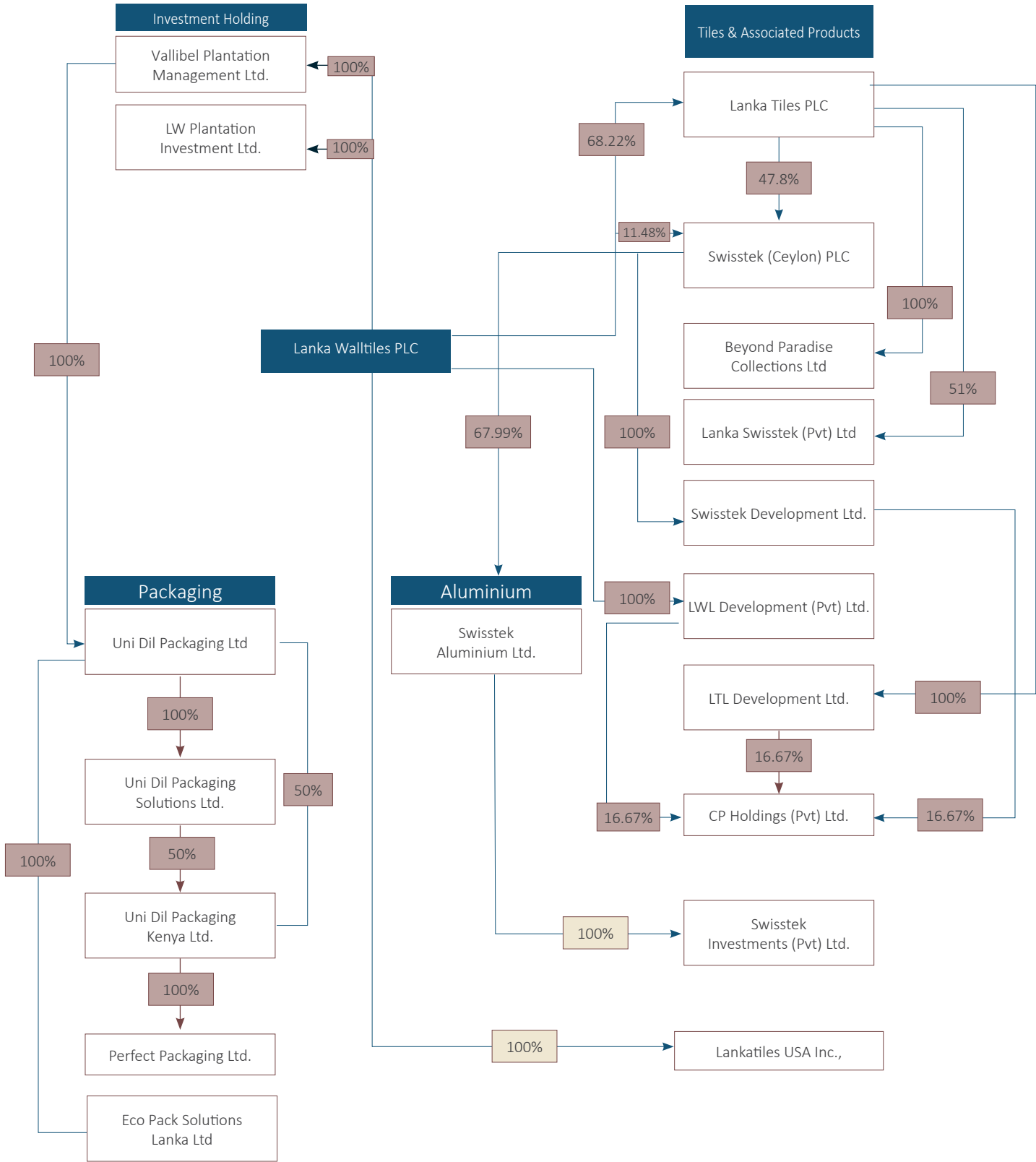
SWISSTEK

ALUMINIUM
FOR THE PERFECT FINISH

ALLURA
INSPIRED BY DESIGN

UNIDIL
THE LEADER IN PACKAGING

OUR GROUP STRUCTURE



PRODUCT PORTFOLIO

WALL TILES



FLOOR TILES



MOSAICS



FIELD TILES



POOL TILES



TRIM TILES



SANITARY BATHWARE AND ACCESSORIES

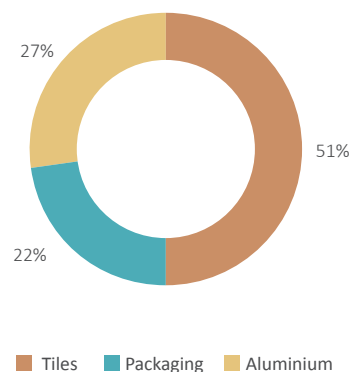


PERFORMANCE HIGHLIGHTS

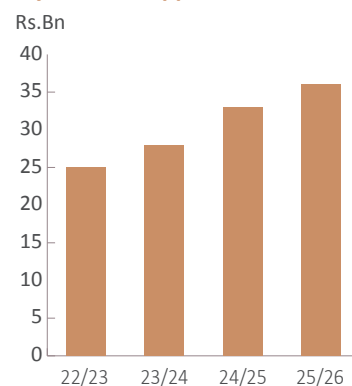
FINANCIAL PERFORMANCE

	Unit	2025/26	2024/25	%
Financial Performance				
Revenue	Rs.Bn	44.99	41.06	9.57
Operating Profit	Rs.Bn	4.32	4.23	2.20
Profit Before Tax	Rs.Bn	2.72	3.01	(9.79)
Profit After Tax	Rs.Bn	2.01	1.98	1.32
Gross Profit Margin	%	27.40	25.83	6.08
Operating Profit Margin	%	9.61	10.30	(6.73)
Return to Shareholders				
Earnings Per Share	Rs.	2.44	3.43	(28.86)
Dividend Per Share	Rs.	-	2.40	(100.00)
Dividend Yield	%	-	4.75	(100.00)
Return on Equity	%	6.75	7.15	(5.60)
Price to Book value	Times	0.42	0.50	(15.13)
Market Capitalisation	Rs.Bn	12.56	13.79	(8.91)
Market Value per Share	Rs.	46.00	50.50	(8.91)
Growth and Stability				
Total Assets	Rs.Bn	61.40	59.47	3.24
Shareholder funds	Rs.Bn	22.32	21.27	4.96
Total debt	Rs.Bn	19.88	21.82	(8.89)
Inventory	Rs.Bn	20.43	20.63	(0.97)
Net Assets per Share	Rs.	81.76	77.90	4.96
Gearing Ratio	%	40.06	44.05	(9.06)
Current Ratio	Times	1.37	1.45	(5.63)
Quick Assets Ratio	Times	0.47	0.46	1.05

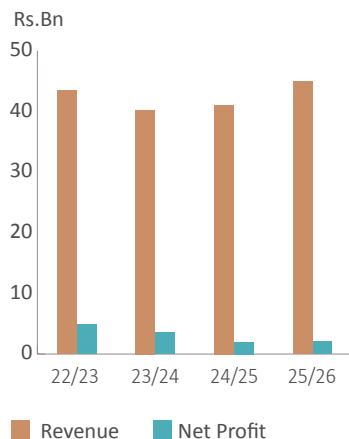
Segment Contribution to Top Line



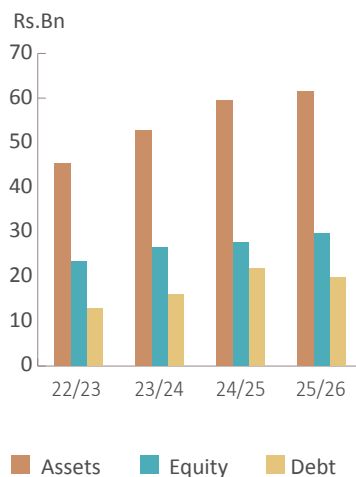
Payment to Suppliers



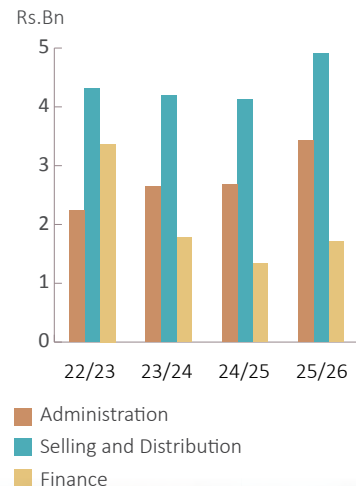
Group Performance



Financial Position



Expenses



NON-FINANCIAL PERFORMANCE

Human Capital	Unit	2025/26	2024/25	%
Employees	Nos	2,819	2,713	4
Total remuneration paid	Mn	3,513	3,990	(12)
Employee Turnover	Nos	658	586	12
Training Hours	Hrs	14,126	18,528	(24)
Training Expenses	Mn	8	19	(57)

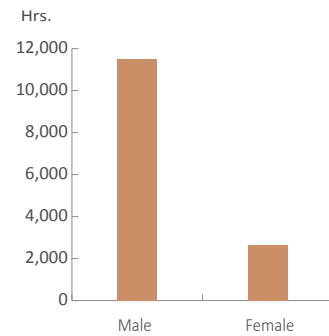
Manufactured Capital	Unit	2025/26	2024/25	%
Capex	Mn	2,401	3,514	(32)
No. of Showrooms	Nos	67	64	5

Social & Relationship Capital	Unit	2025/26	2024/25	%
Local suppliers	Nos	2,001	2,009	(0.4)
Payment to Local suppliers	Mn	21,546	23,487	(8)
Foreign Suppliers	Nos	219	216	1
Payments to foreign suppliers	Mn	14,094	13,061	8
Distributors	Nos	33	35	(6)
Franchisees	Nos	63	62	3
CSR Spend	Mn	5.7	3.2	78

Intellectual Capital	Unit	2025/26	2024/25	%
Brand Value	Mn	1,658	2,084	(20)
No. of new designs	Nos	222	124	79

Natural Capital	Unit	2025/26	2024/25	%
Material Consumption	MT	219,618	206,973	6
Energy Consumption	Rs.Mn	4,899	5,546	(12)
Water Consumption	Liters	208,426,732	211,415,839	(1)
Emission Scope 1	TCO2	52,020	52,384	(1)
Emission Scope 2	TCO2	25,285	27,594	(8)
Total Emissions Offset	TCO2	2,685	2,744	(2)

Training Hours By Gender



2,819

Employees

67

Showrooms

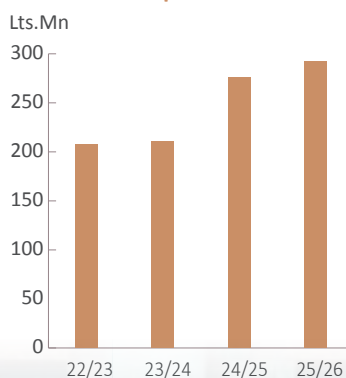
222

New Designs

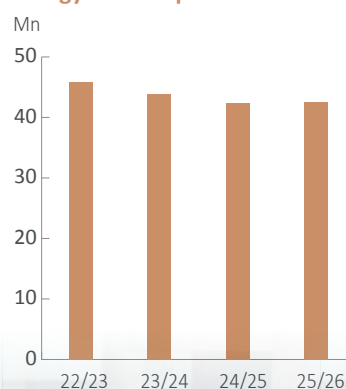
14,126

Training Hours

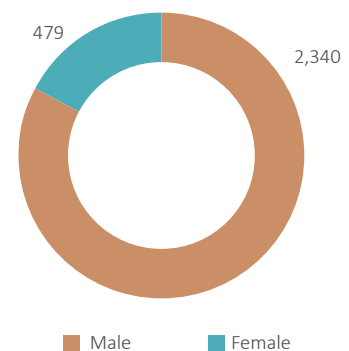
Water Consumption



Energy Consumption Kwh



Employees (Nos)



KEY MILESTONES

Lanka Walltiles PLC was established as an export-oriented joint venture with Japanese collaboration, marking the company's entry into the ceramic tile industry.

1975

Lanka Tiles PLC was incorporated as a private limited company, expanding the group's footprint in the tile manufacturing sector.

1984

In line with government policy, all but one division of the state-owned Ceylon Ceramics Corporation was incorporated as Lanka Ceramic Limited, transitioning the company into the private sector.

1990

Acquire Swisstek (Ceylon) PLC as a strategic investment.

2003

1976

The company set up its first manufacturing facility in Balangoda, initiating tile production in Sri Lanka.

1986

Lanka Tiles PLC was listed on the Colombo Stock Exchange, enhancing its corporate profile and access to capital.

1994

Lanka Walltiles PLC became a publicly listed company on the Colombo Stock Exchange, broadening its shareholder base.

Commencement of the operations in Lanka Walltiles PLC Meepe Factory.

2006

Uni Dil Packaging Ltd and Uni Dil Packaging Solutions Ltd became subsidiaries of Lanka Walltiles PLC.

Cease the operations in Lanka Walltiles PLC - Balangoda Factory.

Acquisition of Swisstek Aluminium Ltd through Swisstek (Ceylon) PLC.

2010

Became a direct subsidiary of Royal Ceramics Lanka PLC

2017

Acquire Valley View Ceramics LLC, a USA based subsidiary of Lanka Walltiles PLC and commence the operations of Lanka Swisstek Pvt Ltd, a Indian based subsidiary.

2024

Lanka Walltiles PLC Meepe Factory Expansion Project Successfully Completed, increasing Production Capacity by 69%

2026

2013

Lanka Ceramic PLC, the parent company at this time, was acquired by Royal Ceramics Lanka PLC.

2023

Disposal of Horana Plantations PLC.

2025

Acquire Perfect Packaging Ltd, a Kenyan based subsidiary to enter into the African Market.

CHAIRMAN'S MESSAGE



Higher production volumes, operational efficiencies, and an improved product mix strengthened margins despite continued pressure on selling prices.



Dhammika Perera

Chairman

Dear Shareholder,

I am pleased to present the Annual Report of Lanka Walltiles PLC for the financial year 2025/26.

The year under review was one of operational stabilisation, strategic realignment, and continued resilience amidst a highly competitive and evolving operating environment. While Sri Lanka's economy demonstrated gradual recovery supported by easing inflation, lower interest rates, improved external sector performance, and strengthening business confidence, the operating environment for the tile manufacturing industry remained exceptionally challenging.

Industry and Economic Environment

The domestic tile industry continued to operate under intense pressure during the year as import liberalisation and aggressive pricing competition from lower-priced imported products significantly impacted market pricing structures and profitability across the sector. Imported tiles continue to account for a substantial share of the domestic market, creating one of the most competitive environments experienced by the local ceramic industry in recent years.

At the same time, significant investments undertaken by local manufacturers in recent years have materially expanded domestic manufacturing capacity, resulting in industry-wide production capabilities now exceeding prevailing local demand levels. This imbalance has further intensified competition, pressured capacity utilisation levels, and increased pricing pressure across the market.

The Board remains concerned regarding the absence of adequate trade protection mechanisms for domestic manufacturers who continue to operate

under substantially higher regulatory, labour, environmental, and sustainability compliance obligations compared to imported products.

The industry also continued to face volatility in energy costs, fluctuations in raw material availability and quality, evolving customer purchasing behaviour, and uncertainties arising from changing global trade dynamics. These conditions reinforced the importance of operational efficiency, prudent financial management, product differentiation, and disciplined strategic execution.

Operational Transformation and Strategic Priorities

Against this backdrop, the Group remained focused on strengthening long-term competitiveness through operational stabilisation, productivity improvement, product innovation, customer engagement, and portfolio optimisation initiatives.

A key milestone during the year was the continued stabilisation and integration of the expanded Lanka Walltiles manufacturing facility following the completion and commissioning of the project. Encouraging progress was achieved through improved process controls, enhanced production coordination, stronger manufacturing yields, and operational optimisation initiatives across the facility.

The Group also continued to strengthen product differentiation and premium positioning through the introduction of new designs, value-added product categories, and showroom enhancement initiatives aimed at improving customer experience and market responsiveness. Investments in showroom development, including the opening of the Pelawatta, Borella, Galle and Jaffna showrooms, further strengthened the Group's retail presence and customer engagement initiatives.

At the same time, the Group undertook a strategic reassessment of our overseas operations during the year and made the decision to discontinue the US business venture, Valley View Ceramics LLC. While this resulted in certain non-recurrent financial impacts during the

year, including debtor write-offs and inventory-related outgoings, the decision enables the Group to sharpen strategic focus, optimise capital allocation, and strengthen emphasis on core growth opportunities and operational priorities moving forward.

Rs. 44,993 Mn
Group Revenue

Rs. 12,329 Mn
Gross profit

Rs. 2,008 Mn
Profit After Tax

Financial Performance and Capital Structure

Despite prevailing market pressures, the Group delivered an improved financial performance during the year supported by stronger operational execution and improved contributions across key business sectors.

Group revenue increased to Rs. 45 Bn during the year compared to Rs. 41 Bn in the previous year, while Gross profit increased to Rs. 12 Bn and profit after tax improved to Rs. 2 Bn. The tile and associated products segment contributed Rs. 1 Bn to Group profit before tax, while the aluminium products and packaging materials segments contributed Rs. 810 Mn and Rs. 822 Mn respectively. Lanka Walltiles PLC, however, recorded a loss for the year primarily due to elevated finance costs arising from expansion-related borrowings together with non-recurrent impacts associated with the discontinuation of the US business venture.

Improved manufacturing efficiencies, stronger production yields, operational

CHAIRMAN'S MESSAGE

optimisation initiatives, improved product mix, and economies of scale arising from higher production volumes supported margin improvements during the year despite continued pressure on selling prices.

The Group's balance sheet remained resilient although leverage levels continued to remain elevated primarily due to borrowings obtained for the Lanka Walltiles factory expansion project. The Board recognises that the current debt servicing burden is not sustainable over the medium term under prevailing market conditions.

Accordingly, discussions relating to refinancing and restructuring of certain borrowing facilities began during the year as part of broader efforts to strengthen long-term financial stability, improve liquidity management, and optimise the Group's funding structure.

Inventory levels also continued to remain elevated during the year, particularly within the tile segment, in line with the operational requirements of continuous kiln operations, broader product availability requirements, and the Group's extensive showroom and distribution network. Nevertheless, management continued to focus on inventory rationalisation and working capital optimisation initiatives throughout the year.

Governance and Sustainability

The Board remained committed to strengthening governance frameworks, oversight mechanisms, risk management practices, and sustainability integration across the Group during the year under review.

The governance framework was further strengthened during the year through the appointments of Mr. Harsha Amarasekera, Mr. Manil Jayasinghe and Mr. Mohan Rathnayake

to the Board. Board Committees were also reconstituted in line with the requirements of CSE Listing Rule 9 and evolving governance expectations.

The Group further strengthened internal controls and governance oversight during the year through the appointment of an Internal Auditor, enhancing internal audit coverage, compliance monitoring, operational review processes, and enterprise risk management practices across the Group. Continued focus was also placed on policy governance, liquidity oversight, operational resilience, and long-term value creation.

During the year, the Group also continued preparations towards alignment with the upcoming SLFRS Sustainability Reporting Standards and broader ESG reporting expectations. Sustainability remains embedded within the Group's long-term strategy, supported by continued focus on energy optimisation, renewable energy integration, waste reduction, resource efficiency, and responsible manufacturing practices.

Outlook

While market conditions are expected to remain competitive in the short to medium term, the Board remains cautiously optimistic regarding the long-term outlook for both the Group and the broader construction sector.

Gradual recovery in residential construction, housing renovations, tourism-related developments, and selected infrastructure investments are expected to support industry demand over the medium term. However, sustained import competition, global economic uncertainty, raw material and energy cost volatility, and excess industry capacity are expected to continue influencing market conditions.

With the expanded manufacturing facility now operational and stabilisation initiatives progressing steadily, the Group is better positioned to improve operational efficiencies, strengthen

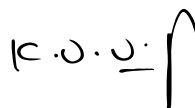
product capabilities, and pursue growth opportunities in both domestic and export markets. Export market expansion, working capital optimisation, liquidity management, operational productivity, premium product positioning, and strengthening customer engagement will remain key strategic priorities moving forward.

Acknowledgements

On behalf of the Board, I would like to extend my sincere appreciation to the management team and all employees across the Lanka Walltiles Group for their dedication, resilience, and commitment throughout what has been a demanding and transformative year for the Group. Their hard work and collective efforts have been instrumental in driving operational improvements and supporting the progress achieved during the year under review.

I also extend my sincere gratitude to my fellow Board members for their guidance, stewardship, and invaluable contributions throughout the year.

Finally, I wish to thank our shareholders, customers, financial institutions, business partners, and all other stakeholders for their continued trust, confidence, and support extended to Lanka Walltiles PLC.



Dhammika Perera
Chairman

29 May 2026



MANAGING DIRECTOR'S MESSAGE

“ Group revenue increased to Rs. 45 Bn during the year compared to Rs. 41 Bn in the previous year, reflecting improved sales volumes and stronger contributions across key business sectors. ”

Priyantha Talwatte

Managing Director

Dear Shareholder,

I am pleased to present the Annual Report of Lanka Walltiles PLC for the financial year 2025/26.

The year under review was one of operational stabilisation, market realignment, and strengthening the foundations for long-term growth. While the Sri Lankan economy continued its gradual recovery supported by easing inflation, lower interest rates, improved tourism activity, and strengthening investor confidence, the operating environment for the building materials industry remained highly competitive and price-sensitive. The tile industry in particular continued to face intense pressure from low-priced imports, aggressive market pricing, and evolving customer purchasing behaviour.

Operational Stabilisation and Market Focus

Against this backdrop, the Group remained focused on strengthening operational performance, improving manufacturing efficiencies, enhancing customer engagement, and optimising product offerings across our businesses. A key priority during the year was the stabilisation and integration of the expanded walltiles manufacturing facility in Meepe following the complete commissioning of the expansion project. Encouraging progress was achieved during the year through improved process controls, better production stability, stronger manufacturing yields, and enhanced operational coordination across the facility.

During the year, the Group also undertook a strategic review of our overseas operations and made the decision to discontinue the US business venture, Valley View Ceramics LLC. While the venture had initially been established to strengthen the Group's international market presence and develop access

to the US tile market, prevailing market conditions, operational challenges, and commercial considerations impacted the viability of the operation. Consequently, the Group recognised certain non-recurrent impacts during the year including debtor write-offs and inventory-related provisions associated with the winding up of the operation.

Despite continued pricing pressure within the domestic market, Lanka Walltiles PLC recorded a notable improvement in sales volumes during the year supported by strengthened customer focus, improved market engagement, expanded product offerings, and enhanced showroom and distribution activities. Operational efficiencies also improved significantly, with manufacturing yields increasing from 79.5% to 83.9%, while rejection rates reduced from 20.5% to 16.1% through continuous process optimisation and quality improvement initiatives.

The Group also continued to strengthen its product portfolio and premium market positioning during the year through the introduction of 222 new SKUs across 102 design series, including porcelain, premium surface finishes, large-format products, and wooden plank tile concepts. In parallel, showroom development initiatives, including the opening of four new showrooms, further enhanced customer engagement, retail presence, and brand visibility. Collectively, these initiatives improved market responsiveness and strengthened alignment between manufacturing output and evolving customer preferences.

Challenges and Competitive Pressures

The year, however, was not without challenges. Intense import competition following the easing of import restrictions continued to place significant pressure on pricing across the domestic tile market, compelling local manufacturers to adjust selling prices to remain competitive. In addition, local manufacturing capacity within the tile industry has increased significantly in recent years, surpassing current domestic demand levels and further intensifying competition across the market.

At the same time, the Group continued to carry a significant debt burden arising primarily from borrowings obtained for the Lanka Walltiles factory expansion project and related capacity enhancement initiatives. While the expansion has significantly strengthened the Company's manufacturing capabilities and long-term growth potential, the current level of debt servicing obligations is not sustainable over the medium term under prevailing market conditions. Accordingly, discussions relating to refinancing and restructuring of certain borrowing facilities were initiated during the year as part of broader efforts to strengthen long-term financial stability, improve liquidity management, and optimise the Company's funding structure.

In addition, the Group incurred certain non-recurrent impacts associated with the strategic discontinuation of the US business venture, including debtor write-offs and inventory-related provisions.

Financial Performance

Nevertheless, the Group delivered an improved overall financial performance during FY 2025/26 supported by stronger contributions from Lanka Tiles PLC, Swisstek Aluminium Limited, and Uni Dil Packaging Limited.

Group revenue increased to Rs. 45 Bn during the year compared to Rs. 41 Bn in the previous year, reflecting improved sales volumes and stronger contributions across key business sectors. The tile and associated products segment remained the Group's largest revenue contributor generating revenue of Rs. 23 Bn despite downward pressure on average selling prices within the domestic tile market.

MANAGING DIRECTOR'S MESSAGE

Gross profit increased by 16.2% to Rs. 12 Bn supported by improved manufacturing efficiencies, better production yields, operational stabilisation initiatives, product mix optimisation, and comparatively lower energy costs during a significant part of the year. Increased production volumes following the full commissioning of the expanded Lanka Walltiles facility also supported improved economies of scale in raw material procurement and manufacturing operations.

Operating expenses increased during the year reflecting expanded market development activities, showroom investments, strengthened customer engagement initiatives, and continued efforts to enhance brand visibility across the Group. The tile segment also recorded certain one-off expenses associated with the winding up of the Group's US operations.

Finance costs increased to Rs. 1.7 Bn during the year primarily due to interest costs associated with borrowings obtained for the Lanka Walltiles factory expansion project and acquisition-related financing within the packaging segment relating to Uni Dil Packaging's Kenyan acquisition.

Accordingly, the Group recorded a profit before tax of Rs. 2.7 Bn and a profit after tax of Rs. 2Bn for the year. The tile and associated products segment contributed a profit before tax of Rs. 1 Bn, while the aluminium products and packaging segments contributed profits before tax of Rs.810 Mn and Rs. 822 Mn respectively. While Lanka Walltiles PLC recorded a loss during the year mainly due to elevated finance costs and non-recurrent impacts relating to the US business venture, operational performance, production yields, and sales volumes improved significantly compared to the previous year.

Capital expenditure during the year reduced significantly following the completion of factory expansion project of both tile companies. Investments during the year mainly focused on operational optimisation, process improvements, showroom development, technology integration, and selective capacity enhancement initiatives aimed at strengthening efficiency, operational stability, and long-term competitiveness across the Group

Inventory levels across the Group continued to remain elevated during the year, particularly within the tile segment, in line with the operational requirements of

continuous kiln operations, wider product availability requirements.

Lanka Walltiles PLC continued to maintain a highly leveraged funding structure during the year primarily due to borrowings obtained to finance the factory expansion project and related manufacturing infrastructure investments. Total interest-bearing liabilities of the Company amounted to Rs. 8.7 Bn as at 31 March 2026 compared to Rs. 9.4 Bn in the previous year.

Customer Engagement and Brand Visibility

At Lanka Walltiles PLC, our priority during the year extended beyond manufacturing stabilisation toward rebuilding customer confidence, strengthening market presence, and improving service responsiveness. Significant efforts were undertaken to strengthen showroom visibility, customer engagement, dealer relationships, and alignment between production planning and market demand. These initiatives contributed positively towards improved sales volumes and strengthened market positioning during the year.

People and Sustainability

Our people remain central to the Group's long-term success. During the year, key talent and technical capability gaps were identified and progressively addressed through targeted recruitment, specialised technical expertise, employee development programmes, training initiatives, and leadership capability building. The Group also continued to maintain strong focus on workplace engagement, health and safety, industrial relations, and operational discipline across its businesses.

Sustainability also remained an important focus area throughout the year. The Group continued to strengthen energy efficiency initiatives, renewable energy integration, waste reduction programmes, resource optimisation practices, and environmental management systems aimed at reducing operational impact while supporting long-term operational resilience.

Outlook

Looking ahead, we remain cautiously optimistic regarding the outlook for the construction and building materials sectors. Gradual recovery in construction activity, tourism-related developments, infrastructure investments, and housing demand are expected to support market growth over the medium term. At the

same time, challenges relating to import competition, energy cost volatility, raw material pricing, and evolving customer purchasing behaviour are expected to persist.

Nevertheless, the Group is now better positioned to capitalise on emerging opportunities following the stabilisation of the expanded manufacturing facility and the strengthening of operational efficiencies across key business sectors. Our focus in the year ahead will remain on improving profitability, optimising capacity utilisation, strengthening premium product offerings, expanding showroom presence, enhancing customer engagement, improving working capital efficiency, and driving sustainable long-term growth.

Appreciation

I would like to extend my sincere appreciation to all our employees across the Lanka Walltiles Group for their dedication, resilience, and commitment throughout what has been a demanding and transformative year for the Group, their hard work.

I also wish to express my gratitude to our customers, dealers, franchise partners, suppliers, contractors, financial institutions, and all other business partners for their continued trust, collaboration, and support extended to the Group during the year.

I am also pleased to welcome back Mr. Dhammika Perera as Chairman of Lanka Walltiles PLC. His extensive experience, strategic insight, and longstanding association with the Group will continue to provide valuable guidance as we strengthen operational performance, financial stability, and long-term competitiveness. I further extend my sincere thanks to the Board of Directors for their guidance, counsel, and stewardship throughout the year.

Finally, I would like to thank our shareholders for their continued confidence and unwavering support as we continue to strengthen the Lanka Walltiles Group for long-term sustainable growth and value creation.



Priyantha Talwatte
Managing Director

29 May 2026

BOARD OF DIRECTORS

MR. DHAMMIKA PERERA

Chairman/Non-Executive Director



Mr. Dhammika Perera is a philanthropist, quintessential strategist and business leader with interests in various key industries, including manufacturing, banking and finance, leisure and hydropower generation. He has over 35 years of experience building formidable business through unmatched strategic foresight and extensive governance experience gained through membership of the Boards of quoted and unquoted companies.

Mr. Perera contributes a wealth of strategic and operational expertise to the Board, drawing from decades of leadership across diverse industries. His ability to anticipate market shifts and identify growth opportunities supports the Group's resilience and competitiveness, with a strong track record in value creation. He plays a pivotal role in guiding the Group's strategic direction and ensuring alignment with its long-term vision.

Currently, Mr. Perera is the Chairman of Vallibel One PLC, Lanka Tiles PLC, Royal Ceramics Lanka PLC, Summer Season Ltd and Greener Water Ltd. He also serves as Co-Chairman of Hayleys PLC and Chairman/Founder Dhammika & Priscilla Perera Foundation.

Total No. of Companies Holding Directorship/Key Management positions: 08

MR. A M WEERASINGHE

Co-Chairman/Non Executive Director



The Founder of Royal Ceramics Lanka PLC, established in 1990, he is a gem merchant by profession and presently holds the position of Co-Chairman of the Company. Mr. Weerasinghe has been in the business field for more than 40 years involved in Real Estate, Construction, Transportation & Healthcare Industry and a Landed Proprietor.

In addition to the above, he is the Chairman of Rocell Bathware Limited, Lanka Ceramics PLC, Singhe Hospitals PLC, Weerasinghe Property Development (Pvt) Ltd Weerasinghe Gems (Pvt) Ltd and the Co-Chairman of Lanka Tiles PLC. He also serves as a Non-Executive Director of Swisstek (Ceylon) PLC, Swisstek Aluminium Limited, Biscuits and Chocolate Company Ltd, C P Holding (Pvt) Ltd, LC Plantation Projects (Pvt) Ltd and Rocell Properties Limited.

Total No. of Companies Holding Directorship/Key Management positions: 14

MR. L P B TALWATTE

Managing Director/Executive Director



Mr. Priyantha Talwatte is an accomplished business leader with over 32 years of senior management experience in banking, finance, and telecommunications. His career includes a decade in telecommunications both locally and internationally, followed by 20 years in banking and finance, with a proven track record of driving sustainable growth and delivering strong stakeholder outcomes.

He is a graduate of the Chartered Institute of Marketing (UK), an alumnus of Harvard Business School (AMP-196), and a certified business trainer and high performance coach.

Mr. Talwatte played a pivotal role in transforming Nations Trust Bank (NTB) into a leading institution in Sri Lanka. As Chief Executive Officer and Director, he led NTB's strategic evolution, securing the American Express franchise, establishing market leadership, and advancing digital banking capabilities. He championed customer segmentation, enhanced service culture, implemented risk frameworks, and optimised the branch network through a hub-and-spoke model.

He also served as the Chief Executive Officer of SDB Bank, successfully leading the institution through a challenging period following the economic crisis.

BOARD OF DIRECTORS

MR. W R N SOMARATNE

Director Manufacturing / Executive Director



He currently holds directorships in fifteen other companies across diverse sectors, including Executive Directorships at Lanka Tiles PLC, and Lanka Ceramic PLC, as well as Non-Executive Directorships at LB Finance PLC, CP Holding (Pvt) Ltd., Vallibel Plantation Management Ltd., LWL Plantation Investments Ltd., LC Plantation Projects Ltd., LC Development (Pvt) Ltd., Uni Dil Packaging Ltd., Uni Dil Packaging Solutions Ltd., LWL Development (Pvt) Ltd., LTL Development Ltd., Beyond Paradise Collection Ltd and Lanka Tiles USA Inc.

Total No. of Companies Holding Directorship/Key Management positions: 15

Mr. Somaratne is currently employed as the Director Manufacturing for Royal Ceramics PLC and Lanka Tiles PLC. He is responsible for the manufacturing operations of the Group.

He has also served as an Independent Director of Hayleys Fabrics PLC and Lanka Ceramic PLC.

He holds directorships as Non-Executive Director of Ever Paint and Chemical Industries (Pvt) Ltd, a fully owned subsidiary of Royal Ceramics Lanka PLC. Mr. Somaratne is also a board member of the Industrial Technology Institute (ITI).

Mr. Somaratne's employment career started in Ansell Lanka (Pvt) Ltd and then in the Central Engineering Consultancy Bureau (CECB) before joining Royal Ceramics Lanka PLC in 1993.

Mr. Somaratne counts more than 33 years of experience in the manufacturing sector and was leading major expansion projects in the Group. He is an expert in manufacturing, technology, and energy management with vast experience and a sound academic background. Mr. Somaratne holds an MBA from the University of Colombo, a Post Graduate Diploma in Industrial Engineering from NIBM and a Post Graduate Diploma in Business Finance and Strategy from the Business School of CA Sri Lanka.

He is a B.Sc. Graduate in Physical Science from the University of Peradeniya and a member of Alumni. He has undergone several corporate leadership training programs including the Corporate Leadership Program conducted by HIDA Japan. He is presently an EXCO member of the Sri Lanka- Italy business council, Ceylon National Chamber of Industries (CNCI), Sri Lanka Ceramic & Glass Council and Centec.

Total No. of Companies Holding Directorship/Key Management positions: 04

MR. H SOMASHANTHA

Director Finance / Executive Director



Mr. Haresh Somashantha is a seasoned finance and operations professional with over 25 years of leadership experience. His expertise spans business planning and development, strategic and financial management, and internal and external process optimisation. With a strong track record in driving team-led process improvements, he has successfully implemented innovative solutions to enhance revenue, operational efficiency, customer satisfaction, and overall profitability.

A Fellow of both the Institute of Chartered Accountants of Sri Lanka and the Institute of Certified Management Accountants of Sri Lanka, Mr. Somashantha holds a Bachelor of Science degree in Mathematics.

He currently serves as the Director Finance of Royal Ceramics Lanka PLC (Rocell Group). Additionally, he is a Director and Audit Committee Member of Hayleys Fabrics PLC, Vallibel Power Erathna PLC and Uni Dil Packaging Limited. His directorships further extend to Lanka Tiles PLC and several subsidiary companies within the Uni Dil and Delmege Group.

Mr. Somashantha is also a Council member of the Institute of Chartered Accountants of Sri Lanka.

Total No. of Companies Holding Directorship/Key Management positions: 17

DR. S SELLIAH

Non-Executive Director



He has over two decades of diverse experience in serving on the Boards of companies in varied fields such as Manufacturing, Banking, Insurance, Logistics, Packaging, Healthcare, Renewable Power generation, Plantation, Retail etc. Dr. Selliah holds an MBBS degree and a Master's Degree (M.Phil).

He currently serves on the Boards of many Public listed and Private companies. Has extensive experience on serving on Board sub committees as Chairman or member which include, Human Resource and Remuneration committee, Investment committee, Strategic Planning committee, Related Party Transaction committee, Nomination and Governance committee, Audit committee, and Risk Management committee etc.

Dr. Selliah serves on a Non-Executive capacity in the following company Boards. Dr. Selliah is the Chairman of JAT Holdings PLC and serves as a Director of Commercial Bank of Ceylon PLC, Swisstek (Ceylon) PLC, ACL Cables PLC, Arunodhaya Private Ltd, Lanka Tiles PLC, Arunodhaya Industries (Pvt) Ltd. He is also the Chairman of Cleanco Lanka (Private) Ltd, Orsys Ltd, Soul Corporation (Private) Ltd, Vydexa Lanka Power Corporation (Pvt) Ltd and Andysel (Private) Ltd. He is also the Deputy Chairman of ArunoAus (Pte) Ltd. He also is a director of Arunodhaya Investments

(Pvt) Ltd. He has also served on many other Listed company Boards in the past.

Dr. Selliah has served as a Senior Lecturer in the Faculty of Medicine, University of Kelaniya for many years in the past and served on several committees. He has also been Head of the Department of Physiology for many years during this period at the Faculty. He has also served as a Member of the University Council at the University of Colombo in the past.

Total No. of Companies Holding Directorship positions: 15

BOARD OF DIRECTORS

MR. S H AMARASEKERA

Non-Executive Director



Mr. Harsha Amarasekera, a renowned lawyer and an eminent legal practitioner in the Sri Lanka legal fraternity since 1987, is a Non-Executive Director of the Company.

Mr. Harsha Amarasekera, President's Counsel has a wide practice in the Original Courts as well as in the Appellate Courts. His fields of expertise include Commercial Law, Business Law, Securities Law, Banking Law and Intellectual Property Law. Mr. Amarasekera has extensive experience in the corporate sector being an Independent Director and Chairman of several listed Companies in the Colombo Stock Exchange.

Mr. Amarasekera is the Non-Executive Chairman of CIC Holdings PLC, CIC Agri Business (Pvt)Ltd, Swisstek (Ceylon) PLC, Swisstek Aluminium Limited and Vallibel Power Erathna PLC.

He is also the Chairman of Colombo Port City Economic Commission and the Chairman/Independent Non-Executive Director of Sampath Bank PLC. He is also the Co-Chairman of Royal Ceramics Lanka PLC.

Mr. Amarasekera serves as Non-Executive Director in the Ceylon Hotel Holdings (Pvt) Ltd., EFL Global Logistics (PTE) Ltd., Galle Face Management Company (Pvt) Ltd., Lanka Tiles PLC., Link Natural Products (Pvt) Ltd., Millennium Airlines (Pvt) Ltd, Millennium Investments Lanka (Pvt) Ltd and an Independent Non-Executive Director of Expolanka Holding Limited

Total No. of Companies Holding Directorship/Key Management positions: 17

MS. K A D B PERERA

Non-Executive Director



Ms. Brindhiini Perera has earned a Masters in Mechanical Engineering from Imperial College London. Her studies included comprehensive coverage of subjects such as Manufacturing Technology and Management, Entrepreneurship, Corporate Finance, Statistics, and Mathematics.

She holds directorships in fifteen other companies; Non-Executive Director of Vallibel One PLC, Haycarb PLC, Hayleys Fabric PLC, Dipped Products PLC, The Kingsbury PLC, Hayleys Leisure PLC, Singer (Sri Lanka) PLC, Royal Ceramics Lanka PLC, Lanka Tiles PLC, The Fortress Resorts PLC, Delmege Limited, Otwo Biscuit (Private) Limited, The Canbury Biscuit Company Limited, Manatee Clothing Company (Pvt) Ltd and Dhammika & Priscilla Perera Foundation. She also serves on the Board of Eurocarb Products Ltd (UK) and Haylex Ltd (UK).

Total No. of Companies Holding Directorship/Key Management positions: 18

MR. S R JAYAWEERA

Independent Non-Executive Director



Mr. Jayaweera was appointed to the Board in October 2020 and also serves as a member of the Audit Committee, Related Party Transaction Review Committee, Nominations and Governance Committee and Sustainability Committee. He has a proven track record spanning over two decades in a senior management position of several John Keells Group of Companies listed on the Colombo Stock Exchange (CSE).

He has expertise in financial accounting, management accounting, hotel management, manufacturing, retail, audit and compliance. From July 2005 to June 2018, he was a member of the Group Operating Committee (GOC) of John Keells Holding PLC. He also serves as an Independent Non Executive Director of Lanka Tiles PLC and Royal Ceramics Lanka PLC and as a Non Executive Director of Delmege Ltd and as the Non Executive Chairman of Hiru Rice Pvt Ltd.

Total No. of Companies Holding Directorship/Key Management positions: 05

MR. H M A JAYESINGHE

Independent Non-Executive Director



Mr. Jayesinghe is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, the Chartered Institute of Management Accountants (UK) and the Certified Management Accountants of Sri Lanka. He is also a member of The Chartered Institute of Public Finance & Accountancy.

Mr. Jayesinghe possesses over 41 years of experience in Advisory and Industry across key sectors in Sri Lanka, Maldives and Bhutan. He served as the Country Managing Partner of Ernst & Young Sri Lanka & Maldives from 2021- 2023, Head of Assurance Practice for Sri Lanka and Maldives, and the Professional Practice Director of Sri Lanka from 2003-2023.

Mr. Jayesinghe, Chairs the Accounting Standards Committee of the South Asian Federation of Accountants (SAFA) and is a member of the Statutory Accounting Standards Committee and the Statutory Auditing Standards Committee. He serves in many other committees of the Institute of Chartered Accountants of Sri Lanka, He is also a member of the Governing Board of the Central Bank of Sri Lanka, International Panel on Accountancy Education of the IFAC and the IFRS Advisory Council.

Mr. Jayesinghe is a past president of the Institute of Chartered Accountants of Sri Lanka. He has served as a council member of the National Chamber of Commerce of Sri Lanka, a board member of the CIMA Sri Lanka board, a member of the International Accounting Education Standards Board of the IFAC, a council member of the Moratuwa University, a member of the Board of Sri Lanka Accounting & Auditing Standards Monitoring Board, a Council member of CMA Sri Lanka, a member of Commission of Securities & Exchange Commission of Sri Lanka, a board member

of the Board of Investment of Sri Lanka and has served as a consultant to the Audit Committees of the Listed Companies

Mr. Jayesinghe is a Senior Independent Non-Executive Director of C W Mackie PLC, Lanka IOC PLC and Lanka Milk Foods (CWE) PLC. He is an Independent Non-Executive Director on the Boards of Ceylon Hospitals PLC, John Keells Holdings PLC, Lanka Ceramic PLC, Royal Ceramics Lanka PLC and Vallibel One PLC and a Non-Executive Director of Diesel and Motor Engineering PLC and a Director of Lanka Dairies (Pvt) Ltd and NMJ Leisure (Pvt) Ltd.

Total No. of Companies Holding Directorship/Key Management positions: 12

MR. B D S MENDIS

Independent Non-Executive Director



Mr. Mendis has a corporate career spanning over 30 years and is an innovative business leader with exceptional strategic, operational, marketing and people development experience and was a Director of Aitken Spence Group Ltd from 2007 to 2022.

He has led as the Managing Director, companies in a variety of industries which include Fintech and Financial Services, Freight Forwarding, Logistics, Engineering and held Directorships in companies in ICT, Printing and Packaging, and Real Estate Industries in Sri Lanka. He also has experience working in the Retail industry in the United States.

Mr. Mendis holds a Bachelor of Science Degree (BSc), (Magna Cum Laude) from Slippery Rock University of Pennsylvania, USA, specialising in Marketing and Economics where he won the outstanding Undergraduate Student award in both Marketing and Economics in his final year 1992. He also holds a Master of Business Administration Degree (MBA) specialising in Marketing in 1993 from The University of Texas, USA.

Mr. Mendis has served on the Board of Directors of the American Chamber of Commerce in Sri Lanka, the Sri Lanka Logistics and Freight Forwarders Association and is currently the President of The National Council for Child and Youth Welfare. He is involved in mentoring and advising few local small and medium enterprises.

He serves as an Independent Non Executive Director of Swisstek (Ceylon) PLC and Vallibel Power Erathna PLC.

Total No. of Companies Holding Directorship/Key Management positions: 03

BOARD OF DIRECTORS

MS. Y BHASKARAN

Non-Executive Director



Ms. Dinusha Bhaskaran is a Fellow of the Chartered Institute of Management Accountants UK (FCMA), Fellow of CPA Australia (FCPA) and an Associate Member of the Institute of Bankers, Sri Lanka. She is a Financial and Accounting professional currently serving as the Managing Director of Vallibel One PLC.

She has over 28 years of experience in finance, operations, and corporate governance, with a strong track record in strategic leadership, business transformation, and driving sustainable growth across banking, retail, manufacturing, and investment sectors.

Ms. Dinusha Bhaskaran serves as the Managing Director of Greener Water Ltd and Vallibel One PLC. She also holds Directorships at Country Energy (Private) Limited and serves as Managing Director and Executive Director of Delmege Limited and Hiru Rice Products (Private) Ltd. In addition, she is a Non-Executive Director of LB Finance PLC and Vallibel Power Erathna PLC and a member of the Audit Committee of LB Finance PLC.

Ms. Dinusha Bhaskaran has previously worked as a Financial Controller for several Melbourne based companies in Australia. She has in the past served as the Assistant General Manager (Finance & Planning) at Pan Asia Banking Corporation PLC.

She had the distinction of being awarded the most coveted award of Best Corporate Leader 2023 presented by WIM at the Top50 Professional & Career Women Global Awards, Global CEO Award (Corporate Category) at the Global CEO Forum 2025, Managing Director of the Year at the Asia Business Leaders Forum, Singapore (August 2025), Iconic Woman 2025, awarded by the Sri Lanka Broadcasting Corporation in collaboration with Top C Magazine of Action Media Solutions.

Total No. of Companies Holding Directorship/Key Management positions: 08

MS. A M L PAGE

Non-Executive Director



Ms. Anjalie Page holds a BSc (Hons) Psychology (First Class Degree) from the University of Nottingham, United Kingdom and a MSc in Economics, Finance and Management (Distinction) from the University of Bristol, United Kingdom.

Her career includes working extensively in Sri Lanka and overseas in financial services and humanitarian development industries focusing on strategy, project management, stakeholder management and marketing. She is also a Board member of Public listed Companies- Lanka Ceramic PLC and Lanka Tiles PLC.

Total No. of Companies Holding Directorship/Key Management positions: 03

MR. MOHAN J RATNAYAKE

Independent Non-Executive Director



Mr. Mohan J Ratnayake is a Fellow of the Chartered Institute of Management Accountants UK and has read for an MBA. He was the Chairman of the Committee which issued Sri Lanka's first internationally listed USD Bond by a corporate entity for Sri Lanka Telecom PLC (SLT), which traded on the Singapore Stock Exchange, for the expansion of SLT and Mobitel. This was when the sovereign had not been rated by International Rating Agencies.

Mr. Ratnayake currently serves as the Managing Director of Colonial Motors Ceylon Ltd., Director of Union Investments (Pvt) Ltd., and Non Executive Director of C M Holdings PLC. He also serves as a Senior Independent Non-Executive Director of ACL Plastics PLC. He is an Independent Non-Executive Director of Lanka Tiles PLC, Serandib Land PLC, Swisstek Ceylon PLC, UB Finance PLC, Lee Hedges PLC and Lee Hedges Investments Limited. Mr Ratnayake also serves on several Sub Committees.

He has served on the Board of a State owned entity in the Export Sector and has expertise in the fields of Tea Exports, Tea Plantations, Telecommunications and the Motor Industry. He held the position of Deputy Chairman of a listed Financial Institute falling under the purview of the Central Bank of Sri Lanka and served as the Chairman of Lanka Realty Investments PLC.

Total No. of Companies Holding Directorship/Key Management positions: 11

MR. N M PELPOLA

Independent Non-Executive Director



Mr. Naomal Pelpola is an eminent legal practitioner in Sri Lanka, having been admitted to the Bar in May 2002, with a versatile practice in the Courts of First Instance [District Court and Commercial Court] as well as in the Appellate Courts [Court of Appeal and Supreme Court].

Mr. Pelpola specialises in the fields of Commercial Law, Banking Law, Business Law, Intellectual Property Law, Property Law, Labour Law and Family Law. He has extensive experience in alternate dispute resolution procedures [Arbitration] both in the capacity of Arbitrator, as well as Counsel and has on several occasions been appointed as Prosecuting Counsel for the Sri Lanka Institute of Architects [SLIA].

Mr. Pelpola holds a Degree in Law [LLB] from the University of London, and a Masters in Law [LL.M] from the University of Colombo.

Total No. of Companies Holding Directorship/Key Management positions: 01

CORPORATE MANAGEMENT



Mr. Priyantha Talwatte
Managing Director



Mr. Nandajith Somarathne
Director Manufacturing



Mr. Haresh Somashantha
Director Finance



Mr. Naimishkumar Patibandha
Director Group Sales, Marketing
& Business Development



Mr. Thilanka Sampath
General Manager Finance



Mr. Nalin Fernando
Group Head of IT



Mr. Randeer Mendis
Group Head of Supply Chain



Mr. Prasad Keerthiratna
Asst. General Manager - IT



Ms. Kaushalya Sudasinghe
Asst. General Manager- Sales



Mr. Sujeewa Subasena
Asst. General Manager- Plant



Mr. Pitipana Arachchi
Factory Manager/ Acting Asst.
General Manager- Plant



Mr. Athula Hewapathirana
Chief Human Resources
Officer



Mr. Anura Ratnayake
Group Business Development
Manager



Mr. Samadarshana Samaraweera
Group Finance Manager



Mr. Harin Samat
Head of Marketing



Mr. Mathisha Senaratne
Head of Procurement



Mr. Suresh Kulasinghe
Group Logistics & Warehouse
Manager



Ms. Apsara Dilrukshi
Snr. Manager – Audit & Risk

VISION, PERFECTED

In a year that has sharpened our perspective, at Lanka Walltiles, we approach our operating landscape with clarity, discipline, and purposeful intent. Recalibrated for a new phase of growth, we are positioned to recognise emerging opportunities, respond to evolving market dynamics, and allocate resources with precision. Guided by a refined strategy and an expansive outlook, we move forward with the confidence to look beyond the immediate horizon, creating sustainable value through decisions shaped by insight, experience, and a clear vision of what lies ahead.



MANAGEMENT DISCUSSION & ANALYSIS

OUR STRATEGY

From Stabilisation to Sustainable Growth

Lanka Walltiles PLC's strategy was centred on strengthening our competitive position while building a resilient and future-ready business model. During the year, the Group transitioned from a phase of operational stabilisation to one of structured performance improvement, with a clear focus on margin enhancement, efficiency, and sustainable growth.

Operating within a dynamic and cost-sensitive environment, the Group adopted a disciplined approach to resource utilisation, production planning, and market alignment. Strategic decisions were guided by the need to balance short-term performance pressures with long-term value creation, ensuring the business remains agile, efficient, and responsive to evolving market conditions.



Strategic Pillar	Description	Strategic Priorities for 2025/26	Action Plan	KPIs	Capitals Impacted
Market Expansion & Diversification	Strengthening market presence while shifting towards higher-value segments to enhance revenue quality and reduce market concentration risk.	<ul style="list-style-type: none"> • Focus on margin over volume • Expand export footprint • Strengthen premium positioning 	<ul style="list-style-type: none"> • Expansion into export markets • Premium product focus (porcelain, large formats) • Distribution channel strengthening 	<ul style="list-style-type: none"> • Revenue growth (local vs export) • Export contribution % • Product mix (premium vs standard) • Market share 	<ul style="list-style-type: none"> • Financial capital • Social & Relationship Capital
Innovation & Design Excellence	Enhancing product differentiation through continuous innovation in design, formats, and manufacturing capabilities.	<ul style="list-style-type: none"> • Shift toward value-added products • Strengthen design capabilities • Accelerate product development 	<ul style="list-style-type: none"> • Introduction of new SKUs and design series • Expansion into large-format and porcelain tiles • Process innovation in production 	<ul style="list-style-type: none"> • Number of new products launched • % revenue from premium products • Product development cycle time • Customer acceptance 	<ul style="list-style-type: none"> • Intellectual Capital • Manufactured Capital
Operational Excellence & Lean Manufacturing	Driving efficiency and cost competitiveness through process optimisation, yield improvement, and disciplined resource utilisation.	<ul style="list-style-type: none"> • Cost optimisation across operations • Improve yield and reduce waste • Optimise capacity utilisation 	<ul style="list-style-type: none"> • Kiln optimisation and process improvements • Production monitoring enhancements • Demand-driven production planning 	<ul style="list-style-type: none"> • Yield (%) improvement • Rejection rate (%) • Cost savings achieved • Capacity utilisation (%) • Energy intensity (GJ/MT) 	<ul style="list-style-type: none"> • Intellectual Capital • Manufactured Capital • Financial Capital • Natural Capital
Sustainability & ESG Integration	Embedding environmental and social responsibility into operations to minimise impact and support long-term sustainability.	<ul style="list-style-type: none"> • Improve energy and water efficiency • Strengthen environmental compliance • Reduce waste and emissions 	<ul style="list-style-type: none"> • Solar energy utilisation • Water recycling initiatives • Waste reduction and recycling programmes 	<ul style="list-style-type: none"> • Energy intensity reduction • Water intensity (m³/MT) • % water recycled • Waste reduction metrics • ESG certifications 	<ul style="list-style-type: none"> • Natural Capital • Social & Relationship Capital
Technology & Customer Experience	Leveraging digital systems and process automation to enhance operational visibility, efficiency, and customer responsiveness.	<ul style="list-style-type: none"> • Enhance digital integration • Improve process visibility • Strengthen customer responsiveness 	<ul style="list-style-type: none"> • ERP (SAP) enhancements • Digital production monitoring • Workflow automation initiatives 	<ul style="list-style-type: none"> • Reduction in manual processes • Process cycle time improvements • System utilisation levels • Customer satisfaction indicators 	<ul style="list-style-type: none"> • Social & Relationship Capital • Intellectual Capital • Manufactured Capital
People & Culture Development	Building a skilled, agile, and performance-driven workforce to support operational excellence and long-term growth.	<ul style="list-style-type: none"> • Strengthen technical capabilities • Improve workforce productivity • Enhance engagement and retention 	<ul style="list-style-type: none"> • Training and development programmes • Cross-functional collaboration initiatives • Performance management improvements 	<ul style="list-style-type: none"> • Training hours per employee • Employee productivity • Employee turnover/retention • Engagement levels 	<ul style="list-style-type: none"> • Human Capital

OUR STRATEGY

Strategic Trade-offs

In pursuing our strategic objectives, Lanka Walltiles PLC operates within a dynamic and often constrained environment, requiring careful balancing of competing priorities. The Group recognises that value creation is not achieved through isolated decisions, but through the effective management of trade-offs between short-term performance and long-term sustainability.

These trade-offs arise across multiple dimensions of the business, including growth and profitability, efficiency and quality, and investment and resource optimisation. Lanka Walltiles adopts a disciplined and integrated approach to decision-making, ensuring that such tensions are navigated in a manner that supports sustainable outcomes across all capitals.

The following section outlines the key strategic trade-offs encountered during the year and the approaches adopted to balance these priorities while continuing to deliver long-term value to stakeholders.

	Trade-off Consideration	Approach adopted by Lanka Walltiles	Impact on Value Creation & Capitals
Growth vs Profitability	Expanding volumes versus maintaining margins in a price-sensitive market environment	Prioritised margin improvement over volume growth through product mix optimisation and premium positioning	Strengthens Financial Capital while supporting long-term sustainability of earnings
Cost Efficiency vs Product Quality	Reducing production costs while maintaining product quality and brand standards	Focused on process optimisation and yield improvement rather than compromising on material or product standards	Enhances Manufactured Capital and preserves Social & Relationship Capital (brand trust)
Capacity Expansion vs Utilisation Efficiency	Investing in new capacity versus maximising utilisation of existing assets	Emphasised stabilisation and optimisation of existing capacity before pursuing further expansion	Improves Manufactured Capital efficiency and protects Financial Capital through disciplined investment
Standardisation vs Product Differentiation	Streamlining production processes versus offering diverse, customised product ranges	Balanced standardisation for efficiency with targeted innovation in high-margin and premium segments	Builds Intellectual Capital while maintaining Operational Efficiency
Short-Term Cost Control vs Long-Term Sustainability	Managing immediate cost pressures versus investing in sustainability initiatives	Continued investments in energy efficiency, water recycling, and renewable energy despite cost constraints	Strengthens Natural Capital and supports long-term Financial and Social Capital
Operational Efficiency vs Workforce Development	Driving lean operations versus investing in people and capability development	Maintained focus on training, skill development, and cross-functional collaboration alongside efficiency initiatives	Enhances Human Capital while sustaining operational performance
Local Market Dependence vs Export Expansion	Reliance on domestic demand versus investing in export market growth	Increased focus on export markets to diversify revenue streams and mitigate local market volatility	Strengthens Financial Capital and broadens Social & Relationship Capital
Automation vs Human Intervention	Increasing automation versus maintaining workforce engagement and flexibility	Adopted a balanced approach, leveraging digital tools while upskilling employees to work alongside new technologies	Builds Intellectual Capital and enhances Human Capital



BUSINESS MODEL

Inputs



Financial Capital

Rs. **61** Bn Assets

Rs. **30** Bn Equity

Rs. **20** Bn Debt



Manufactured Capital

Rs. **29** Bn of PPE

Rs. **2.4** Bn Capex

67 showrooms



Human Capital

2,819 employees

762 new recruits

14,126 training hours



Social & Relationship Capital

2,001 Local suppliers

219 foreign suppliers

33 Distributors

63 Franchisees



Intellectual Capital

Rs. **1,658** Mn of brand value

222 New Design



Natural Capital

219,618 MT of material Consumed

Rs. **4,899** Mn of energy Consumed

208,426,732 Lts water Consumed



Output

Tiles and Associated Products

7,272,275 SQM of tiles

5,406 MT of skim coat

65,818 MT of Mortar

1,870 MT of Grout



Aluminium

6,993 MT of aluminium products



Packaging

25,072 MT of corrugated cartons

3,684 MT of paper sacks




Outcomes

Economic

Rs. 2 Bn Profit after tax

Income tax payment of **Rs. 861.39 Mn**

Rs. 3,513 Mn paid as remuneration



Social

Direct and indirect employment opportunities

Community development initiatives




Environmental

22,499 MT of waste discharged

166,070,310 liters of water discharged

722,525 kwh of renewable energy



Value Delivered

Shareholders

- Earnings per Share of **Rs.2.44**



Customers

- Delivery of high quality, innovative designs
- Customer support



Employees

- Rs. 8.1 Mn** investment in training and development
- Job security
- Healthy and safe workplace
- An inclusive workplace



Suppliers/business partners

- Rs. 21,545 Mn** payments to local suppliers
- Rs. 14,094 Mn** payments to overseas suppliers



Communities

- Recruitment of **762** new employees
- CSR spend of **Rs. 5.7 Mn**



Government

- Direct Tax payments of **Rs. 861.39 Mn**

STAKEHOLDER ENGAGEMENT

Lanka Walltiles recognises that sustainable value creation is closely linked to the strength of our relationships with key stakeholders. As a diversified Group operating across tiles and associated products, aluminium, and packaging segments, the Group engages with a broad range of stakeholders whose expectations, interests, and contributions influence our strategic direction and long-term success.

Stakeholder engagement is carried out through structured and ongoing interactions across all business segments, enabling the Group to understand stakeholder priorities, respond effectively to emerging concerns, and align our operations with evolving market, regulatory, and social expectations.

The insights gained through these engagements inform decision-making, risk management, and strategy execution, ensuring that the Group continues to create value in a balanced and responsible manner.



1. Identification of Stakeholders

The Group identifies key stakeholder groups across its tiles and associated products, aluminium, and packaging segments, based on their influence on business operations and the degree to which they are impacted by the Group's activities.

2. Stakeholder Mapping and Prioritisation

Stakeholders are evaluated and prioritised based on factors such as:

- Level of influence on the Group
- Degree of dependency on the Group
- Impact on strategic objectives

This enables the Group to focus engagement efforts on stakeholders most critical to value creation.

Stakeholder Group	Key Expectations	Engagement Channels
Customers	<ul style="list-style-type: none"> • High-quality products • Competitive pricing • Comprehensive product portfolio • Innovative designs • Reliable delivery 	<ul style="list-style-type: none"> • Sales and distributor networks • Showrooms and retail outlets • Customer feedback channels • Direct engagement • Print/digital/social media
Employees	<ul style="list-style-type: none"> • Job security • Fair compensation • Career development • Safe working environment 	<ul style="list-style-type: none"> • Training programmes • Internal communications • Performance evaluations • Employee engagement initiatives
Suppliers & Business Partners	<ul style="list-style-type: none"> • Fair and timely payments • Stable demand • Long-term relationships 	<ul style="list-style-type: none"> • Supplier meetings • Procurement processes • Ongoing communication
Investors & Shareholders	<ul style="list-style-type: none"> • Sustainable returns • Transparency • Strong governance 	<ul style="list-style-type: none"> • Annual General Meeting • Investor communications • Financial disclosures
Regulators & Government	<ul style="list-style-type: none"> • Compliance with laws and regulations • Environmental responsibility • Timely filing of returns • Governance 	<ul style="list-style-type: none"> • Regulatory submissions • Compliance reporting • Industry engagement
Communities	<ul style="list-style-type: none"> • Environmental responsibility • Employment opportunities • Community development 	<ul style="list-style-type: none"> • CSR initiatives • Community engagement programmes • Print/digital & social media



3. Engagement and Dialogue

The Group engages with stakeholders through multiple formal and informal channels, ensuring continuous dialogue and feedback. Engagement mechanisms are tailored to each stakeholder group and business segment to ensure relevance and effectiveness.

4. Identification of Key Issues

Insights gathered through stakeholder interactions are analysed to identify key concerns, expectations, and emerging trends. These inputs contribute to the identification of material topics that are relevant to the Group's operations and long-term sustainability.

5. Integration into Strategy and Operations

Material stakeholder concerns are incorporated into strategic planning, operational improvements, and risk management processes. This ensures that stakeholder expectations are aligned with business objectives and decision-making.

6. Monitoring and Review

The effectiveness of stakeholder engagement is continuously monitored, with regular reviews to assess responsiveness, improve engagement mechanisms, and adapt to changing stakeholder expectations.

7. Reporting and Disclosure

The outcomes of stakeholder engagement and the Group's responses are transparently communicated through the Integrated Annual Report and other stakeholder communication channels, ensuring accountability and trust.

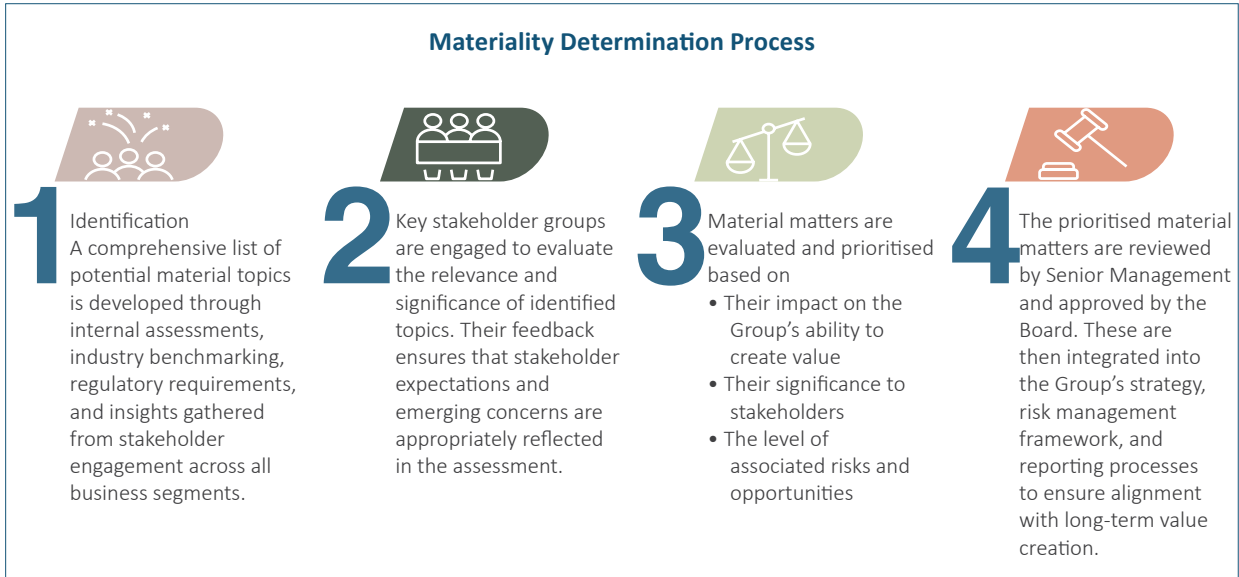
Key Topics of Engagement (2025/26)	Group Response / Actions	KPIs
<ul style="list-style-type: none"> Demand for premium and differentiated products Price sensitivity Product quality and availability 	<ul style="list-style-type: none"> Expanded premium product range Improved product mix and quality control Strengthened distribution and responsiveness 	<ul style="list-style-type: none"> Customer satisfaction score of 60 NPS 03 showroom Launched 222 new SKUS launched
<ul style="list-style-type: none"> Skills development Workplace safety Operational efficiency alignment 	<ul style="list-style-type: none"> Increased training and development initiatives Strengthened safety and operational practices Enhanced cross-functional collaboration 	<ul style="list-style-type: none"> 5 training hours per employee Rs. 3,513 Mn paid as remuneration 14,126 Training hours
<ul style="list-style-type: none"> Raw material availability Cost pressures Quality requirements 	<ul style="list-style-type: none"> Diversified sourcing strategies Strengthened supplier relationships Improved procurement planning 	<ul style="list-style-type: none"> 30 days Supplier payment cycle Rs.35,639 Mn paid to suppliers
<ul style="list-style-type: none"> Profitability and margins Capital management Growth strategy 	<ul style="list-style-type: none"> Focus on margin improvement Enhanced financial discipline Transparent reporting practices 	<ul style="list-style-type: none"> Rs.2.44 Earnings per share
<ul style="list-style-type: none"> Environmental compliance Industry regulations Import/export policies 	<ul style="list-style-type: none"> Maintained compliance with regulatory requirements Strengthened environmental management systems 	<ul style="list-style-type: none"> Rs.861.39 Mn paid as Corporate Income Tax
<ul style="list-style-type: none"> Environmental impact Local employment Social contribution 	<ul style="list-style-type: none"> Continued CSR initiatives Responsible environmental practices Local employment generation 	<ul style="list-style-type: none"> Rs. 5.7 Mn CSR investment 99.99% Local employment ratio 762 New recruitments

MATERIALITY

Lanka Walltiles adopts a structured approach to identifying and prioritising material matters that significantly influence its ability to create value over the short, medium, and long term.

Material matters are determined by evaluating issues that are most relevant to stakeholders and have the greatest impact on the Group’s financial performance, operational effectiveness, and sustainability outcomes. This process ensures that our Integrated Annual Report focuses on the issues that matter most, while supporting informed decision-making and transparent reporting.

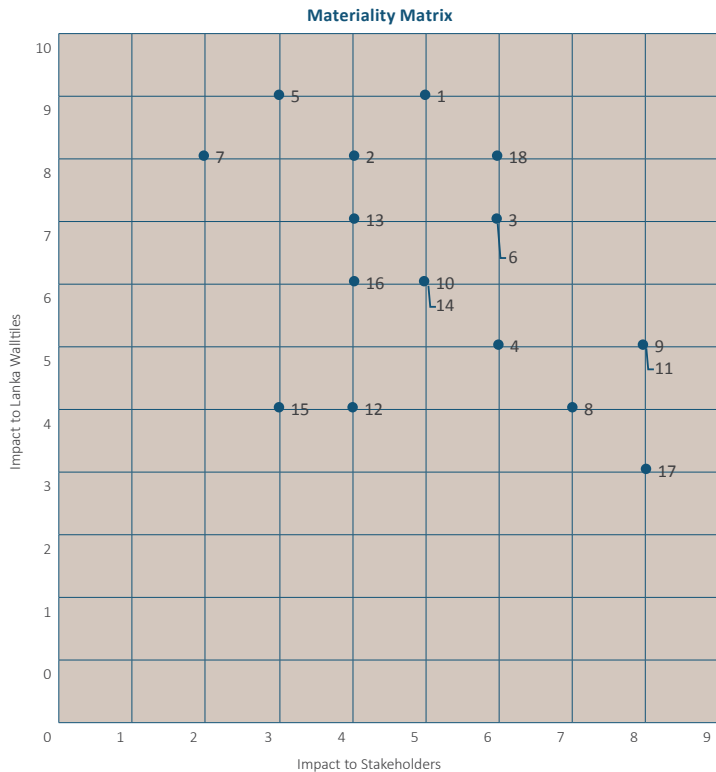
The materiality assessment is conducted across all business segments, tiles and associated products, aluminium, and packaging, ensuring a comprehensive view of the Group’s operating environment.



The materiality matrix illustrates the key material matters identified through the most recent assessment, highlighting their relative significance based on their level of impact. Each material topic presented in the Materiality Table is assigned a reference number to enable clear cross-referencing across the report.

The matrix evaluates these material matters across two dimensions: their significance to stakeholders and their impact on the Group. The stakeholder dimension reflects the extent to which each issue influences stakeholder expectations, perceptions, and decision-making. The business dimension considers the degree to which each matter affects the Group’s strategy, operational performance, risk profile, regulatory compliance, and ability to create value over the short, medium, and long term.

Collectively, the matrix provides a clear and structured view of the issues most critical to both the Group and its stakeholders, supporting effective prioritisation in strategic planning, risk management, and transparent disclosure.



Matrix Point	Material Topic	Reference	Impact to Stakeholders	Impact to Lanka Walltiles	Corresponding GRI Topic	Corresponding SDG Targets	SASB Construction material	SASB Iron and steel producers	SASB Containers and packaging
1	Financial performance, stability and managing liquidity	Financial Capital Pages 64 to 69	5	9	GRI 201 Economic Performance	SDG 8 – Decent Work & Economic Growth			
2	Macro-economic conditions	Risk Management on pages 42 to 44 and Operating environment on pages 45 to 50	4	8	GRI 201 Economic Performance				
3	Customer satisfaction	Social and relationship capital Pages 84 to 89	6	7	GRI 416 Customer Health & Safety GRI 417 Marketing & Labelling	SDG 12 – Responsible Consumption & Production	EM-CM-520a.1		
4	Service and operational excellence	Intellectual Capital	6	5					
5	Cost efficiency	Financial Capital	3	9	GRI 302 Energy GRI 301 Materials				
6	Product portfolio	Intellectual Capital	6	7			EM-CM-410a.1 EM-CM-410a.2		
7	Property and investment portfolio	Financial Capital Manufactured Capital	2	8		SDG 9 – Industry, Innovation & Infrastructure			
8	Talent management	Human Capital on pages 76 to 83	7	4	GRI 404 Training & Education GRI 401 Employment	SDG 8 – Decent Work & Economic Growth			
9	Good Governance	Corporate Governance on pages 120 to 134	8	5	GRI 205 Anti-corruption	SDG 16 – Peace, Justice & Strong Institutions			
10	Brand visibility and reputation	Intellectual Capital	5	6	GRI 417 Marketing & Labelling				
11	Health and safety	Human Capital on pages 76 to 83	8	5	GRI 403 Occupational Health & Safety	SDG 3 – Good Health & Well-being	EM-IS-320a.1		
12	Product responsibilities and sustainable business practices	Social and relationship capital Pages 84 to 89	4	4	GRI 416 Customer Health & Safety	SDG 12 – Responsible Consumption & Production			RT-CP-250a.1 RT-CP-250a.2 RT-CP-410a.1 RT-CP-410a.2 RT-CP-410a.3
13	Procurement practices	Social and relationship capital Pages 84 to 89	4	7	GRI 204 Procurement Practices			EM-IS-430a.1 RT-CP-430a.2	
14	Carbon footprint (energy and emissions)	Natural Capital	5	6	GRI 305 Emissions GRI 302 Energy	SDG 7 – Affordable & Clean Energy	EM-CM-110a.1 EM-CM-110a.2 EM-CM-130a.1	EM-IS-110a.1 EM-IS-110a.2 EM-IS-130a.1 EM-IS-130a.2	RT-CP-110a.1 RT-CP-110a.2 RT-CP-130a.1
15	Water and biodiversity	Natural Capital	3	4	GRI 303 Water GRI 304 Biodiversity	SDG 6 – Clean Water & Sanitation SDG 15 – Life on Land	EM-CM-140a.1 EM-CM-160a.1 EM-CM-160a.2	EM-IS-140a.1	RT-CP-140a.1 RT-CP-140a.2 RT-CP-140a.3
16	Material consumption	Natural Capital	4	6	GRI 301 Materials				
17	Local communities	Social and relationship capital Pages 84 to 89	8	3	GRI 413 Local Communities	SDG 11 – Sustainable Cities & Communities			
18	A regulated marketplace		6	8	GRI 206 Anti-competitive Behaviour		EM-CM-520a.1		

RISK MANAGEMENT REVIEW

The Lanka Walltiles Group operates within a dynamic and evolving business environment influenced by changing economic conditions, industry competition, regulatory developments, supply chain complexities, and global market uncertainties. The Group's diversified operations across tiles, aluminium, packaging, and associated products expose the Group to a broad range of strategic, financial, operational, and environmental risks that require continuous monitoring and proactive management.

During FY 2025/26, the operating environment remained challenging amidst intensified import competition, volatility in raw material and energy costs, global economic uncertainty, changing customer purchasing behaviour, and evolving market dynamics within the construction and building materials sectors. In addition, operational challenges associated with the stabilisation of the expanded manufacturing facility and supply chain-related constraints continued to influence the Group's risk landscape.

The Group continues to strengthen risk management practices through ongoing operational reviews, internal controls, compliance monitoring, process improvements, business continuity measures, and strategic initiatives aimed at improving organisational resilience and long-term sustainability across our operations.

Risk Management Oversight

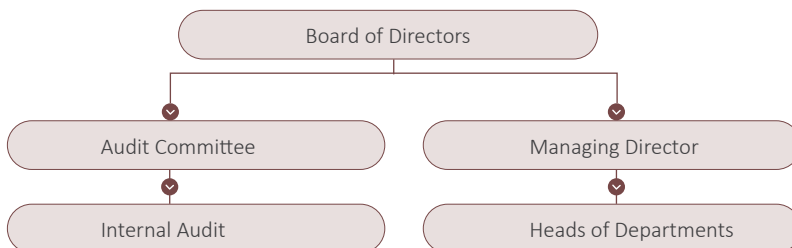
The Board of Directors retains overall responsibility for the Group's risk management framework and oversight of key strategic, financial, operational,

and compliance-related risks. The Board is supported by the Audit Committee, subsidiary Boards, senior management, and internal audit functions in ensuring that appropriate risk management processes, internal controls, and governance mechanisms are established and effectively implemented across the Group.

Senior management and operational teams are responsible for identifying, assessing, managing, and mitigating risks within their respective areas of responsibility, while ensuring that appropriate controls, monitoring procedures, and corrective actions are implemented. The internal audit function independently evaluates the adequacy and effectiveness of internal controls, governance processes, and risk mitigation measures across the Group.

Risk Landscape

The Lanka Walltiles Group operates within a dynamic and evolving business environment influenced by macroeconomic conditions, industry competition, regulatory developments, supply chain disruptions, technological advancements, and environmental factors. With diversified operations across tiles, aluminium, packaging, and associated products, the Group remains exposed to a broad range of strategic, financial, operational, and environmental risks that may impact operational performance, profitability, and long-term value creation. The Group continuously monitors these developments and adapts our strategies to strengthen resilience, operational continuity, and sustainable growth.



Risk Management Process



Risk Identification

Identification of key strategic, financial, operational, compliance, and environmental risks.



Risk Assessment

Evaluation of risks based on likelihood, impact, and overall exposure.



Risk Prioritisation

Prioritisation of risks based on materiality and business impact.



Risk Mitigation & Control

Implementation of mitigation strategies, internal controls, and corrective actions.



Monitoring & Review

Ongoing monitoring of risks, controls, and operational developments.



Reporting & Oversight

Effective oversight to maintain transparency, accountability, and confidence.

RISK LANDSCAPE



RISK MANAGEMENT REVIEW

Key Risks

The top risks of the Lanka Walltiles Group are set out below.

Key Risks	Potential Impact	Mitigation Measures
Strategic Risks		
Dependence on key distributors or dealers	Exposure to local market volatility, pricing pressure, and slower revenue growth	Export market expansion, strengthened international customer base, increased focus on project-related sales
Failure to identify changing customer preferences	Loss of market relevance and reduced market share	Market research, product development, premium product expansion, customer engagement initiatives
Governance Risks		
Non-compliance with ESG-related regulation	Legal exposure, penalties, reputational impact	Compliance reviews, governance policies, ESG monitoring, regular audits
Corruption and bribery incidents	Financial losses and reputational damage	Anti-bribery policies, awareness programmes, whistleblowing mechanisms
Financial Risks		
Cash flow shortages or liquidity issues	Delayed payments, operational disruptions, profitability pressure	Working capital management, treasury controls, export growth, regular cash flow monitoring
Foreign exchange rate fluctuations	Increased imported material costs and margin pressure	Foreign exchange monitoring, forward contracts, inventory planning
Interest rate fluctuations affecting loans	Increased finance costs and reduced profitability	Debt restructuring, refinancing, maintaining optimal debt mix
Fraud and financial misappropriation	Financial losses, regulatory penalties, reputational damage	Internal controls, internal audits, segregation of duties, compliance monitoring
Operational Risks		
1. Higher Energy Consumption 2. Energy Shortage & Power Outage (Grid Failure)	Increased production costs and operational downtime	Energy optimisation, renewable energy initiatives, backup power systems
1. Poor quality raw materials affecting final product quality 2. Supplier delays affecting raw material availability	Production delays, increased procurement costs	Supplier diversification, strategic sourcing, inventory management
Equipment or machinery breakdown	Reduced production efficiency and delayed deliveries	Preventive maintenance, operational monitoring, spare parts management
Inadequate health and safety measures	Workplace incidents, operational disruptions, legal exposure	Safety audits, PPE usage, employee training, grievance handling mechanisms
Ineffective communication during crises (accidents, emissions, etc.)	Reputational impact, regulatory action, operational delays	Community engagement, environmental compliance, waste and emission management
Technological Risks		
Cybersecurity threats and system failures	Operational disruptions, data loss, business continuity risks	ERP enhancements, cybersecurity protocols, system backups, IT monitoring
Failure to adopt new technologies	Reduced operational efficiency and competitiveness	Investments in automation, digitalisation, SAP integration, employee training

OPERATING ENVIRONMENT

The operating environment during the year was influenced by a combination of global and domestic factors, reflecting both improving conditions and ongoing uncertainties. While stabilising macroeconomic indicators and easing inflation supported a gradual recovery in demand, geopolitical developments, cost pressures, and evolving trade dynamics continued to impact business performance. Within this context, Lanka Walltiles PLC remained focused on enhancing operational agility, strengthening cost competitiveness, and leveraging growth opportunities across both domestic and export markets.

Global Economy

Global economic activity remained relatively resilient in 2025, supported by easing inflation, improving financial conditions, and sustained momentum in key economies. Growth persisted despite earlier headwinds from tighter monetary policy and trade uncertainties, underpinned by stronger-than-expected performance in major markets and the gradual normalisation of supply chains.

However, the outlook for 2026 has softened amid rising geopolitical tensions, particularly in the Middle East. According to the International Monetary Fund, global growth is projected to moderate to approximately 3.1%, as energy market disruptions, heightened uncertainty, and tighter financial conditions weigh on economic activity.

Inflation eased through much of 2025, supported by lower energy prices, improved supply chains, and the lagged effects of monetary tightening. Nevertheless, inflationary pressures are expected to re-emerge in 2026, with

headline inflation projected to increase to around 4.4%, driven by volatility in energy and commodity prices and potential second-round effects.

Global trade conditions showed gradual stabilisation, supported by resilient volumes, particularly in technology-related exports, alongside continued supply chain normalisation. At the same time, structural shifts in trade patterns became more evident, driven by geopolitical tensions, evolving tariff regimes, and increasing regionalisation.

Overall, while the global economy demonstrated resilience in 2025, the near-term outlook is increasingly shaped by geopolitical uncertainty and structural realignments, with downside risks remaining elevated, particularly for commodity-importing and emerging economies.

Monetary Policy

Monetary policy remained accommodative throughout 2025, supporting the economic recovery amid low inflation and improving macroeconomic conditions. Policy easing led to a decline in market interest rates, with the Overnight Policy Rate (OPR) reduced to 7.75% by year end, while the Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR) declined to 7.25% and 8.25%, respectively.

This downward trend in policy rates was reflected across the banking sector, resulting in lower lending and deposit rates. The Average Weighted Lending Rate (AWLR) declined to 11.48%, while the Average Weighted Prime Lending

Rate (AWPLR) eased to approximately 9.07%, indicating improved liquidity and reduced borrowing costs.

Inflation

Inflation remained largely subdued during much of 2025, following the sharp correction in prices observed in the previous year. Headline inflation, as measured by the Colombo Consumer Price Index (CCPI), averaged -0.5% for the year, reflecting deflationary conditions in the early months.

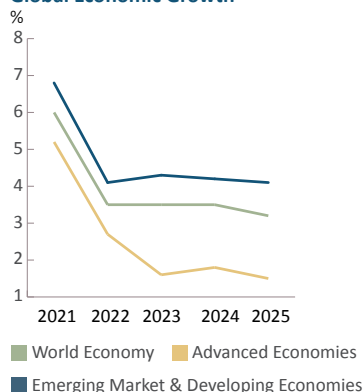
However, inflation turned positive from mid-year, reaching 2.1% year-on-year by end-2025, mainly driven by rising food prices and the gradual reversal of earlier energy-related price declines. Core inflation also remained contained, indicating relatively stable underlying demand conditions.

The low inflation environment, supported by easing global price pressures and improved domestic supply conditions, enhanced consumer purchasing power and enabled an accommodative monetary policy stance. Overall, inflation trends during the year reflected a transition from deflation to moderate price stability, supporting economic recovery while maintaining macroeconomic stability.

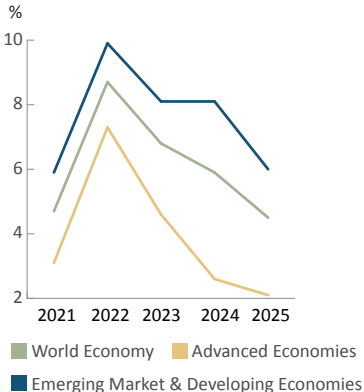
External Sector

Sri Lanka's external sector showed further improvement in 2025, supported by strong foreign exchange inflows and continued strengthening of key external indicators. The current account recorded a surplus for the third consecutive year, reaching approximately USD 1.7 billion,

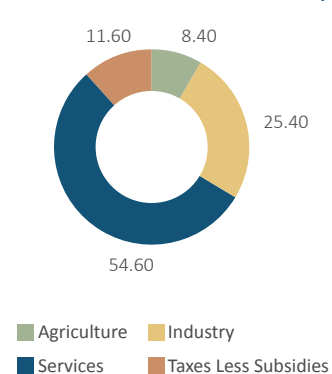
Global Economic Growth



Global Inflation



GDP Composition of Sri Lanka for 2025 Share of GDP (%)



OPERATING ENVIRONMENT

largely driven by increased workers' remittances and improved performance in services exports.

Remittance inflows grew significantly, while the tourism sector continued its recovery with higher arrivals during the year. These inflows helped offset a widening trade deficit, which expanded to USD 7.9 billion as import growth outpaced exports, reflecting the easing of import restrictions and a recovery in domestic demand.

The stronger external position contributed to an increase in foreign exchange reserves, which rose to around USD 6.8 billion by end-2025. At the same time, the Sri Lankan rupee experienced a moderate depreciation against the US dollar, in line with adjustments under the flexible exchange rate regime.

Construction Sector

The construction sector in Sri Lanka demonstrated a gradual recovery in 2025, supported by improving macroeconomic conditions, lower interest rates, and easing supply-side constraints. Following a period of contraction, activity picked up, particularly in the residential segment, driven by improved financing conditions and a recovery in consumer confidence.

Public sector infrastructure development remained moderate in line with fiscal consolidation efforts, while private sector-led projects, including housing, retail, and smaller-scale commercial developments, contributed to the sector's recovery. The stabilisation of material supply chains and easing input cost pressures also supported construction activity during the year.

However, the recovery remained uneven. Elevated construction costs, influenced by imported material prices and currency movements, continued to constrain large-scale developments. In addition, increased availability of imported building materials intensified competitive pressures on local manufacturers.

Overall, while the sector showed signs of stabilisation, growth remained moderate and sensitive to macroeconomic conditions, cost dynamics, and investor sentiment. The pace of recovery will depend on sustained improvements in financing conditions, policy consistency, and confidence in the investment environment.

Tile Sector

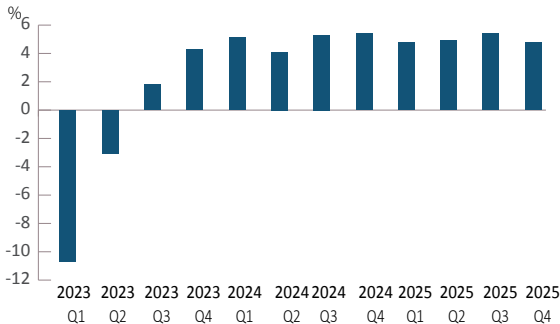
The domestic tile industry is characterised by a few established players with strong market presence, supported by recognised brands, extensive distribution networks, and consistent product quality. In recent years, the industry has undertaken significant capital investments to expand

capacity and enhance manufacturing capabilities in anticipation of increased demand.

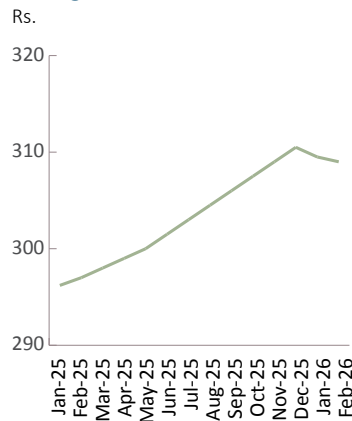
However, the recovery in construction activity has been gradual, leading to periods of underutilised capacity across the sector. A key challenge for local manufacturers is the growing share of imported tiles, which are estimated to account for over 50% of the domestic market. These imports, largely sourced from lower-cost manufacturing countries such as China and India, are often priced significantly below locally produced alternatives, intensifying pricing pressures and compressing margins.

Domestic manufacturers also face structural cost disadvantages, including higher labour and energy costs, as well as elevated input expenses, which limit their ability to compete on price. The absence of anti-dumping measures has further widened this gap, placing local producers at a disadvantage despite their continued focus on quality, design, and brand differentiation.

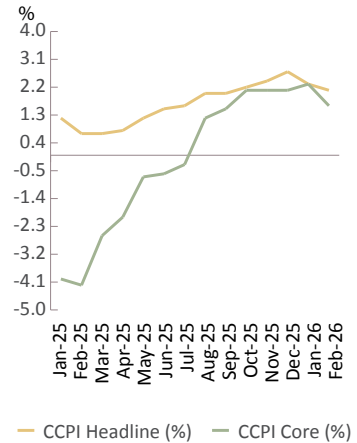
GDP Growth



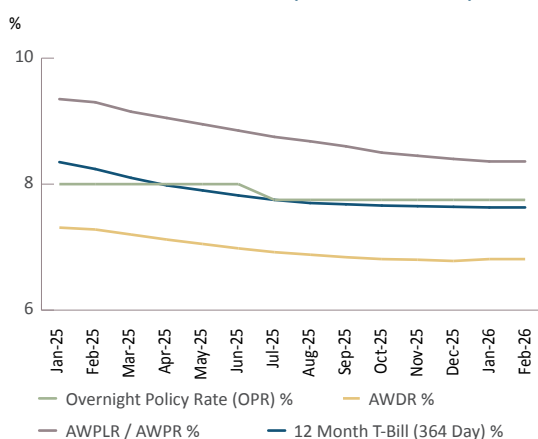
Exchange Rate Movement



Inflation



Sri Lanka Interest Rate Indicators (Jan 2025 – Feb 2026)

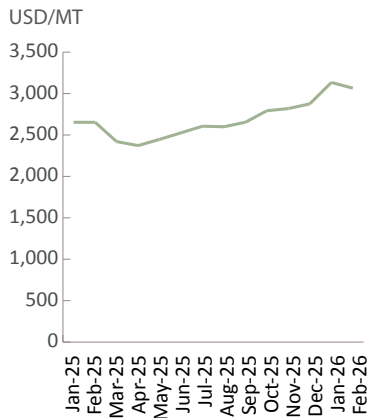


Aluminium Sector

The aluminium extrusion industry plays an important role in Sri Lanka's construction and manufacturing sectors, supplying a wide range of products including window frames, doors, curtain walls, and customised architectural profiles. Demand has shown steady growth, supported by ongoing urbanisation and the increasing preference for aluminium in modern construction due to its durability, versatility, and aesthetic appeal.

In recent years, the industry has invested in advanced manufacturing capabilities and expanded its presence in export markets across South Asia, the Middle East, and other regions. However, the sector continues to face challenges, including reliance on imported raw materials, volatility in global aluminium prices, and rising energy costs. At the same time, the shift towards residential and mid-scale developments has supported demand for aluminium products, creating new growth opportunities despite slower activity in large-scale projects.

Aluminum Price



Packaging Sector

Sri Lanka's packaging industry remained resilient in 2025, supported by steady demand from key sectors such as FMCG, agriculture, pharmaceuticals, and export-oriented industries. The flexible packaging segment continued to benefit from stable consumption patterns and growth in value-added exports. Increasing focus on quality, sustainability, and innovation has also driven investments in advanced manufacturing technologies and environmentally responsible packaging solutions.

Despite this, the sector faced ongoing challenges, including volatility in raw material prices, particularly for imported inputs, and heightened competition from both local and international players. Exchange rate fluctuations and changes in global commodity prices continued to impact cost structures, prompting manufacturers to prioritise operational efficiency and product differentiation to remain competitive.

Economic Outlook

The global economic outlook for 2026 is expected to moderate amid rising geopolitical tensions, shifting trade dynamics, and continued uncertainty in energy and commodity markets. While inflation is likely to remain relatively contained over the medium term, near-term risks persist due to volatility in supply chains and financial markets. Growth is expected to continue at a slower pace as economies adjust to tighter financial conditions and ongoing structural changes in global trade.

In Sri Lanka, the outlook remains cautiously optimistic, supported by continued macroeconomic stabilisation, policy consistency, and progress in structural reforms. Economic activity is expected to sustain its recovery, driven by improving investor confidence, gradual expansion in private sector credit, and strengthening external sector conditions.

Inflation is anticipated to remain within the target range, supported by prudent monetary policy and improved supply conditions, although external factors, particularly global energy price movements, may pose upside risks. Fiscal consolidation is expected to remain a key focus, supporting debt sustainability and overall macroeconomic stability.

Overall, while both global and domestic economies are expected to maintain their recovery momentum, the outlook remains subject to downside risks from geopolitical developments, external demand conditions, and market volatility. Continued policy discipline and reform implementation will be critical to strengthening resilience and supporting sustainable long-term growth.

SUSTAINABILITY AND ESG IMPACT

Impact of the Operating Environment on Lanka Walltiles Group

Demand and Market Dynamics	Cost Pressures and Margin Management	Competitive Landscape	Operational Resilience and Diversification
The gradual recovery in the construction sector, particularly within residential and mid-scale developments, supported improved demand across the Group's core segments, including tiles, aluminium, and packaging. Lower interest rates and improving consumer confidence contributed to increased project activity, although recovery remained uneven, with large-scale developments continuing to be constrained by cost pressures and investment sentiment.	The Group continued to face elevated input costs driven by exchange rate movements, global commodity price volatility, and higher energy costs. These factors exerted pressure on margins across all business segments, necessitating a continued focus on cost optimisation, operational efficiencies, and disciplined pricing strategies to sustain profitability.	Competitive intensity increased during the year, particularly within the tiles segment, due to the growing presence of imported products in the domestic market. This intensified pricing pressures and required the Group to strengthen its focus on product differentiation, innovation, and brand positioning to maintain its competitive edge.	The Group's diversified business model provided resilience in navigating the challenging operating environment. Performance was supported by growth in value-added products, expansion into export markets, and continued investments in operational capabilities and innovation across all segments.

Groups' strategic Response

In response to the evolving environment, Lanka Walltiles PLC remained focused on enhancing operational agility, strengthening cost competitiveness, and advancing strategic initiatives aligned with long-term value creation. This included optimising product mix, expanding market reach, and embedding sustainability and efficiency across operations.

Lanka Walltiles PLC remains committed to embedding sustainability and responsible business practices across our operations, recognising ESG as a key driver of long-term value creation. During the year, the Group continued to strengthen our approach to environmental stewardship, social responsibility, and governance, integrating these principles into decision-making, operational processes, and stakeholder engagement.

Integrated ESG Impact

The Group's ESG initiatives are closely aligned with our broader strategic priorities, enabling the creation of sustainable value across all capitals. Environmental efficiency improvements contribute to cost optimisation and operational resilience, while investments in people and governance strengthen long-term organisational capability and stakeholder trust.


By integrating sustainability into our core business model, Lanka Walltiles continues to balance economic performance with environmental responsibility and social impact, positioning the Group for sustainable growth in an evolving operating environment.

Environmental Stewardship

The Group continued to prioritise resource efficiency and the reduction of environmental impact across our manufacturing operations, guided by Group's ISO 14001-certified Environmental Management System. This structured framework enables the systematic identification, monitoring, and management of environmental risks and opportunities, ensuring compliance with regulatory requirements while driving continuous improvement in environmental performance.

Environmental considerations are embedded into operational decision-making processes, with a focus on optimising the use of key resources such as energy, water, and raw materials, while minimising waste generation and emissions. Ongoing initiatives, including process optimisation, energy-efficient technologies, and enhanced monitoring systems, have supported measurable improvements in resource utilisation and operational efficiency.

Through this integrated approach, the Group continues to strengthen our environmental stewardship while aligning sustainability objectives with broader operational and strategic priorities.

Key initiatives focused on:	Relevant SDGs
<ul style="list-style-type: none"> • Energy efficiency improvements, particularly in kiln and drying operations, resulting in a reduction in energy intensity and overall consumption • Expansion of renewable energy usage, supported by a grid-connected solar power system contributing to cleaner energy generation • Water conservation and recycling, with improved monitoring and reuse systems reducing freshwater consumption • Waste reduction and circular practices, including reuse of process waste and structured recycling of materials • Continuous optimisation of raw material usage, reducing wastage while maintaining product quality 	


These initiatives contributed to measurable improvements in operational efficiency while reducing environmental footprint, forming a strong foundation for future carbon management and transition pathways.

Social Responsibility

The Group continued to invest in our people, communities, and broader stakeholder ecosystem, recognising human and social capital as critical to sustainable growth and long-term value creation. This is supported by a structured approach to workforce development, employee well-being, and stakeholder engagement.

Focus areas included strengthening employee capabilities through targeted training and performance management initiatives, alongside fostering an inclusive and engaged work environment through wellness and engagement programmes. Health and safety remained a priority, with structured risk management, training, and monitoring practices in place across operations.

The Group also maintained active engagement with customers, suppliers, industry bodies, and communities through multiple channels, including direct interactions, professional forums, and knowledge-sharing initiatives. These efforts support stakeholder trust, industry development, and the creation of long-term shared value.


Key initiatives focused on:	Relevant SDGs
<ul style="list-style-type: none"> • Strengthening employee capability and engagement through structured training, performance management, and development initiatives • Maintaining a strong health and safety culture, supported by risk assessments, training programmes, and continuous monitoring • Enhancing stakeholder engagement, through multi-channel interactions including surveys, professional forums, and industry collaborations • Supporting industry development, including knowledge-sharing initiatives and training programmes for professionals and technical communities • Promoting employee well-being through welfare initiatives, medical access, and engagement programmes <p>These efforts contributed to building a resilient, skilled, and engaged workforce, while strengthening relationships with customers, suppliers, and industry stakeholders.</p>	

SUSTAINABILITY AND ESG IMPACT

Governance and Ethical Practices

Strong governance remains central to the Group’s sustainability framework, ensuring transparency, accountability, and ethical conduct across all operations. This is supported by a well-defined governance structure, active Board oversight, and clearly established policies that guide responsible decision-making and risk management .

The Group maintains a robust policy framework, including codes on ethics, anti-bribery, risk management, and ESG, which are regularly reviewed and reinforced across the organisation. Ongoing monitoring, compliance mechanisms, and structured reporting processes further strengthen governance practices, supporting stakeholder confidence and long-term value creation.

Key initiatives focused on:	Relevant SDGs
<ul style="list-style-type: none"> • The Group maintained a well-structured Board and governance framework, with a balance of executive, non-executive, and independent directors • Regular Board and committee meetings ensured effective oversight of strategy, risk, and ESG matters • Key policies, including Code of Conduct, Anti-Bribery, Risk Management, and ESG policies, were actively implemented and monitored • Robust compliance mechanisms ensured adherence to regulatory requirements and industry standards • Stakeholder interests were safeguarded through transparent reporting. 	

This governance framework supports responsible decision-making and reinforces stakeholder trust.

MOMENTUM, PERFECTED

At Lanka Walltiles, we drive growth across our business landscape, with each vertical contributing its unique strengths, capabilities, customer reach, and operational expertise. Together, our interconnected businesses allow us to remain balanced, agile, and forward-looking in an ever-evolving market. Through disciplined execution, strategic alignment, and the seamless integration of capabilities across the Company, we continue to strengthen resilience and create long-term value that endures.



BUSINESS LINE REVIEWS

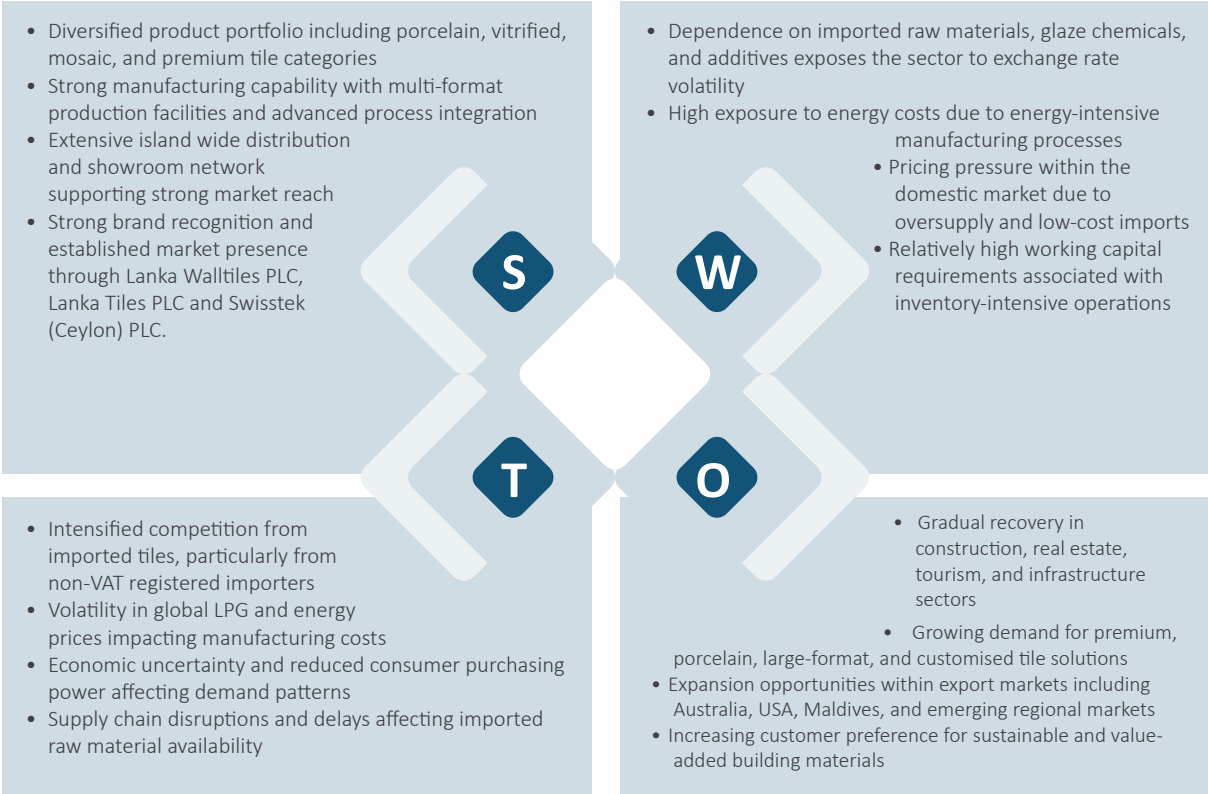
TILES AND ASSOCIATED PRODUCTS

The Tile Sector, comprising Lanka Walltiles PLC, Lanka Tiles PLC, and Swisstek (Ceylon) PLC, operating within a challenging yet gradually recovering market environment during FY 2025/26 amidst increasing import competition, pricing pressures, and evolving customer purchasing patterns.

During the year, Lanka Walltiles remained focused on consolidating operations and stabilising the expanded manufacturing facility following the completion of the expansion project. Operational optimisation, yield improvement, cost management, and process integration initiatives supported improvements in manufacturing stability, operational efficiency, and product quality.

LANKA TILES continued to strengthen the sector through the established manufacturing capability, diversified product portfolio, extensive distribution network, and continued focus on product innovation, showroom expansion, and export market development. Collectively, the sector remained focused on operational efficiency, premium product expansion, and strengthening long-term competitiveness across both local and export markets.

SWOT Analysis of the Tiles and Associated Product Segment



Strategic Priorities and Performance

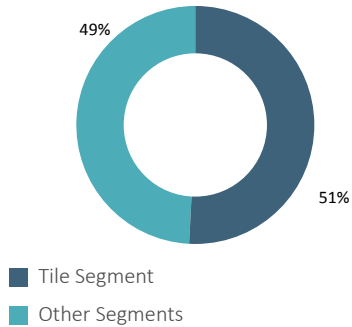
Strategic Priorities
<ul style="list-style-type: none"> Stabilisation and consolidation of the expanded manufacturing facility. Yield improvement and operational efficiency optimisation Product innovation and premiumisation. Product mix optimisation and margin enhancement

Performance
<ul style="list-style-type: none"> Completed expansion commissioning and operational stabilisation, improving production integration and stability Manufacturing yield improved from 79.50% to 83.89% Introduced 222 new SKUs across 102 design series, including porcelain, premium, large-format, and wooden plank tiles Strengthened focus on higher-margin porcelain and premium tile categories aligned with market demand

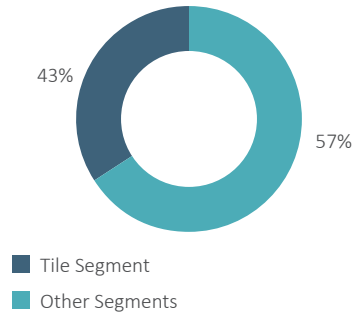
Contribution to the Group

51% Revenue	43% of PAT	70% of Total Assets
57% of Total Liabilities	59% of Total Employees	86% of Total Emission

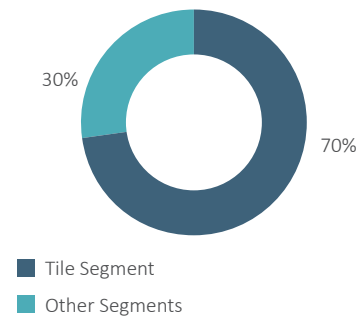
Revenue



PAT



Assets



Year in Review

The Tile Sector operated within a challenging yet gradually improving market environment during year amidst increased import competition, pricing pressures, and evolving customer purchasing patterns. The easing of import restrictions intensified competition within the domestic market, particularly from low-cost imported products, while broader economic conditions continued to influence consumer spending and construction sector activity.

During the year, Lanka Walltiles remained focused on consolidating operations and stabilising the expanded manufacturing facility following the completion of the expansion project. The expansion project had previously encountered challenges arising from technical complexities associated with the transition from a double-fired to a single-fired manufacturing process. The commissioning and ramp-up phase also resulted in higher downtime, process instability, calibration challenges, and temporary production inefficiencies. Accordingly, the year under review was primarily focused on process integration, operational stabilisation, production optimisation, and strengthening manufacturing reliability and product quality across operations.

Lanka Tiles continued to strengthen the sector through the diversified product portfolio, extensive distribution reach, showroom expansion initiatives, and continued focus on customer engagement and export market development. The company also continued to support the sector's

operational flexibility and market presence across both retail and project-related segments.

Procurement activities of the Group were carried out amidst challenges relating to raw material availability, price fluctuations, import-related constraints, and delays in obtaining mining and transportation approvals for certain locally sourced materials. Volatility in global supply chains and logistics costs further impacted procurement planning and sourcing strategies. In response, the company strengthened supplier diversification, strategic sourcing, inventory planning, and coordination between procurement and production teams to ensure stable material availability and minimise operational disruptions.

Across the sector, strategic focus remains centred on strengthening premium product offerings, improving operational agility, enhancing customer accessibility, and maintaining long-term competitiveness amidst evolving industry dynamics.

Innovation and Product Development

Innovation and product development remained key strategic priorities across the tile sector during year, supporting product differentiation, premiumisation, operational efficiency, and long-term competitiveness. Both Lanka Walltiles and Lanka Tiles continued to strengthen their product portfolios through new product introductions, design enhancements, process improvements, and expanded manufacturing capabilities

aligned with evolving customer preferences and market trends.

Lanka Walltiles PLC

- Introduced 164 new SKUs across 66 design series, strengthening the premium and contemporary product portfolio
- Expanded product offerings across porcelain, polished, and premium surface finish categories
- Continued development of large-format tiles and wooden plank tile concepts aligned with evolving customer preferences
- Strengthened focus on higher-margin porcelain and value-added product categories
- Implemented glaze and formulation optimisation initiatives to improve product quality, aesthetics, and cost efficiency
- Collaborated with international machinery and raw material suppliers to support product development and process enhancement

Lanka Tiles PLC

- Expanded product portfolio across multiple tile sizes and formats including ceramic, porcelain, vitrified, and mosaic tile categories
- Continued strengthening premium and customised product offerings targeting retail and project-related market segments
- Introduced new product formats and design enhancements aligned with changing market trends and customer preferences

TILES AND ASSOCIATED PRODUCTS

- Continued development of export-oriented product offerings and premium design concepts for selected international markets

Operational Performance and Efficiency

During the year, the sector continued to prioritise manufacturing stability, process integration, cost optimisation, and resource efficiency amidst evolving market conditions and operational challenges. Focus remained on improving throughput, strengthening quality consistency, enhancing capacity utilisation, and reducing operational losses through continuous process improvements and targeted efficiency initiatives across manufacturing operations.

Lanka Walltiles PLC

- Continued stabilisation and consolidation of the expanded floor tile manufacturing facility following commissioning completion
- Improved manufacturing yield from 79.50% to 83.89%, supported by strengthened process controls and quality improvement initiatives
- Completed conversion from double-fired to single-fired kiln operations, supporting improved efficiency and throughput
- Introduced continuous ball mill operations, upgraded glazing lines, and enhanced production monitoring systems
- Achieved cost savings exceeding Rs. 500 Mn through operational optimisation, energy efficiency, and process improvement initiatives

Lanka Tiles PLC

- Continued focus on improving existing capacity utilisation and operational efficiency across manufacturing operations
- Strengthened process synchronisation, production planning, and operational coordination to improve manufacturing stability
- Improved floor tile and mosaic yields through quality improvement and operational efficiency initiatives

- Continued cost optimisation initiatives targeting energy consumption, raw material utilisation, and process efficiency
- Strengthened product mix optimisation to improve margins, capacity utilisation, and alignment with market demand
- Continued process improvements across kiln operations, body preparation, glazing, and sorting functions

Market Expansion and Global Footprint

During the year, the segment continued to strengthen our market presence across both domestic and international markets through our established distribution network, showroom footprint, and continued focus on customer accessibility and premium product positioning. Strategic focus remained on strengthening retail reach, enhancing showroom experiences, expanding project-related sales opportunities, and supporting export market development amidst evolving market conditions.

During the year, we opened three new showrooms located in Pelawatte, Galle, and Jaffna, while showroom relocation and refurbishment initiatives were carried out in Panadura, Minuwangoda and Rathnapura to further strengthen customer accessibility and regional market coverage. Supported by an extensive network, the sector continued to maintain a strong presence across both retail and project-related market segments.

Export operations continued to focus on strategic international markets including Australia, USA, India, Maldives, and Oman, with the Oman market successfully reactivated during the year. Efforts also remained focused on strengthening export-oriented product offerings, improving international market penetration, and expanding participation within international project-related opportunities. The Group further continued to leverage digital engagement platforms, integrated marketing initiatives, and strengthened customer engagement activities to support brand visibility and long-term market growth across both local and export markets.

People and Culture

The sector continued to focus on strengthening employee engagement, workforce capability, and operational collaboration. Amidst evolving operational requirements and industry-wide talent challenges, emphasis remained on improving employee wellbeing, strengthening technical capability, and supporting a performance-driven culture across manufacturing and support functions.

Training and development initiatives covering operational excellence, safety practices, technical skills, leadership development, and process improvement continued throughout the year to support workforce capability enhancement and operational efficiency. The segment also continued to strengthen employee wellbeing through medical support programmes, safety awareness initiatives, employee welfare activities, and structured grievance handling mechanisms.

Focus also remained on strengthening workforce stability, improving employee engagement, and supporting cross-functional collaboration to ensure operational continuity and long-term organisational resilience across the sector.

Sustainability and ESG

Sustainability and environmental stewardship remained integral to the sector's operational and strategic approach during year. We continued to strengthen initiatives relating to energy efficiency, water conservation, waste reduction, resource optimisation, and environmental compliance across manufacturing operations while maintaining alignment with applicable environmental regulations and ISO 14001 standards.

During the year, continued focus was placed on improving energy and resource efficiency through process optimisation, kiln efficiency improvements, renewable energy utilisation, water recycling initiatives, and waste reduction programmes. Lanka Walltiles improved energy intensity from 8.4 GJ/MT to 7.48 GJ/MT, while water intensity reduced from 78.76 M³/MT to 77.63 M³/MT through operational efficiency and resource optimisation initiatives.

The segment also continued to strengthen waste management and recycling practices through internal reuse of process waste, recycling of packaging materials, and treated water reuse initiatives. Ongoing evaluations relating to waste heat recovery systems, cleaner technologies, and renewable energy integration further supported the sector's long-term sustainability objectives.

Technology and Digitalisation

We continued to strengthen technology integration and digitalisation initiatives across the tile sector during FY 2025/26 to improve operational visibility, process coordination, customer engagement, and decision-making capabilities across operations.

- Upgraded the SAP S/4 HANA ERP system to strengthen operational integration and process efficiency
- Continued enhancements to production planning, inventory management, procurement, and financial management systems through SAP ERP improvements
- Implemented several warehouse management system improvements to strengthen operational efficiency and inventory visibility
- Automated daily MRP runs and stock replenishment processes to improve inventory planning and optimise showroom stock levels
- Introduced an AI-powered digital tile matching library across showrooms, enabling customers to view tile images, catalogues, and ambience concepts digitally
- Continued development of a comprehensive website revamp project aimed at improving digital customer engagement and user experience
- Strengthened production monitoring and operational reporting processes to improve process visibility and coordination across manufacturing operations
- Continued investments in IT infrastructure upgrades, cybersecurity enhancements, workflow automation, and BI dashboard development to support operational resilience and data-driven decision-making

Financial Performance

- Despite a 14% increase in sales volumes, the Tile Sector recorded revenue of Rs. 23 Bn during the year, reflecting only 12% increase in revenue compared to the previous year due to reduction in average selling prices amidst intensified industry competition and pricing pressure.
- Gross profit increased by 20% to Rs. 7.5 Bn, supported by improved manufacturing efficiencies, yield improvements, operational optimisation initiatives, and a stronger premium product mix. Comparatively lower energy costs during a significant part of the year also supported manufacturing cost efficiency, while the previous year's margins had been impacted by elevated raw material and procurement-related costs during the financial crisis period.
- Distribution and administrative expenses increased during the year reflecting expanded sales and distribution activities, showroom and market development initiatives, and continued investments in brand positioning and customer engagement activities.
- Finance costs increased by 56% primarily due to debt servicing costs associated with the Lanka Walltiles PLC expansion project.

Outlook

Looking ahead, the tile sector remains cautiously optimistic amidst improving

Key Numbers

	Unit	25/26	24/25	%
Revenue	Rs.Mn	22,905	20,422	12
Profit after tax	Rs.Mn	910	725	26
Total Assets	Rs.Mn	44,961	44,654	1
Total Liabilities	Rs.Mn	18,028	18,898	(5)
Employees	Nos	1,664	1,572	6
Training hours	Hrs	7,891	11,153	(29)
Manufacturing capacity Per Annum	Sqm Mn	11.5	8.5	35
Capacity utilisation	%	76	78	(2)
Capital investments	Rs.Mn	1,105	2,946	(62)
Material consumption	MT	259,873	164,244	58
Water consumption	Lts .Mn	178	183	(3)
Energy consumption	Kwh Mn	35	34	3

market activity, increasing construction sector momentum, and gradual recovery in consumer demand. However, continued import competition, pricing pressures, energy cost volatility, and evolving market dynamics are expected to remain key challenges in the near term.

We will continue to focus on strengthening operational efficiency, improving manufacturing stability, enhancing product mix, and expanding premium and value-added product offerings to maintain competitiveness across both local and export markets. Continued emphasis will also be placed on showroom expansion, customer engagement, export market development, and digital integration initiatives to support long-term market growth and brand positioning.

Operationally, focus will remain on further optimising the expanded manufacturing facility, improving yield and throughput, strengthening resource efficiency, and enhancing cost competitiveness across operations. The sector will also continue to prioritise sustainability integration, energy optimisation, and process innovation while exploring opportunities for export growth and project-related market expansion.

Through these initiatives, the Group remains focused on strengthening operational resilience, market leadership, and sustainable long-term value creation across the Tile Sector.

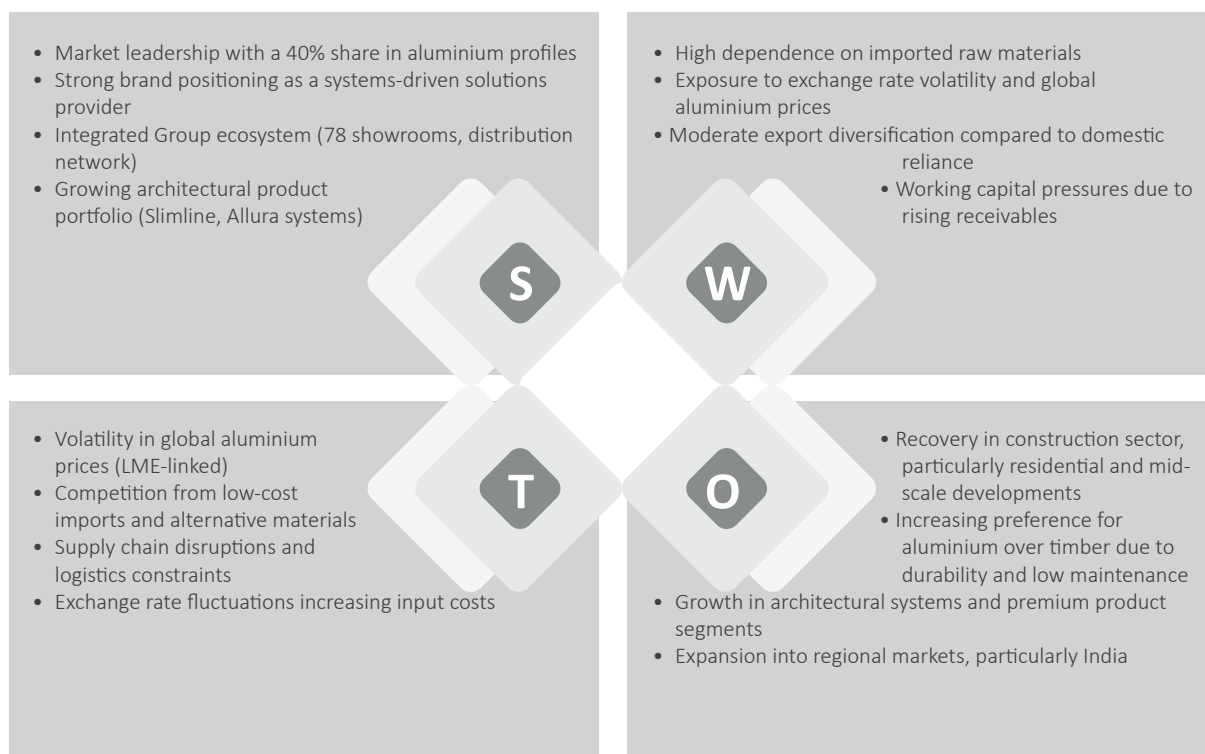
ALUMINIUM

The aluminium segment, operating through Swisstek Aluminium Ltd, is a key part of the Group's construction solutions portfolio, holding an estimated 40% market share in aluminium profiles in Sri Lanka.

The business has evolved into a systems-driven aluminium solutions provider, offering engineered products including doors, windows, façade systems, and customised solutions for residential and commercial applications.

As part of the Lanka Walltiles Group, the segment leverages an integrated platform with a 78-showroom network and established distribution channels to strengthen market reach and customer engagement.

SWOT Analysis of the Aluminium Segment



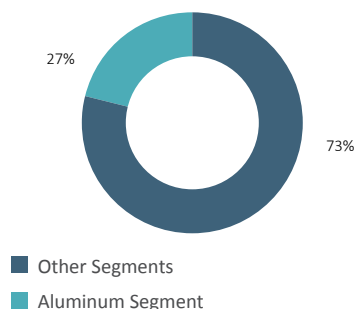
Strategic Priorities and Performance

Strategic Priorities	Performance
<ul style="list-style-type: none"> Transition toward higher-value architectural systems and engineered solutions Strengthening manufacturing capabilities and capacity utilisation Enhancing product innovation aligned with evolving construction trends Expanding market reach through an integrated distribution and digital ecosystem 	<ul style="list-style-type: none"> Domestic sales volumes increased by 5%, with value growth of 7%, supported by recovery in residential and mid-scale construction Architectural product categories recorded 34% growth, driven by demand for premium systems such as Slimline solutions Capacity utilisation remained strong at 85%, reflecting efficient use of installed capacity Cost savings of approximately Rs. 171 Mn achieved through procurement and operational efficiencies

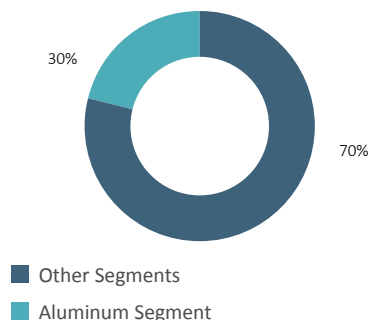
Contribution to the Group

27% Revenue	30% of PAT	16% of Total Assets
24% of Total Liabilities	20% of Total Employees	12% of Total Emission

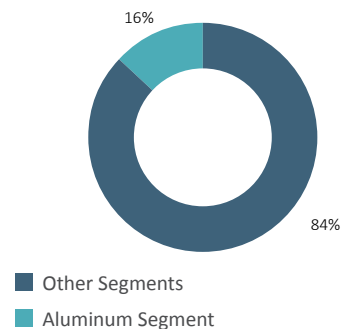
Revenue



PAT



Assets



Year in Review

The aluminium segment, operating through Swisstek Aluminium Ltd, maintained its leadership position in the local market, with an estimated 40% share of the aluminium profiles market. During the year, the business continued our strategic transition from a conventional extrusion manufacturer to a systems-driven aluminium solutions provider, focusing on architectural performance, durability, and design innovation.

The segment delivered steady growth in a gradually recovering construction sector, with domestic sales increasing by 5% in volume and 7% in value, supported by improved activity in residential and medium-scale construction. The domestic market remained the primary revenue contributor, accounting for 86% of total sales. While export volumes declined moderately, improved average selling prices and a stronger US dollar supported export realisations.

Innovation and Product Development

Innovation remains a key driver of differentiation and value creation. During the year, the segment introduced several new products and systems, including:

- TRUE SLIMLINE architectural systems, supporting glass panels up to 14 feet and 600 kg, enabling minimal framing and modern aesthetics
- Slimline door, partition, and sliding systems (S30 and SA-5000 series)

Key Numbers

	Unit	25/26	24/25	%
Revenue	Rs.Mn	12,136	11,945	2
Profit after tax	Rs.Mn	636	513	24
Total Assets	Rs.Mn	10,075	9,373	7
Total Liabilities	Rs.Mn	7,733	7,651	1
Employees	Nos	568	577	(2)
Training hours	Hrs	4,577	5,558	(18)
Manufacturing capacity Per Annum	MT	9,000	8,400	7
Capacity utilisation	%	85	80	6
Capital investments	Rs.Mn	265	169	57
Material consumption	MT	11,085	9,233	20
Water consumption	Lts Mn	23	23	-
Energy consumption	KwhMn	8.4	6.7	25

- New architectural solutions such as glass handrails, folding systems, fencing systems, and decking solutions
- Proprietary Allura systems (SA-3000, SA-4000, SA-6000 series)

These innovations contributed to:

- 34% revenue growth in architectural product categories
- Enhanced product differentiation and improved margins through customised solutions

The segment also invested Rs. 6 Mn in research and development, supporting product development and design improvements aligned with evolving architectural trends.

Operational Performance and Efficiency

Operational performance was supported by strong capacity utilisation and targeted investments in manufacturing capabilities.

Key highlights include:

- Installed capacity of 750 MT with 85% utilisation, reflecting efficient asset use
- Capital expenditure of Rs. 265 Mn, including investments in machinery, extrusion upgrades, and process improvements
- Supplier diversification initiatives, with 70% international and 30% local suppliers, reducing dependency risks
- Strategic sourcing approach ensuring at least two suppliers per critical SKU

- Cost savings of approximately Rs. 171 Mn achieved through procurement, conversion, and logistics optimisation initiatives
- Productivity improvement of 0.59% and reduction in rejection rates by 0.6%

Despite these improvements, operations were impacted by continued reliance on imported raw materials (50%–55%), volatility in global aluminium prices linked to LME movements, and shipping delays resulting in extended lead times.

Market Expansion and Global Footprint

Swisstek Aluminium continued to strengthen our domestic footprint while advancing our regional expansion strategy, supported by a robust distribution ecosystem comprising 206 dealers, 150 project-based customers, and 2,249 registered fabricators through the Alupenters.lk platform, along with access to the Group's 78-showroom network, enhancing market reach and customer engagement.

Internationally, the segment maintained our presence in key markets such as the USA, UK, and India, while also expanding into new industrial segments within Europe.

A key strategic development was the establishment of Lanka Swisstek India, the Group's first overseas aluminium fabrication facility and Reality Centre in Bangalore. While still in a growth phase, the operation has begun securing project orders, indicating improving market traction. This initiative represents a significant step toward positioning the segment as a regional aluminium solutions provider, with access to one of the fastest-growing construction markets.

People and Culture

We continued to prioritise the development of a skilled, engaged, and performance-driven workforce to support operational excellence and long-term growth. Structured HR policies and targeted training programmes were implemented to strengthen technical capabilities and enhance productivity, alongside a range of employee engagement, wellness, and

cultural initiatives. Health and safety remained a key focus, with continued progress toward implementing an ISO 45001-aligned Occupational Health and Safety Management System, supported by formal hazard identification, training, and monitoring processes. These efforts contributed to fostering a resilient, safety-conscious, and high-performance work culture

Sustainability and ESG

The aluminium segment continued to integrate sustainability into operations through measurable improvements in energy efficiency and resource management.

Key achievements include:

- Reduction in electricity consumption by 8% in anodising operations
- Implementation of energy-efficient technologies, including LED lighting and high-efficiency cooling systems
- Fuel savings of 45 kg/MT through multi-billet preheater installation
- LPG savings of 26,941 kg per cycle through homogenizing oven upgrades
- Deployment of a 1.5 MW solar power system, contributing to renewable energy usage
- Improvement in water intensity from 6.92 to 6.64 m³/MT, with recycling increasing to 7.5%

The segment maintains compliance with key environmental standards, including ISO 14001 and ISO 14064, and has achieved a 4-star Green Label certification from the Green Building Council of Sri Lanka.

Financial Performance

The aluminium segment delivered steady revenue growth during the year, supported by the gradual recovery of the construction sector and rising demand for value-added architectural systems. Despite elevated input and energy costs, the segment demonstrated resilience in margins and improved profitability, driven by product mix optimisation and operational efficiencies.

- Domestic revenue grew by 7% in value and 5% in volume, supported by renewed activity in residential and project-based construction

The domestic market remained the primary contributor, accounting for approximately 86% of total sales, underpinned by strong market penetration and an extensive distribution network

Export performance reflected a strategic shift towards higher value-added products, with improved average selling prices offsetting lower export volumes

Gross margins remained resilient despite cost pressures arising from higher aluminium billet prices linked to LME volatility, exchange rate depreciation on imported inputs, and increased energy and logistics costs

A stronger US dollar supported export profitability, enhancing local currency realisation and partially offsetting global price increases

Operating profit improved, supported by growth in higher-margin architectural systems (34% growth in the architectural segment), alongside disciplined pricing and continued operational efficiencies

Overall profitability strengthened, reflecting the segment's ability to pass on cost increases, optimise its product mix, and maintain cost discipline in a volatile operating environment

Outlook

The aluminium segment is expected to benefit from the gradual recovery in the construction sector, particularly in residential and mid-scale developments, alongside increasing preference for durable, low-maintenance building materials. Continued focus on value-added architectural systems and premium product offerings is expected to support margin improvement, while ongoing investments in manufacturing capabilities will enhance operational efficiency and capacity. The India operation is expected to gain further traction, contributing to regional growth and expanding the segment's international footprint. While challenges such as raw material price volatility, exchange rate fluctuations, and competitive pressures are likely to persist, the segment remains well-positioned to leverage our strong market position, innovation capabilities, and integrated distribution network to deliver sustainable growth.

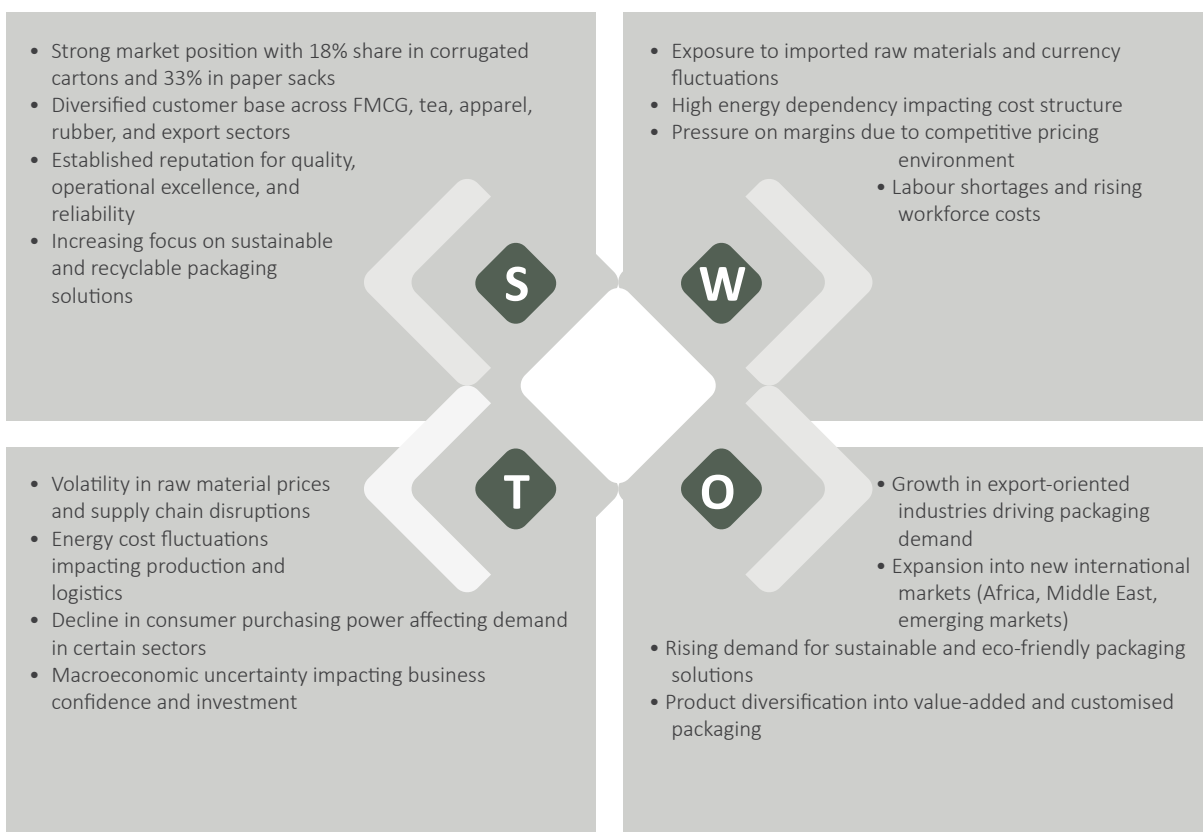
PACKAGING

The packaging segment, operating through Uni Dil Packaging Ltd and Uni Dil Packaging Solutions (Pvt) Ltd, provides corrugated cartons and paper-based packaging solutions to a diverse range of industries.

During the year, the segment maintained a strong market position, with an estimated share of 18% in corrugated cartons and 33% in paper sacks. A well-diversified customer base across FMCG, tea, apparel, rubber, and export-oriented sectors supported resilience in a competitive operating environment.

The segment further strengthened its position through a continued focus on quality, operational efficiency, and sustainability, while progressing its expansion into international markets.

SWOT Analysis of the Packaging Segment



Strategic Priorities and Performance

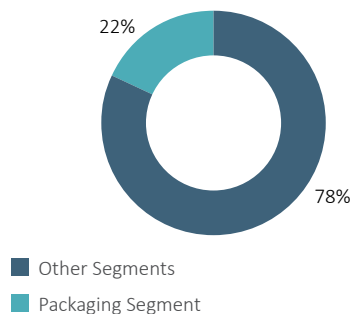
Strategic Priorities	Performance
<ul style="list-style-type: none"> Expanding the customer base across domestic and export markets Enhancing cost competitiveness through operational efficiencies Increasing local sourcing of raw materials to reduce supply risks Advancing sustainability initiatives and environmentally responsible packaging solutions 	<ul style="list-style-type: none"> 16% domestic revenue growth supported by key sectors such as FMCG 15% export growth driven by increased demand from international markets 7% volume growth supported by improved customer engagement

PACKAGING

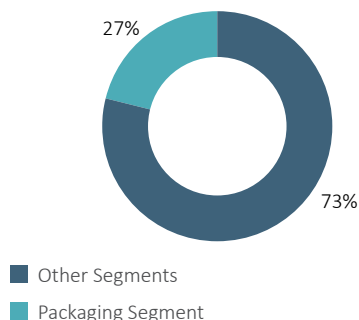
Contribution to the Group

22% Revenue	27% of PAT	15% of Total Assets
19% of Total Liabilities	21% of Total Employees	2% of Total Emission

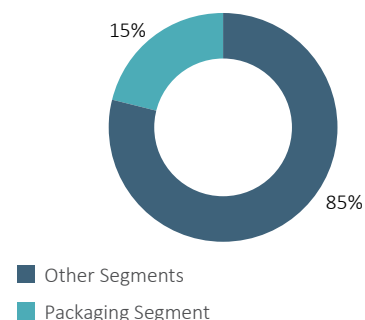
Revenue



PAT



Assets



Year in Review

The packaging segment delivered a resilient performance during the year, navigating a challenging operating environment characterised by cost pressures, supply chain constraints, and demand volatility. The segment maintained a strong market position, with an estimated market share of approximately 18% in corrugated cartons and 33% in paper sacks, supported by a diversified customer base across FMCG, tea, apparel, rubber, and export-oriented industries.

Performance was driven by steady demand from key sectors, with domestic revenue increasing by 7% and volume growth of 16%, despite pricing pressures. Export markets also contributed positively, with export revenue recording 15% growth during the year.

Innovation and Product Development

Uni Dil continued to enhance our value proposition through product innovation and capability development.

Key developments include:

- Investment of Rs. 275 Mn in an offset printing machine to support value-added packaging solutions
- Expansion of customised and industry-specific packaging offerings
- Introduction of lightweight packaging solutions and material optimisation initiatives

Key Numbers

	Unit	25/26	24/25	%
Revenue	Rs.Mn	9,953	8,697	14
Profit after tax	Rs.Mn	572	745	(23)
Total Assets	Rs.Mn	9,539	8,274	15
Total Liabilities	Rs.Mn	5,885	5,210	13
Employees	Nos	590	564	5
Training hours	Hrs	1,658	1,817	(9)
Manufacturing capacity	MT	33,000	33,000	-
Capacity utilisation	%	93	93	-
Capital investments	Rs.Mn	1,031	399	158
Material consumption	MT	32,291	30,496	6
Water consumption	Lts Mn	23,902	16,928	41
Energy consumption	KwhMn	97	164	(41)

- Development of alternative material solutions to improve efficiency and reduce costs

These initiatives support the transition toward higher-margin, value-added products while meeting evolving customer requirements.

Operational Performance and Efficiency

Operational efficiency remained a key focus area, with several initiatives implemented to optimise costs and improve productivity.

Key achievements include:

- Increased local sourcing of raw materials, improving supply stability and cost efficiency
- Implementation of supplier diversification strategies to mitigate supply risks
- Introduction of cost optimisation initiatives delivering recurring savings, including:
 - Rs. 36 Mn through alternative paper sourcing
 - Rs. 53 Mn through material optimisation in production
 - Rs. 24 Mn through procurement efficiencies

- Improved working capital management
- Stable cash flows supported by operational performance despite increased borrowing levels

These initiatives enabled the segment to maintain competitiveness in a high-cost environment while preserving operational stability.

Market Expansion and Global Footprint

Uni Dil continued to strengthen our market presence both locally and internationally, with a strategic focus on diversifying revenue streams and reducing dependence on domestic market conditions. During the year, the segment expanded into new export markets, including Togo in West Africa, while actively pursuing opportunities across Africa, the Middle East, and other emerging regions.

A key strategic priority has been the establishment of operations in Kenya, marking a significant step in expanding the Group's footprint in East Africa. While the commissioning of the paper sack manufacturing facility was delayed due to site finalisation challenges, substantial progress has been made in securing an alternative location, with operations expected to commence in FY 2026/27. This expansion is positioned to capitalise on growing demand in regional tea and agricultural sectors,

The segment remains focused on scaling its export portfolio, with a targeted export revenue of USD 1 Mn, reinforcing its long-term strategy of building a geographically diversified and resilient business model.

People and Culture

The segment continued to prioritise the development of a strong, engaged, and resilient workforce, recognising our people as a key driver of operational performance. During the year, the Uni Dil maintained high levels of employee engagement, reflected in our recognition as a Great Place to Work, with engagement scores of 84% for Uni Dil Packaging Ltd and 85% for Uni Dil Packaging Solutions (Pvt) Ltd. Employee turnover remained low at 3% and 2%, respectively, demonstrating workforce stability despite challenging

labour market conditions. The segment also implemented digital initiatives to enhance operational efficiency and employee well-being, alongside continued investment in welfare programmes, including accommodation, transport, and workplace support. These efforts have strengthened employee satisfaction, improved productivity, and reinforced a culture of collaboration and continuous improvement.

Sustainability and ESG

Sustainability remains a key priority within the packaging segment, with measurable progress achieved during the year.

Key achievements include:

- Increase in recycled material usage by 8%
- Improvement in energy efficiency by 15%
- Reduction in water consumption by 4%
- Reduction in carbon footprint by 6.57%
- Adoption of lightweight packaging solutions, reducing material usage by 3.5%
- Implementation of circular practices through waste recycling and reuse initiatives

The segment also obtained ISO-accredited Carbon Footprint Verification, reinforcing our commitment to environmental responsibility.

Financial Performance

The packaging segment delivered strong revenue growth during the year, supported by increased demand across key customer segments. However, profitability was impacted by elevated input and operating costs, reflecting ongoing expansion initiatives and broader cost pressures within the operating environment.

- Total segment revenue grew by 14% year-on-year, driven by improved demand across core sectors, and Kenya Company Operations.
- Domestic revenue increased by 16%, supported by 7% volume growth, partially offset by a 2% decline in average selling prices.

- Export revenue reached Rs.3,953 Mn recording 15% growth, reflecting enhanced penetration in international markets.
- Gross profit increased by a modest 6%, indicating margin compression despite higher revenue growth.
- Cost of sales rose significantly, primarily due to higher raw material costs, particularly paper-based inputs, along with increased energy and logistics expenses.
- Operating profit declined by 15%, impacted by higher administrative and distribution costs associated with business expansion and capability enhancement initiatives.
- Profit after tax decreased by 23% year-on-year, reflecting the cumulative impact of cost pressures on overall profitability.

Outlook

The packaging sector is expected to deliver steady growth in the coming year, supported by the gradual recovery of export-oriented industries and increasing demand for value-added and sustainable packaging solutions. Expansion into new international markets, particularly across Africa and other emerging regions, is expected to further strengthen revenue diversification and reduce reliance on domestic demand. The commencement of operations in Kenya is anticipated to play a pivotal role in supporting regional growth and enhancing the segment's international footprint.

Strategic focus will remain on improving operational efficiency, strengthening cost competitiveness, and expanding higher-margin product offerings through innovation and value addition. At the same time, continued emphasis will be placed on sustainability initiatives, including resource efficiency and circular packaging solutions. While challenges such as raw material price volatility, energy cost pressures, and competitive intensity are expected to persist, the segment remains well-positioned to capitalise on emerging opportunities and deliver sustainable value.



GROWTH, PERFECTED

Through careful capital allocation, strategic investments, and responsible resource optimisation, we continue to lay the foundation for long-term growth at Lanka Walltiles. Every investment and initiative is approached with precision and purpose, ensuring value is maximised across the Company. Guided by financial discipline and strategic foresight, we build sustainable momentum, enabling us to progress steadily toward greater stability, efficiency, and enduring value creation.



CAPITAL MANAGEMENT REPORTS



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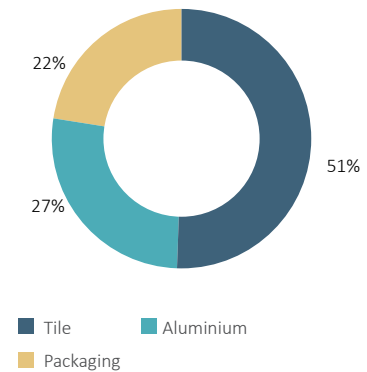
The Lanka Walltiles Group operating within a highly competitive and price-sensitive market environment during FY 2025/26 amidst intensified import competition, pricing pressures, elevated financing costs, and evolving customer purchasing behaviour. During the year, the Group remained focused on operational stabilisation, productivity enhancement, portfolio optimisation, premium product positioning, and strengthening manufacturing efficiencies following the commissioning of the expanded Lanka Walltiles facility. Improved customer focus, strengthened market engagement, and enhanced product offerings also supported higher sales volumes at Lanka Walltiles PLC during the year. The year further included certain one-off financial impacts arising from the strategic discontinuation of the Group's US business venture. Consequently, Lanka Walltiles PLC recorded a loss for the year despite improvements in operational efficiencies and production yields, while the Group recorded an improved overall performance supported by strong contributions from Lanka Tiles PLC, Swisstek (Ceylon) PLC, Swisstek Aluminium Limited, and Uni Dil Packaging Limited.



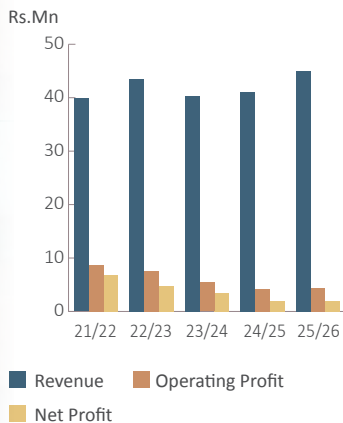
Key Numbers

Rs.Mn	Group			Lanka Walltiles PLC		
	25/26	24/25	%	25/26	24/25	%
Revenue	44,994	41,064	10	6,610	5,207	27
EBIT	4,324	4,231	2	329	439	(25)
Profit after tax	2,009	1,982	1	(229)	246	(193)
Assets	61,396	59,469	3	21,509	20,655	4
Liabilities	31,646	31,751	(0.33)	13,910	12,868	8
Total Borrowings	19,879	21,819	(9)	8,691	9,340	(7)
ROA %	3.27	3.33	(2)	(1.06)	1.19	(189)
ROE %	6.75	7.15	(6)	(3.01)	3.16	(195)

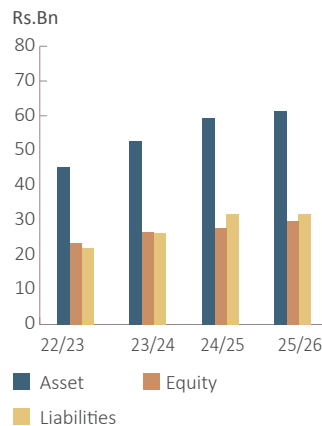
CONTRIBUTION TO REVENUE



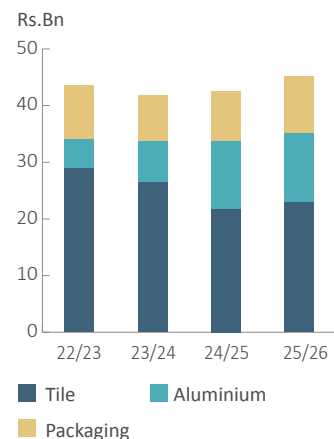
Group Financial Performance



Group Financial Position



Turnover





Revenue

The Group recorded revenue of Rs. 44.99 Bn during FY 2025/26 compared to Rs. 41.06 Bn in the previous year, reflecting a growth of 10% driven by improved sales volumes across all three sectors.

Lanka Walltiles PLC recorded revenue of Rs. 6.6 Bn during FY 2025/26 compared to Rs. 5.2 Bn in the previous year, reflecting a growth of 27%. The increase was primarily driven by higher sales volumes supported by improved customer focus, strengthened market engagement, and expanded product offerings. However, intense market competition and aggressive import pricing resulted in a 10% decline in average selling prices during the year. Revenue growth was also supported by the transfer of trading activities relating to accessories and bathware products, which were previously carried out by Lanka Tiles PLC.

Key Numbers

Rs.Mn.	Tiles & Associated Products Sector			Aluminium Sector			Packaging Sector		
	25/26	24/25	%	25/26	24/25	%	25/26	24/25	%
Revenue	22,905	20,422	12	12,136	11,945	2	9,953	8,697	14
EBIT	2,039	1,847	10	1,260	1,183	6	1,025	1,200	(15)
Profit after tax	910	725	26	636	513	24	572	745	(23)
Assets	44,961	44,654	1	10,075	9,373	7	9,539	8,274	15
Liabilities	18,028	18,898	(5)	7,733	7,651	1	5,885	5,210	13
Total Borrowings	11,109	12,968	(14)	4,487	5,275	(15)	4,284	3,576	20
ROA %	2.02	1.62	25	6.32	5.47	16	6.00	9.00	(33)
ROE %	3.38	2.82	20	27.17	29.76	(9)	15.66	24.30	(36)

The tile and associated products segment remained the largest contributor to Group revenue during year, generating revenue of Rs. 22.9 Bn, compared to Rs. 20.4 Bn in the previous year, reflecting growth of 12%. The increase was primarily supported by improved sales volumes in both companies, strengthened market engagement, expanded product offerings, and continued recovery in construction-related demand. However,

average selling prices had to be adjusted downwards during the year to remain competitive amidst intensified import competition and aggressive market pricing pressures within the domestic tile market.

The aluminium products segment recorded revenue of Rs. 12.1 Bn during the year compared to Rs. 11.9 Bn in the previous year,

reflecting a growth of 2% supported by renewed activity in residential and project-based construction

The packaging segment recorded the highest growth during the year, with revenue increasing to Rs. 10 Bn from Rs. 8.7 Bn in the previous year, reflecting growth of 14%. The improvement was driven by increased demand from export-oriented industries and operational expansion.

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Gross Profit

The Group recorded a gross profit of Rs. 12.3 Bn during year, reflecting a growth of 16% compared to the previous year. Gross profit margin improved from 25.8% to 27.4%, supported by improved manufacturing efficiencies, operational stabilisation initiatives, better production yields, product mix optimisation, and comparatively lower energy costs during a significant part of the year.

Lanka Walltiles PLC recorded a gross profit of Rs. 1.62 Bn, reflecting a significant growth of 57.5% during the year. Gross profit margin improved from 19.8% to 24.6%, supported by improved operational stability following the commissioning of the expanded manufacturing facility, strengthened process controls, improved yields, and better absorption of manufacturing overheads. Increased production volumes following the full commissioning of the expanded plant also resulted in improved economies of scale in raw material procurement, and improved gross profit margins from trading items further supporting margin improvements during the year.

Segment-wise, the tile and associated products segment recorded gross profit of Rs. 7.53 Bn, reflecting growth of 20% despite continued pricing pressure and downward adjustments in average selling prices to remain competitive within the domestic market. Margin improvements were supported by operational efficiencies, yield improvements, product mix optimisation, improved production stability, economies of scale achieved through higher production volumes.

The aluminium products segment recorded gross profit of Rs. 2.77 Bn, reflecting growth of 15% supported by operational improvements, manufacturing efficiencies, and stable demand across construction and architectural sectors.

The packaging materials segment recorded gross profit of Rs. 2.03 Bn, reflecting growth of 6% driven by revenue growth, operational optimisation initiatives, and improved capacity utilisation across operations.

Operating Expenses

Lanka Walltiles PLC recorded a significant increase in distribution expenses during the year driven by higher sales volumes, expanded market activities, showroom-related expenditure, and continued investments aimed at strengthening brand visibility and customer engagement. Distribution expenses also included non-recurrent debtor write-offs and inventory provisions amounting to Rs. 367 Mn associated with the winding up of the Group's US business venture. Similar write-offs that amounted to Rs.291 Mn were also recorded by Lanka Tiles PLC in relation to the same operation. Consequently, distribution expenses within the tile and associated products segment increased by 15% during the year.

Administrative expenses increased primarily due to higher operational activity levels, employee-related costs, and strengthening of management, governance, and support functions following the expansion and operational stabilisation of the manufacturing facility.

The Aluminium Products and Packaging materials segments also recorded increases in operating expenses driven by higher operational activity, inflationary cost pressures, market expansion initiatives, and investments in organisational and operational support functions.

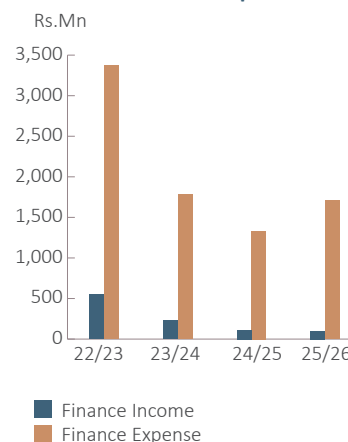
Accordingly, Group distribution costs increased by 19% during the year, while administrative expenses increased by 28% mainly due to inflationary cost pressures, increased operational scale, investments in organisational capability, and strengthening of governance and support functions across the Group.

Finance Cost

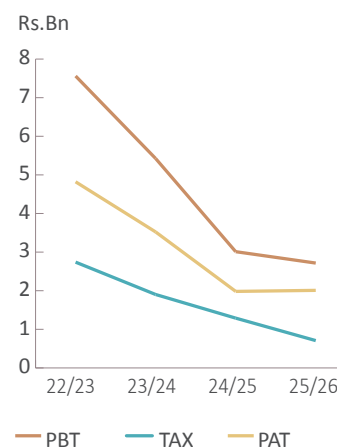
Group finance costs increased by 28.1% to Rs. 1.71 Bn during the year primarily due to higher borrowing levels and debt servicing obligations across key business segments.

Lanka Walltiles PLC recorded finance costs of Rs. 890 Mn, reflecting a substantial increase of 146.4% compared to the previous year. The increase was mainly attributable to interest expenses on borrowings obtained to finance the factory expansion.

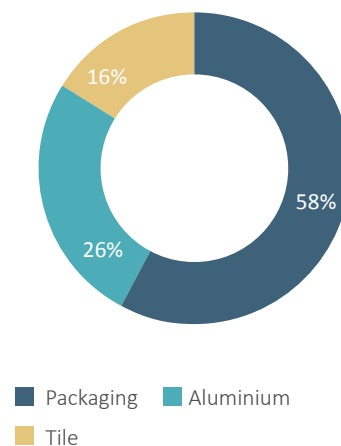
Finance Income & Expense



Pre and Post Tax Profits



Export Sales Contribution



The Tile and Associated Products segment recorded finance costs of Rs. 1,002 Mn, reflecting an increase of 56% driven by expansion-related borrowings, higher working capital requirements, and increased operational scale across manufacturing activities.

The Aluminium Products segment recorded finance costs of Rs. 450 Mn, reflecting a reduction of 12.5% compared to the previous year, mainly due to improved working capital management and lower borrowing utilisation during the year.

Within the Packaging Materials segment, finance costs increased to Rs. 253 Mn, reflecting an increase of 44.8% compared to the previous year, mainly due to borrowings obtained during the previous year to finance the Kenyan acquisition undertaken by Uni Dil Packaging Limited.

Pre and Post Tax Profits

The Group recorded a profit before tax of Rs. 2.72 Bn during FY 2025/26 compared to Rs. 3.01 Bn in the previous year. Despite improvements in gross profitability and operational performance across key business sectors, profit before tax declined mainly due to higher operating expenses, increased finance costs, and non-recurrent impacts arising from the winding up of the Group's US business venture.

Nevertheless, profit after tax from continuing operations improved to Rs. 2.01 Bn, supported by a lower effective tax charge during the year together with tax reversals recognised within certain Group entities.

Lanka Walltiles PLC recorded a loss before tax of Rs. 559 Mn during the year compared to a profit before tax of Rs. 78 Mn in the previous year, primarily due to significantly higher finance costs associated with the factory expansion project together with non-recurrent write-offs relating to the winding up of the Group's US business venture. However, the Company recorded a lower loss after tax of Rs. 229 Mn as the higher accounting loss resulted in a corresponding increase in deferred tax reversals recognised during the year.

Within the tile and associated products segment, Lanka Tiles PLC also benefited from a tax reversal of relating to an associate investment, which contributed positively to post-tax profitability during the year.

The aluminium products segment recorded profit before tax of Rs. 810 Mn during the year, reflecting growth of 21% compared to the previous year. The improvement was supported by stable demand across construction and architectural sectors, improved manufacturing efficiencies, operational optimisation initiatives, and strengthened cost management across operations. Consequently, profit after tax improved to Rs. 636 Mn during the year.

The packaging segment recorded profit before tax of Rs. 821.5 Mn for the year. Although profitability declined compared to the previous year, mainly due to higher finance costs associated with acquisition-related borrowings and increased operating expenses, the segment continued to maintain stable operational performance supported by revenue growth, improved capacity utilisation, and strengthened customer demand across key export-oriented sectors. Profit after tax for the segment amounted to Rs. 572 Mn during the year.

Accordingly, the Group recorded profit for the year of Rs. 2.01 Bn from continued Operations, reflecting an increase of 1.32% compared to the previous year.

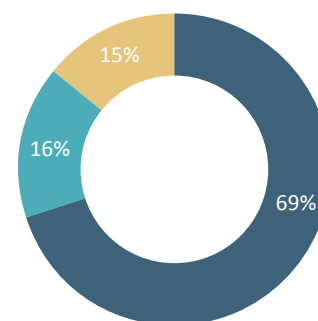
Asset Base

Lanka Walltiles PLC total assets increased to Rs. 21.5 Bn as at 31 March 2026 compared to Rs. 20.7 Bn in the previous year, primarily driven by increased operational activity and investments associated with the expanded manufacturing facility.

Non-current assets remained relatively stable at Rs. 14.4 Bn, with property, plant and equipment amounting to Rs. 12.7 Bn, reflecting cautious approach to capital expenditure during the year.

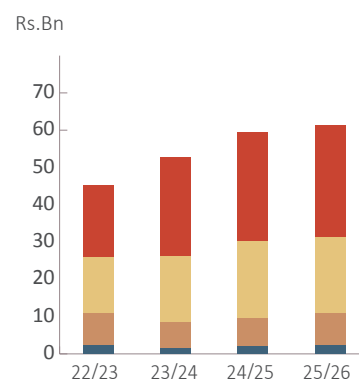
Current assets increased to Rs. 7.1 Bn mainly due to higher inventory levels associated with increased production volumes and operational scale following the commissioning of the expanded

Segmental Assets



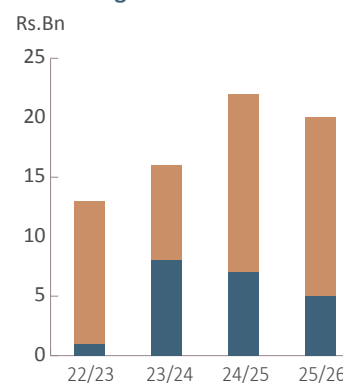
■ Tile ■ Aluminium
■ Packaging

Composition of Assets



■ Other Current Assets
■ Trade & Other Receivables
■ Inventory
■ Non-Current Asset

Borrowings



■ Non-Current
■ Current

FINANCIAL CAPITAL

manufacturing facility. Although inventory management initiatives and improved sales volumes supported a reduction in finished goods inventory levels during the latter part of the year, inventory levels remained elevated in line with the operational requirements of continuous kiln operations and the need to maintain adequate product availability across multiple product categories and formats.

Group total assets increased by 3.2% to Rs. 61.4 Bn as at 31 March 2026, reflecting continued investments across manufacturing operations, operational expansion initiatives, and increased business activity across key sectors. Non-current assets increased to Rs. 30.1 Bn, primarily supported by property, plant and equipment amounting to Rs. 28.5 Bn.

Current assets increased to Rs. 31.0 Bn supported by higher trade receivables and improved cash balances arising from increased operational activity and revenue growth across the Group. Inventories remained high but relatively stable at Rs. 20.4 Bn despite increased production and sales activity during the year. Improved sales volumes, strengthened market engagement, and inventory rationalisation initiatives contributed towards reducing inventory levels during the latter part of the year. However, inventory levels continued to remain elevated in line with the operational requirements of continuous kiln operations, wider product availability requirements, and the need to support the Group's extensive distribution and showroom network across multiple product categories and formats.

Trade and other receivables increased to Rs. 8.4 Bn mainly due to higher sales volumes during the year, while Cash and balances with banks improved to Rs. 2.1 Bn, supporting liquidity and working capital management across the Group.

Funding Structure

Lanka Walltiles PLC continued to maintain a highly leveraged funding structure during the year primarily due to borrowings obtained to finance the factory expansion project and related manufacturing infrastructure investments. Total interest-bearing liabilities of the Company amounted to Rs. 8.7 Bn as at 31 March 2026 compared to Rs. 9.3 Bn in the previous year.

Current interest-bearing liabilities increased to Rs. 6.2 Bn due to repayment maturities falling within the next financial year and continued working capital requirements associated with increased operational activity and production scale.

Despite the elevated debt burden and resulting finance costs, the Company continued to focus on improving operational efficiencies, strengthening cash flow generation, inventory rationalisation, and working capital management initiatives during the year. Discussions relating to refinancing and restructuring of certain borrowing facilities also continued as part of broader efforts to strengthen long-term financial stability and optimise the Company's funding structure.

Lanka Walltiles PLC shareholders' funds amounted to Rs. 7.6 Bn as at year end compared to Rs. 7.8 Bn in the previous year. The marginal reduction was primarily attributable to the loss recorded during the year, partially offset by existing reserve balances maintained within the Company.

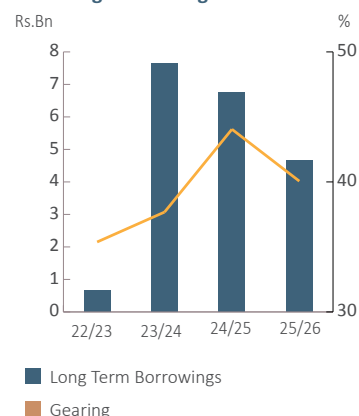
At Group level, total interest-bearing liabilities remained relatively stable at Rs. 19.9 Bn as at year end, reflecting funding obtained for strategic expansion initiatives, acquisitions, and operational investments across key business sectors.

Group total equity increased by 7.3% to Rs. 29.8 Bn, supported by improved profitability across key subsidiaries, retained earnings growth, and reserve movements during the year.

Cash Flow

The Group recorded a strong improvement in operating cash flows during year, generating net cash inflows from operating activities of Rs. 4.05 Bn compared to an outflow of Rs. 1.16 Bn in the previous year. The improvement was primarily supported by stronger operating profitability, improved working capital management, inventory rationalisation initiatives, and enhanced operational efficiencies across key business sectors.

Borrowings & Gearing



Lanka Walltiles PLC also recorded a significant improvement in operating cash flows, generating net cash inflows of Rs. 661Bn compared to an outflow of Rs. 853Mn in the previous year. The improvement was mainly driven by higher operating profits before working capital changes, improved production stability, stronger sales volumes, and tighter working capital management following the commissioning of the expanded manufacturing facility.

Net cash outflows from investing activities at Group level reduced to Rs. 2.4 Bn compared to Rs. 3.7 Bn in the previous year, reflecting lower capital expenditure following the completion of major expansion-related investments undertaken in prior years. Capital expenditure during the year primarily related to operational improvements, plant optimisation initiatives, and ongoing investments across manufacturing operations.

Financing activities recorded a net cash outflow of Rs. 532 Mn compared to an inflow of Rs. 4.05 Bn in the previous year. The prior year included higher borrowings obtained to fund strategic expansion projects and acquisitions, while the current year reflected increased repayments of interest-bearing borrowings and lease liabilities.



INTELLECTUAL CAPITAL

Intellectual capital remains a key contributor to Lanka Walltile’s long-term competitiveness, supporting innovation, operational excellence, product differentiation, and customer value creation across our diversified operations. The Group continues to strengthen intellectual capital through technical expertise, product innovation, digital integration, process improvements, strong brand equity, and industry collaboration.

Supported by established brands, specialised manufacturing know-how, engineering capability, and market insight, the Group continues to enhance product quality, operational efficiency, and customer engagement while responding to evolving market trends and industry requirements.



Strategic Focus Areas and Initiatives for 2025/26

Strategic Focus Area	Key Initiatives	Outcomes
Product Innovation & Premiumisation	Introduction of new porcelain collections, large-format tiles, wooden plank tiles, and premium design series	Strengthened premium product portfolio and enhanced market differentiation within the Tiles segment
Brand Development	Launch of “Creating Spaces You’d Love to Live In” campaign,	Enhanced brand visibility, customer engagement, and market positioning
Technical Expertise & Industry Collaboration	CPD programmes with SLIA and SLIID, tiler training programmes	Strengthened industry relationships and technical knowledge sharing across the construction sector
Process Innovation & Manufacturing Know-how	Yield improvement initiatives, kiln optimisation, energy efficiency projects, process synchronisation initiatives	Improved manufacturing efficiency, product quality, and operational performance across tile manufacturing operations

Highlights

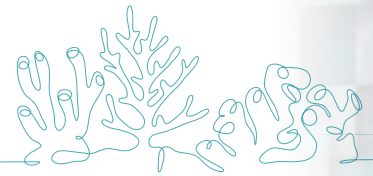
- Introduced new porcelain collections, large-format tiles, wooden plank tiles, and **over 222 new SKUs** across the Tiles segment
- Lanka Tiles ranked among Sri Lanka’s **Most Valuable Brands** with a AAA brand rating and **brand value of Rs. 1.65 Bn**
- Strengthened digital integration through SAP ERP enhancements, production monitoring systems, website revamp initiatives, and digital engagement platforms





Innovation & Product Development

Innovation and product development remained a key strategic priority for Lanka Walltiles, supporting product differentiation, premiumisation, operational efficiency, and long-term market competitiveness across the Group's diversified business portfolio. The Group continued to strengthen our capabilities through investments in new product development, advanced manufacturing technologies, process optimisation, and customer-focused design innovation.



Our Customer Touch points



Tiles & Associated Products

- Introduced 222 new SKUs across 102 new design series, strengthening the premium and contemporary product portfolio
- Expanded production capability for 60x60 cm ceramic and porcelain tiles and large-format tiles up to 1000x1000 mm
- Developed new polished porcelain collections, premium surface finishes, and wooden plank tile concepts aligned with evolving customer preferences
- Strengthened product development capability through technical collaboration with global machinery and raw material suppliers including KEDA, SACMI, Colorobbia, Fritta, Vidres, FritDe, and JunCera



Aluminium

- Introduced Sri Lanka's first TRUE SLIMLINE architectural aluminium systems, supporting glass panels up to 14 feet in height and 600 kg in weight
- Launched new products including the S30 Slimline Door & Partition Series, SA-5000 Slimline Sliding System, decking systems, fencing systems, and solar mounting solutions
- Expanded engineered aluminium systems capability through the development of proprietary Allura architectural systems and customised high-performance solutions

Invested approximately Rs. 6 Mn in new dies, accessories, and product development initiatives during the year



Packaging

- Continued to strengthen customised and value-added packaging solutions across corrugated cartons and paper sack operations
- Expanded product diversification initiatives to support evolving customer requirements and export-oriented industries
- Progressed plans to introduce a 6-colour offset printing machine to strengthen capabilities in offset and premium packaging segment

Components of Intellectual Capital

Innovation & Product Development

Technology & Digitalisation

Brand Equity

Knowledge Management

Process Excellence & Know-how

INTELLECTUAL CAPITAL

Process Excellence & Know-how

The Group continued to strengthen our process excellence and manufacturing know-how through continuous improvement initiatives, operational optimisation, technical innovation, and manufacturing expertise across all segments. The Group's focus on process excellence supports higher manufacturing efficiency, improved product quality, reduced operational waste, and enhanced cost competitiveness across our diversified operations.



Tiles & Associated Products

- Manufacturing yield improved from 79.5% to 83.9% during the year through enhanced process control and production stability initiatives
- Rejection rates reduced from 20.5% to 16.1%, supported by strengthened quality monitoring and defect reduction initiatives
- Energy intensity improved from 8.37 GJ/MT to 6.64 GJ/MT, while water intensity reduced from 1.56 m³/MT to 1.12 m³/MT through process optimisation initiatives
- Introduced continuous ball mill operations, high-capacity spray dryers, new glazing lines, and upgraded kiln systems supporting improved production throughput and operational stability
- In-house engineering modifications to wall tile kilns improved kiln productivity by approximately 11–12%
- Operational efficiency and process optimisation initiatives generated cost savings exceeding Rs. 500 Mn during the year



Aluminium

- Introduced process optimisation initiatives within extrusion, anodising, and powder coating operations to improve manufacturing efficiency and energy performance
- Installed new log furnaces, homogenising ovens, multi-billet preheaters, and upgraded chillers supporting improved productivity and lower LPG consumption
- Achieved fuel savings of approximately 45 kg/MT through multi-billet preheater installations and significant LPG savings through new homogenizing oven systems
- Product and process optimisation initiatives supported improved fabrication efficiency, system durability, and architectural performance across aluminium solutions
- Operational improvement projects generated cost savings exceeding Rs. 171 Mn through procurement, conversion, and logistics optimisation initiatives



Packaging

- Continued process optimisation initiatives focused on operational efficiency, waste reduction, and raw material utilisation improvements
- Introduced alternative material solutions and process improvements to reduce waste generation and improve production efficiency
- Strengthened procurement optimisation and supplier diversification initiatives supporting operational continuity and lead time management
- Continued to improve production planning, operational coordination, and customer responsiveness across packaging operations

Knowledge Management

Lanka Walltiles continued to strengthen knowledge management practices across the Group through technical training, industry engagement, operational learning, and cross-functional collaboration. The Group recognises knowledge sharing and continuous learning as important drivers of innovation, operational excellence, product quality, and long-term business sustainability across our diversified operations.

Key Initiatives During the Year

- Conducted structured Continuing Professional Development (CPD) programmes in collaboration with the Sri Lanka Institute of Architects (SLIA) and the Sri Lanka Institute of Interior Designers (SLIID) to strengthen technical engagement within the construction and design sectors
- Strengthened institutional knowledge through technical collaboration with international machinery suppliers, raw material partners, consultants, and industry stakeholders, supporting continuous improvement and long-term capability development across operations.
- Continued monthly tiler training programmes in partnership with the Vocational Training Authority (VTA) to improve technical skills and workmanship standards within the tiling industry
- Conducted fabricator training and technical awareness programmes across the Aluminium segment, engaging over 442 participants during the year
- Organised VTA training programmes within the Aluminium segment involving approximately 293 participants, supporting technical capability development and industry knowledge sharing

Technology & Digitalisation

During year, the Group further advanced our technology and digitalisation initiatives to improve operational efficiency, strengthen process oversight, enhance customer engagement, and support informed decision-making across the Group's operations. Continued investments in ERP integration, digital monitoring systems, workflow automation, and customer-facing digital platforms contributed to improved operational coordination, greater business agility, and long-term operational resilience.



Tiles & Associated Products

- Continued enhancement of SAP ERP modules supporting production planning, inventory management, procurement, and operational coordination
- Strengthened digital production monitoring systems to improve process visibility, operational control, and manufacturing performance tracking
- Ongoing website revamp project aimed at improving digital customer engagement and user experience, with completion expected during FY 2026/27
- Expanded digital marketing and integrated online engagement initiatives supporting brand visibility and customer connectivity



Aluminium

- Developed workflow automation applications for recording and monitoring breakdowns across extrusion, anodising, and powder coating operations
- Eliminated manual data recording processes within key operational areas, improving process efficiency and operational visibility
- Continued expansion of the Alupenters.lk platform connecting homeowners with over 2,249 registered fabricators across Sri Lanka
- Strengthened digital marketing initiatives and e-commerce engagement platforms, recording 21.7% growth in online sales volume and 41.1% growth in online sales value during the year



Packaging

- Continued improvements in operational coordination and inventory planning systems supporting production efficiency and supply chain responsiveness
- Strengthened data-driven operational monitoring and procurement planning processes to support cost optimisation and supply continuity

- Participated in major industry exhibitions and engagement forums including Construct Exhibition 2025 and Architect Exhibition 2026, supporting technical awareness, product education, and stakeholder collaboration
- Conducted internal training programmes covering operational excellence, quality management, process optimisation, safety practices, digital systems, leadership development, and technical skill enhancement across manufacturing and support functions
- Continued cross-functional knowledge-sharing initiatives and operational learning programmes to support continuous improvement and manufacturing excellence across business segments

Brand Equity

Strong brand equity remains a key component of Group's intellectual capital, supporting customer trust, market leadership, product differentiation, and long-term business value creation across the Group's diversified operations. Backed by a strong legacy, established market presence, and consistent focus on quality and innovation, the Group's brands continue to maintain strong recognition within Sri Lanka's construction and building materials sector.

During the year, Lanka Walltiles continued to strengthen our brand positioning through integrated marketing campaigns, showroom expansion initiatives, customer engagement programmes, industry collaborations, and digital outreach activities. The Group also continued to reinforce our positioning as a provider of premium, innovative, and customer-focused building solutions.

Highlights During the Year

- LANKA TILES recognised among Sri Lanka's Most Valuable Brands with a AAA brand rating and brand value of approximately Rs. 1.65 Bn
- Continued implementation of the brand campaign "Creating Spaces You'd Love to Live In" strengthening customer engagement and market visibility
- Expanded market presence through showroom enhancements, new showroom openings, and strengthened customer engagement platforms
- Swisstek Aluminium received several industry recognitions including the SLIA Product Award of Excellence 2026, Bronze Award – Export Brand of the Year at SLIM Brand Excellence Awards 2025, and recognition at the Construct Awards 2025

INTELLECTUAL CAPITAL

- Uni Dil Packaging continued to strengthen brand reputation through multiple industry recognitions including Quality Circle Gold Awards, Best Management Practices Awards, and the Great Place to Work Award 2025
- Continued investments in digital marketing, customer engagement initiatives, exhibitions, and industry partnerships to strengthen brand visibility and customer connectivity across business segments

The Group’s continued focus on quality, innovation, customer experience, and sustainability continues to reinforce the strength and credibility of our brands while supporting long-term competitive advantage and stakeholder confidence.

Certifications

Given below is a list of certifications we complied with during the year covering areas related to product quality, health and safety and sustainability. These certifications facilitate benchmarking with global industry best practice, ensuring that our processes evolve continuously to the highest standards for the respective products or processes. These certificates support our brands, enhancing customer confidence in our production processes

	Lanka Walltiles PLC	Lanka Tiles PLC	Swisstek Ceylon PLC	Swisstek Aluminium	Uni Dil Packaging
SLS ISO 14001 Certificate of the Environmental Management System by the Sri Lanka Standards Institution	✓	✓			✓
SLS ISO 9001 Quality Management Certification	✓	✓	✓	✓	✓
SLS 1181 Certificate of Conformity issued by Sri Lanka Standard Institute	✓	✓			
Green SL Labelling System Certificate for environmental performance issued by the Green Building Council of Sri Lanka	✓	✓			
ISO 22000: 2018 Food Safety Management Systems and HACCP Certification					✓
SLS 1474 Certification Food safety related risk					✓
SLS 1492 Certification Food safety related risk					✓
SLS 1410 Certificate of conformity issued by Sri Lanka Standard Institution for Swisstek Aluminium brand extruded aluminium alloy profiles					✓
Qualicoat Certification Authorisation to use the quality sign of ‘Qualicoat’					✓
SLS 1375 certification for Tile adhesive Certification for Tile adhesive			✓		
SLS 1376 certification for Tile adhesive Certification for Tile adhesive			✓		
Certification for assurance of socially responsible production					✓
Certification for Food Safety Management Systems					✓
CE Mark Certification	✓	✓			
SLS Iso 45001 Certification		✓			



SALTED CARAMEL SAUCE

EVOLU
MILK CO.

HUMAN CAPITAL

At Lanka Walltiles PLC, our people are central to delivering operational excellence and long-term value across our Tiles, Aluminium, and Packaging businesses. The Group remains focused on building a skilled, engaged, and resilient workforce through structured talent development, performance-driven systems, and a strong emphasis on safety and well-being.

This approach is supported by continuous investment in capability building, employee engagement, and process improvements, enabling the Group to respond effectively to evolving market conditions and operational demands. By fostering a culture of accountability, collaboration, and continuous improvement, the Group ensures that our human capital remains a key enabler of sustainable growth and long-term value creation.

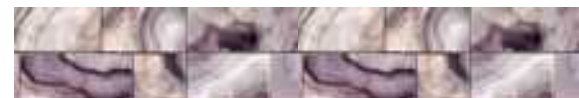


Strategic Focus Areas and Initiatives for 2025/26

Strategic Focus Area	Key Initiatives	Outcomes
Workforce Optimisation	Manpower planning, productivity improvements, overtime management	Improved operational efficiency and cost control
Talent Acquisition & Retention	Strengthened recruitment processes, employer branding, retention initiatives	Improved talent pipeline and reduced attrition
Performance Management	KPI-based performance systems linked to rewards and incentives	Enhanced accountability and performance culture
Training & Development	Technical, operational, and leadership training programmes	Improved workforce capability and productivity
Digital HR Transformation	Implementation of HRIS, digital tools for HR analytics and processes	Improved decision-making and streamlined HR operations

Highlights

- **2,819 employees** across the Group, supported by a diverse workforce across Tiles, Aluminium, and Packaging segments
- Over **14,126 training hours** delivered, strengthening technical, operational, and leadership capabilities
- Strong focus on **safety and well-being**, with structured health programmes, training, and low incident levels across operations
- **High employee engagement** and union representation, supporting stable industrial relations and a collaborative workplace environment





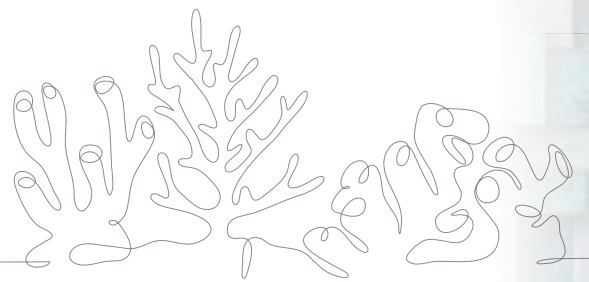
Managing Our Human Capital

The management of human capital at Lanka Walltiles PLC is supported by a structured governance framework that ensures alignment between workforce strategy and overall business objectives. Oversight is provided at Board and senior management level, with clear accountability for human capital-related policies, performance, and risk management.

The Human Resources function is led by the Chief Human Resources Officer and supported by a dedicated team responsible for talent management, employee engagement, training and development, and administrative functions. This structure enables effective implementation of HR strategies across all business segments, ensuring consistency in policies and practices throughout the Group.

A comprehensive policy framework, including recruitment, training and development, compensation, and disciplinary policies, guides the management of human capital. Formal communication and grievance mechanisms are in place to promote transparency, address employee concerns, and maintain a positive workplace environment.

This governance approach supports the development of a capable, engaged, and accountable workforce, while ensuring compliance with regulatory requirements and alignment with the Group's long-term strategic priorities.



HR Policies in place

Recruitment Policy

Qualification Allowance Policy

Loan Policy

Gratuity and Retirement Policy

Leave and Attendance Policy

Performance Management Policy

Disciplinary Policy

Health and Safety Policy

HR Strategy for the year



Build Capability

- Training & Development
- Talent Acquisition



Drive Performance

- Workforce Optimisation
- Performance Management

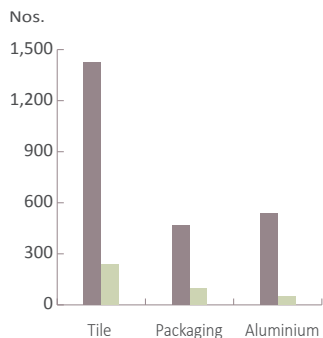


Enable Organisation

- Employee Engagement
- Digital HR

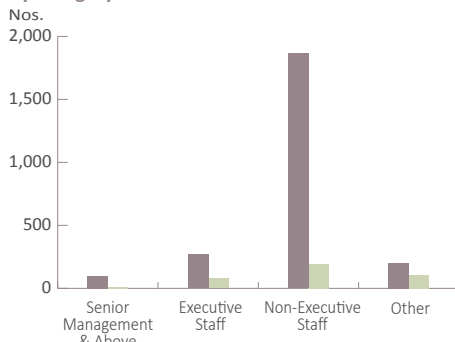
HUMAN CAPITAL

Segmental and Gender Distribution



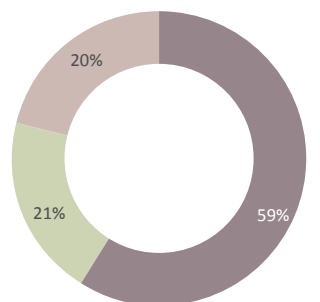
■ Male ■ Female

By Category and Gender



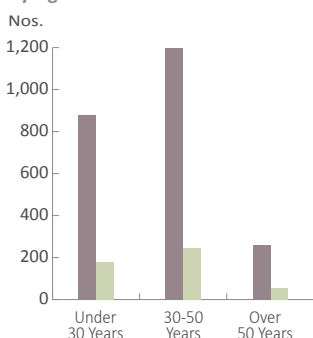
■ Male ■ Female

Employees by Sector (%)



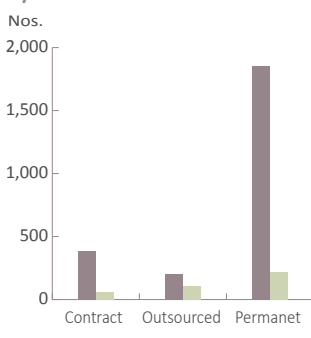
■ Tile ■ Packaging ■ Aluminium

By Age and Gender



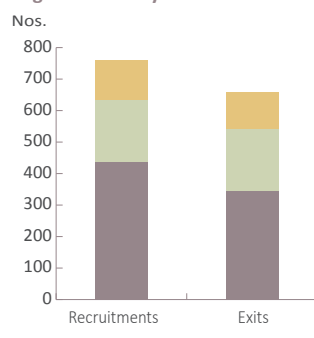
■ Male ■ Female

By Contract and Gender



■ Male ■ Female

Segmental Analysis



■ Tile ■ Packaging ■ Aluminium

Team Profile

The Group's workforce comprises a diverse mix of permanent and contract employees across our Tiles, Aluminium, and Packaging segments. During the year, the Group employed 2,819 employees, including approximately 2,073 permanent employees and over 746 contract and temporary employees, reflecting a balanced workforce structure that supports operational flexibility and continuity across Group's manufacturing and support functions .

In addition to our direct workforce, the Group engages a significant number of outsourced personnel to support selected operational activities. These include functions such as logistics, material handling, maintenance, and specific production processes. Outsourced personnel operate under formal contractual arrangements with third-party service providers, with the Group maintaining appropriate oversight to ensure compliance with applicable

labour regulations, safety standards, and internal policies .

This blended workforce model enables the Group to enhance efficiency, maintain agility in response to changing operational demands, and support consistent delivery across our business segments.

Staff Attrition

Employee turnover remained an area of focus during the year, reflecting broader labour market dynamics and the availability of skilled talent across the sectors in which the Group operates. During the year, the Group recorded a total of 762 new recruits and 658 employee exits, reflecting ongoing workforce movements across our business segments.

Attrition levels were closely monitored, with targeted initiatives implemented to strengthen retention, including enhanced employee engagement, competitive

remuneration, and career development opportunities . The Group continues to prioritise the retention of critical talent through structured performance management systems and continuous capability development.

Ongoing efforts to strengthen employer branding and create a positive and inclusive work environment are expected to support improved retention levels over the medium term.

Profile of new recruits and exits are graphically presented below.

Recruitment and Induction

The Group follows a structured and policy-driven approach to recruitment, focused on attracting skilled talent aligned with our operational and strategic requirements. During the year, a total of 762 new employees were recruited across the Group, supporting workforce requirements across our Tiles, Aluminium, and Packaging segments to fulfill vacant positions.

Recruitment processes are designed to ensure transparency, fairness, and the selection of candidates with the required technical and behavioural competencies. Emphasis is placed on sourcing talent through multiple channels, including industry networks, educational institutions, and internal referrals, while strengthening the Group's employer brand.

All new recruits undergo formal induction and orientation programmes to support smooth integration into the Group. These programmes provide an overview of the Group's operations, policies, safety procedures, and performance expectations, ensuring employees are equipped to contribute effectively from the outset.

Performance Culture and Appraisals

The Group fosters a performance-driven culture aligned with our strategic objectives, where individual contributions are linked to organisational outcomes. Performance management is guided by structured appraisal systems based on key performance indicators (KPIs), enabling consistent and objective evaluation across all employee categories.

During the year, 100% of employees received formal performance and career development reviews, in line with the Group's performance management framework. These reviews provide a structured platform to assess performance, identify development needs, and support career progression.

Performance outcomes are closely linked to rewards, promotions, and recognition initiatives, reinforcing accountability and a culture of continuous improvement. This approach supports enhanced productivity, employee motivation, and long-term organisational performance.

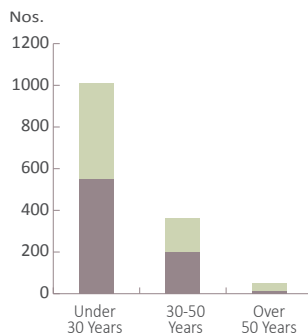
The Group maintains a structured and competitive employee rewards framework designed to attract, motivate, and retain talent across Group's business segments that is benchmarked against industry standards. The framework comprises a combination of fixed remuneration, performance-based incentives, and a range of employee benefits aligned with individual roles and organisational performance.

	2025/26	2024/25	%
Total staff cost Rs.Mn	1,421	2,789	(49)

The framework comprises a combination of fixed

Fixed Pay	Other benefits
<ul style="list-style-type: none"> Basic Salary Qualification Allowance 	<ul style="list-style-type: none"> Medical insurance scheme Maternity leave Monthly production and attendance incentives. Funeral Assistance Uniforms Tile benefits Fuel & Transport for selected employees Annual book parcels for employees' children
Variable Pay	
<ul style="list-style-type: none"> Production and attendance allowance Sales incentives and over time 	
Retirement benefits	
<ul style="list-style-type: none"> EPF/ETF Gratuity 	
Reimbursable expenses	
<ul style="list-style-type: none"> Festival advance Education course fees 	

Employees By Age



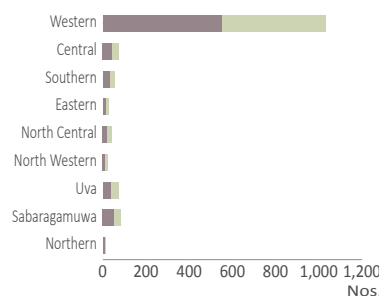
Employees By Gender



■ Recruitments ■ Exits

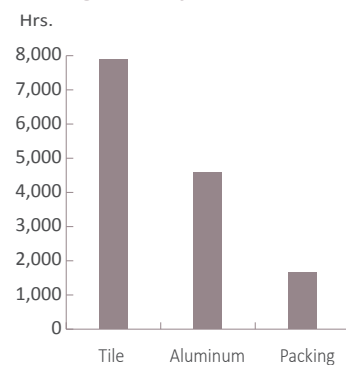
■ Male ■ Female

Employees By Location



■ Recruitment ■ Turnover

Training Hours By Sector



	2025/26	2024/25
Total investment in training – Rs.Million	8.1	19
Total No. of training hours	14,126	18,528
No. of employees received training	5,052	6,239
Average hours of training per employee	5	7

HUMAN CAPITAL

Performance-linked rewards form a key component of the framework, with incentives tied to the achievement of operational and financial targets, reinforcing a results-driven culture. In addition, employees are recognised through structured programmes such as performance-based increments, promotions, and recognition initiatives, including Kaizen and achievement awards.

The Group also provides a comprehensive range of employee benefits, including medical coverage, insurance schemes, allowances, and welfare support initiatives, aimed at enhancing employee well-being and financial security. This balanced approach to rewards supports employee engagement, encourages high performance, and contributes to long-term retention.

Training and Development

GRI: 404

The Group remains committed to developing a skilled, capable, and future-ready workforce, recognising employee development as a key driver of operational excellence and long-term value creation. Training and development initiatives are aligned with business priorities and are designed to enhance technical, functional, and leadership capabilities across all employee categories.

Training needs are identified through structured processes, including performance appraisals, skill matrix assessments, and operational reviews, ensuring targeted and relevant learning interventions. During the year, employees across the Group collectively completed over 14,126 training hours, reflecting a continued focus on capability development and continuous learning.

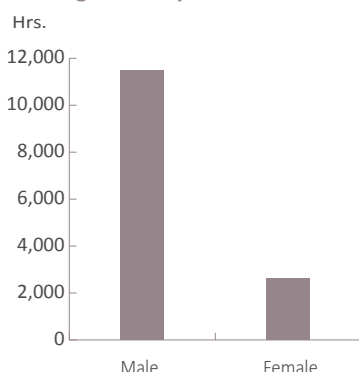
The Group provides a diverse range of training programmes covering operational, technical, safety, and behavioural competencies. These include:

Technical & Operational Training

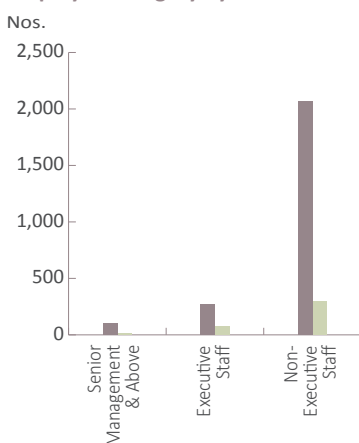
Ceramic diploma and product technical training

Warehouse management and production process training

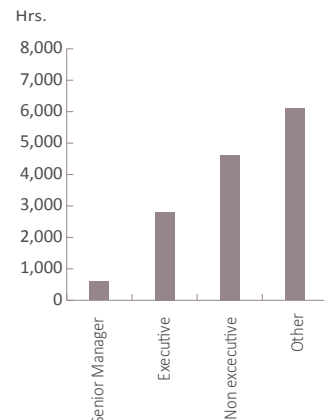
Training Hours By Gender



Employee Category By Gender



Training Hours By Employee Category



- Customer complaint management systems
- Dealer and distributor training sessions
- Industry engagement programmes with professional bodies and institutions

In addition, induction and on-the-job training programmes are provided to ensure effective onboarding and role transitions. The Group also supports continuous learning through partnerships with technical institutions and industry bodies, contributing to both employee development and broader industry capability building.

SAP modules and digital systems training

Quality management and GMP certification programmes

Health, Safety & Compliance

Occupational health and safety training

Firefighting and first aid training

LPG safety and industrial safety awareness programmes

Environmental and ISO-related training

Leadership & Professional Development

Supervisory development programmes

Problem-solving and decision-making workshops

Sales and negotiation training

Microsoft 365 and digital capability development

Customer, Product & Market-Focused Training

Product awareness and design consultation programmes

Minimum notice periods regarding operational changes

Employees are provided a minimum notice period of 02 weeks/months with regard to any operational changes to existing terms and conditions of employment.

Industrial Relations

The Group maintains a stable and constructive industrial relations environment, underpinned by open communication, mutual respect, and structured engagement with employees and trade unions. A significant proportion of the workforce is represented by trade unions, with approximately 79% of employees covered under collective agreements across the Group.

Formal mechanisms are in place to facilitate dialogue and address employee concerns, including regular union meetings, staff forums, and productivity discussions. Collective agreements are

maintained and periodically reviewed to ensure alignment with regulatory requirements and evolving workforce needs.

During the year, there were no significant industrial disputes or disruptions, reflecting the effectiveness of the Group's proactive engagement approach. This collaborative framework supports workplace harmony, operational continuity, and a positive employee relations climate across all business segments.

Health and Safety

Given the nature of our operations, Lanka Walltiles places strong emphasis on protecting the health, safety, and well-being of our workforce across all business segments. The Group adopts a proactive and structured approach to occupational health and safety (OHS), supported by policy-driven frameworks, employee participation, and continuous monitoring. This approach is aligned with regulatory requirements and evolving industry standards, reinforcing a culture of safety, accountability, and continuous improvement.

Governance and Systems

The Group maintains structured occupational health and safety systems to manage risks across our operations. These systems support hazard identification, risk assessment, and compliance monitoring, and are reinforced through regular safety meetings, workplace inspections, and ongoing monitoring of safety performance. Certain operations are progressing towards alignment with internationally recognised standards, including ISO 45001.

Risk Identification and Control

A systematic approach is applied to identify and mitigate workplace hazards through routine and non-routine risk assessments. Permit-to-work systems, incident investigations, and preventive maintenance practices are implemented to minimise risks. Continuous monitoring of workplace conditions, including exposure to physical and environmental factors, supports proactive risk management and operational safety.

Factory	% of employees in trade unions	Collective Agreement
Lanka Walltiles	56%	01.10.2023 to 30.09.2026
Lanka Tiles	47%	01.06.2025 to 31.05.2028

	Employees	
	25/26	24/25
Fatalities as a result of work-related injury	38	52
High-consequence work-related injuries (excluding fatalities)	-	-
Recordable work-related injuries	38	52

Employee Participation

Employee engagement is a key component of the Group's safety culture. Employees are encouraged to actively participate in safety processes through daily operational meetings, safety committees, and structured reporting mechanisms for near misses and unsafe conditions. Feedback and improvement suggestions from employees are recognised and integrated into safety initiatives, fostering shared responsibility for workplace safety.

Training and Awareness

The Group conducts regular training programmes to strengthen safety awareness and emergency preparedness across all employee categories. Induction programmes ensure that all employees and contractors are aware of safety requirements prior to commencing work.

Key training programmes conducted during the year included:

- Workplace safety and hazard awareness
- Firefighting and emergency response training
- First aid and occupational health awareness
- Industrial safety and permit-to-work systems
- Safe handling of materials and equipment

Employee Engagement

The Group places strong emphasis on fostering an engaged and motivated workforce, recognising employee engagement as a key driver of productivity, retention, and organisational culture. A range of initiatives are implemented across business segments to promote teamwork, well-being, and a sense of belonging.

Engagement efforts are supported through structured programmes and regular activities that encourage employee interaction, recognition, and participation across all levels of the organisation.

Key Employee Engagement Activities

- Annual trips and staff outings
- Employee family days and sports festivals
- Cricket, volleyball, badminton, and other sports tournaments
- Cultural and religious celebrations, including New Year and festive events
- International Women's Day and employee recognition events
- Birthday celebrations and monthly staff engagement activities
- Wellness programmes and health-focused initiatives
- Art exhibitions, competitions, and employee talent showcases
- Kaizen programmes and quality circle initiatives
- Team-building activities and departmental events

HUMAN CAPITAL

Return to work after maternal leave

	25/26	24/25
Employees entitled to Maternity leave	385	433
Employees on Maternity leave	37	40
Employees who returned after Maternity leave	11	45
Employees still in employment 12 months after returning on Maternity leave	16	25

Diversity and Inclusion

Lanka Walltiles is committed to fostering a diverse and inclusive workplace where all employees are treated with respect and provided with equal opportunities to contribute and grow. The Group values diversity across gender, age, experience, and background, recognising its importance in enhancing organisational effectiveness and decision-making.

As at 31 March 2026, the Group's workforce comprised of 2,819 employees, of which 14% were female, reflecting the male-dominated nature of the construction related manufacturing sector. The workforce also demonstrates diversity across age groups, supporting a balance of experience and continuity within operations.

The Group maintains fair and transparent employment practices across recruitment, training, performance management, and career progression, ensuring that opportunities are based on merit and capability. As an equal opportunity employer, the Group maintains a 1:1 ratio in basic salary between men and women for comparable roles, ensuring pay equity and fairness across the workforce.

Formal grievance mechanisms and a zero-tolerance approach to workplace misconduct support an inclusive and respectful working environment. While workforce diversity continues to reflect industry dynamics, the Group remains committed to strengthening inclusion through equitable practices and employee support initiatives, including parental leave provisions and well-being programmes.

Outlook

The Group will continue to strengthen our human capital strategy, with a focus on building a skilled, agile, and future-ready workforce aligned with evolving business needs. Key priorities will include enhancing workforce productivity, strengthening talent attraction and retention, and expanding training and development initiatives to address emerging skill requirements.

Greater emphasis will also be placed on digitalisation of HR processes to improve efficiency, data-driven decision-making, and employee experience. In parallel, the Group will continue to reinforce a strong culture of safety, engagement, and inclusion, supporting employee well-being and organisational resilience.

As the operating environment continues to evolve, Lanka Walltiles remains committed to developing our people as a key enabler of sustainable growth and long-term value creation.







SOCIAL & RELATIONSHIP CAPITAL

Lanka Walltiles PLC recognises strong stakeholder relationships as a key contributor to long-term business sustainability and value creation across all our business segments. The Group continues to engage proactively with customers, suppliers, employees, regulators, industry bodies, investors, and communities through structured engagement platforms and collaborative partnerships.

The Group adopts a multi-channel engagement approach, enabling continuous stakeholder interaction through direct meetings, surveys, digital platforms, exhibitions, training programmes, and customer engagement initiatives. These interactions support improved customer experience, supply chain resilience, industry collaboration, and stronger market positioning across business segments.



Strategic Focus Areas and Initiatives for 2025/26

Strategic Focus Area	Key Initiatives	Outcomes
Customer Engagement & Experience	Expansion of showroom network, digital engagement initiatives, brand campaigns, customer support platforms	Improved customer reach, enhanced brand visibility, stronger customer engagement
Supplier & Supply Chain Management	Supplier diversification initiatives, group procurement strategies, supplier evaluations	Improved supply continuity, procurement efficiency, and operational resilience
Distribution & Market Reach	Strengthening dealer, distributor, fabricator, and project customer networks across sectors	Expanded nationwide presence and improved market penetration
Industry Collaboration & Knowledge Sharing	CPD programmes with SLIA and SLIID, fabricator training programmes, VTA collaborations	Strengthened industry relationships and enhanced technical knowledge sharing
Community & Social Impact	Skills development programmes, employment generation, community-focused initiatives	Strengthened community relationships and broader socio-economic contribution

Highlights

- **222 new Designs** launched during the year
- **Rs. 1,658 Mn** Brand Value
- Supplier base of **2,220**
- **788 customer** touch points
- **Rs.Mn 5.7 Mn** CSR spend





Customers

Customers remain central to Lanka Walltile's long-term growth strategy across our Tiles, Aluminium, and Packaging operations. The Group continues to focus on delivering high-quality products, innovative solutions, and responsive service while strengthening customer relationships through an extensive distribution network, technical engagement, and continuous improvement initiatives.

Supported by strong brands, nationwide market presence, and diversified customer channels, the Group serves a broad customer base spanning homeowners, architects, developers, fabricators, retailers, and industrial clients across both domestic and export markets. Through ongoing investments in customer experience, digital engagement, product innovation, and service excellence, the Group continues to strengthen customer trust, market reach, and long-term brand loyalty.

Value Delivered

 Customers	 Suppliers	 Community	 Regulator
<ul style="list-style-type: none"> • 7,272,275 SQM of tiles • 25,072 MT corrugated boxes • 3,684 MT of paper sacks • 73,094 MT of skim coat, Motar & Grout • 6,993 MT of aluminium products 	<ul style="list-style-type: none"> • Rs. 21,546 Mn paid to local suppliers • Rs. 14,094 Mn paid to foreign suppliers • Timely payments • Collaborations for industry growth 	<ul style="list-style-type: none"> • Direct and indirect employment opportunities • CSR spend of Rs. 5.7 Mn 	<ul style="list-style-type: none"> • Rs. 8,223 Mn paid as Direct and Indirect taxes • Export revenue of Rs. 6,846 Mn

Our Customer Touch points

 Tiles <ul style="list-style-type: none"> • 3 own showrooms • 56 franchise showrooms • 19 factory outlets • 45 Dealers • hybrid showrooms • Tiler Club • Call Centres • 26 Distributors • Android and iOS Apps • Print, digital and social media • Websites • Exhibitions 	 Aluminium <ul style="list-style-type: none"> • 1 own showroom • 205 dealer • 7 franchise showrooms • 06 Distributors • 2,249 aluminium fabricators • Print, digital and social media • Websites • Exhibitions 	 Packaging <ul style="list-style-type: none"> • B2B customer • Trade Exhibitions • Existence in Kenya
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SOCIAL & RELATIONSHIP CAPITAL

Product Offerings and Innovation

The Group continued to strengthen our product portfolio across all sectors through ongoing innovation, product enhancement, and customer-driven development initiatives. Product development efforts remained focused on improving functionality, aesthetics, durability, and operational performance while responding to evolving customer preferences and market trends.

Tiles & Associated Products

- Continued expansion of product designs, finishes, and surface solutions aligned with modern architectural and interior trends
- Strengthened customer engagement through showroom enhancements and digital platforms
- Ongoing focus on premium product positioning, design differentiation, and value-added offerings
- Integrated marketing campaigns supporting product visibility and brand engagement

Aluminium

- Introduction of Sri Lanka's first true SLIMLINE aluminium systems designed for modern architectural applications
- Launch of new architectural and engineered systems including pocket sliding systems, pivot doors, curtain wall systems, solar railings, and glass partition systems
- Development of customised aluminium solutions for residential, commercial, and industrial applications
- Continuous product enhancements based on architect, fabricator, and project feedback
- Expansion of premium proprietary systems under the Allura range

Packaging

- Continued diversification of packaging solutions across corrugated cartons, paper sacks, and specialised industrial packaging

- Focus on value-added and customised packaging solutions for FMCG, Tea, Apparel, Rubber, and export industries
- Development of low GSM and cost-efficient packaging solutions to enhance customer value
- Expansion into new export markets and product applications supporting long-term growth

Product Quality, Safety & Compliance

Lanka Walltiles remains committed to maintaining high standards of product quality, safety, and regulatory compliance. Through structured quality management systems, process controls, continuous improvement initiatives, and adherence to recognised industry standards, the Group continues to deliver reliable, durable, and high-performing products across our business segments.

Tiles & Associated Products

- Compliance with ISO 9001, ISO 14001, SLS standards, and Green Label certifications
- Continuous quality monitoring and process optimisation across manufacturing operations
- Strong focus on product durability, design quality, and customer satisfaction
- Ongoing showroom upgrades and customer experience enhancements

Aluminium

- Compliance with ISO 9001:2015, SLS 1410:2011, QUALICOAT SEASIDE, and environmental management standards
- Product durability supported by corrosion-resistant finishes and warranties of up to 30 years
- Introduction of engineered architectural systems including SLIMLINE solutions and advanced façade applications
- Continuous product and process improvements based on architect, fabricator, and customer feedback

Packaging

- Strong quality assurance systems supporting product integrity and export compliance
- Continuous improvement initiatives driven through quality circles and process optimisation
- Product quality maintained across corrugated cartons, paper sacks, and customised packaging solutions
- Compliance with customer-specific packaging and export standards across multiple industries

Customer Experience

The Group continues to strengthen customer experience across all business segments through improved accessibility, responsive service, technical engagement, and enhanced customer interaction platforms. Customer-centric initiatives remain focused on strengthening brand loyalty, improving engagement, and delivering seamless experiences across all customer touchpoints.

Tiles & Associated Products

- Extensive nationwide presence through 3 own showrooms, 56 franchise showrooms, and 19 factory outlets
- Opening of new showrooms and relocation initiatives to improve customer accessibility and brand visibility
- Ongoing website revamp initiative aimed at enhancing digital engagement and user experience
- Multi-channel customer engagement through digital platforms, call centres, exhibitions, and feedback mechanisms

Aluminium

- Strengthened market reach through 205 dealers, 07 Franchise Showroom, and 2,249 registered fabricators connected through the Alupenters.lk platform
- Launch of the Swisstek Aluminium Design Studio and new Reality Centres to enhance customer interaction and product experience

- Conducted architect, fabricator, and vocational training programmes to strengthen technical engagement and customer support
- Strong growth in e-commerce and digital customer engagement initiatives during the year

Packaging

- Maintained strong customer relationships across diversified sectors including FMCG, Tea, Apparel, Rubber, and export industries
- Continued focus on timely delivery, customised packaging solutions, and responsive customer support
- Strengthened export customer engagement through expansion into new regional markets
- Ongoing efforts to improve service levels, operational responsiveness, and long-term customer partnerships

Marketing, Branding & Product Labelling

The Group continued to strengthen brand visibility, customer engagement, and market position through integrated marketing campaigns, digital engagement initiatives, exhibitions, and industry collaborations. Marketing efforts remained focused on reinforcing brand value, showcasing product innovation, and enhancing customer awareness across both domestic and export markets.

Tiles & Associated Products

- Launched the thematic campaign “Creating Spaces You’d Love to Live In” supported by integrated digital and seasonal marketing campaigns
- Strengthened brand visibility through participation in the SLIA Exhibition 2026 and other industry engagement platforms
- Continued enhancement of digital platforms and customer-facing communication channels
- Ranked among Sri Lanka’s Most Valuable Brands with a AAA brand rating

Aluminium

- Strengthened brand positioning around premium architectural aluminium systems and modern design aesthetics
- Marketing campaigns focused on promoting the durability, low maintenance, and long-term value proposition of aluminium solutions
- Conducted architect, fabricator, and industry engagement programmes to improve technical awareness and product specification
- Expanded digital marketing and e-commerce initiatives supported by targeted campaigns and industry exhibitions
- Received several industry recognitions, including awards for product excellence and export branding

Packaging

- Continued to strengthen market positioning through customer-focused engagement and diversified industry presence
- Enhanced brand visibility through operational excellence, sustainability positioning, and export market expansion
- Maintained strong reputation through quality-focused operations and customer service initiatives
- Received multiple recognitions including Quality Circle Awards, Best Management Practices Awards, and Great Place to Work recognition

Suppliers

Lanka Walltiles recognises suppliers as key partners in supporting operational continuity, product quality, and long-term business sustainability. The Group continues to maintain collaborative supplier relationships focused on quality, reliability, responsible sourcing, and supply chain resilience.

Supplier engagement is supported through structured procurement processes, supplier evaluations, performance monitoring, and diversification initiatives aimed at strengthening supply continuity and operational efficiency. The Group sources raw materials, components, packaging materials, and operational consumables through a combination of local and international suppliers, depending on operational requirements and availability.

	Tiles & Associated Products	Aluminium	Packaging	Group
No. of local suppliers	1,203	193	605	2,001
No. of foreign suppliers	90	85	44	219
New suppliers during the year	4	60	166	230
Payments made to local suppliers Rs. Mn	15,068	1,785	4,693	21,546
Payments made to foreign suppliers Rs. Mn	4,628	5,495	3,971	14,094

SOCIAL & RELATIONSHIP CAPITAL

Supplier Screening & Selection Process

The Group maintains structured supplier screening and evaluation processes across all business segments to ensure the procurement of quality materials and services while supporting operational continuity, compliance, and responsible sourcing practices.

Key Supplier Evaluation Criteria

- Product and material quality standards
- Pricing competitiveness and commercial terms
- Delivery performance and supply reliability
- Compliance with environmental and regulatory requirements
- Financial stability and operational capability
- Ethical business practices and supplier transparency
- Availability of alternative sourcing and continuity support

Strategic Sourcing & Partnerships

The Group continues to strengthen strategic sourcing practices to support operational continuity, cost efficiency, and long-term supplier partnerships. Procurement strategies are focused on securing reliable supply sources, improving commercial efficiencies, and strengthening collaboration with key suppliers across both local and international markets.

Group-level procurement initiatives were implemented for key operational inputs including LPG, diesel, packaging materials, and selected raw materials, enabling improved pricing negotiations and supply stability through consolidated purchasing volumes. The Group also continued to strengthen long-term supplier relationships through ongoing engagement, performance reviews, and collaborative sourcing initiatives aimed at improving reliability, quality, and operational responsiveness.

Supply Chain Resilience & Continuity

The Group continued to strengthen supply chain resilience during the year in response to ongoing global logistics disruptions, commodity price volatility,

and operational uncertainties affecting international trade and transportation networks.

Key supply chain challenges

experienced during the year included:

- Global shipping delays and freight disruptions
- Volatility in raw material and fuel prices
- Port congestion and clearance delays
- Exchange rate fluctuations affecting imported material costs
- Geopolitical disruptions impacting shipping routes and fuel supply chains

To mitigate these risks, the Group implemented several operational and procurement measures, including supplier diversification, alternative sourcing arrangements, inventory planning improvements, and strengthened procurement coordination across business segments.

Supplier Diversification & Risk Management

Lanka Walltiles continued to implement supplier diversification initiatives to reduce dependency on single-source suppliers and strengthen procurement resilience across critical material categories.

Within the Aluminium segment, additional billet suppliers and alternative sourcing channels were introduced for key materials such as chemicals, powders, and operational consumables. The business maintained a structured supplier network supporting critical SKUs through both local and international suppliers.

Key risk management practices included:

- Multi-supplier sourcing strategies for critical materials
- Ongoing supplier evaluations and performance reviews
- Monitoring of supplier capability and continuity risks
- Inventory and procurement planning controls
- Supplier compliance and quality assessments

The Packaging segment also increased local sourcing of selected paper raw materials during the year to improve supply continuity and reduce import-related risks.

Sustainable & Ethical Sourcing

The Group remains committed to responsible procurement practices and ethical sourcing across our supply chain operations. Supplier engagement processes incorporate considerations relating to quality, transparency, environmental compliance, and responsible business conduct.

Key initiatives supporting sustainable and ethical sourcing included:

- Ethical procurement practices and transparent sourcing procedures
- Supplier evaluations aligned with ISO and environmental compliance requirements
- Monitoring of supplier quality and operational standards
- Increased focus on local sourcing opportunities where feasible
- Compliance with applicable environmental and regulatory requirements

Inventory & Supply Chain Optimisation

We continued to strengthen inventory management and supply chain optimisation practices to improve operational efficiency, reduce working capital pressures, and support timely product availability across operations.

Key initiatives implemented during the year included:

- Enhanced inventory planning and demand forecasting processes
- Pre-costing approval systems and S&OP (Sales and Operations Planning) processes
- Optimisation of receivables, payables, and inventory levels within the Aluminium segment
- Increased local sourcing of selected raw materials within the Packaging segment
- Improved procurement coordination and operational planning across business segments

Strategic Partnerships and Industry Collaborations

The Group continues to strengthen strategic partnerships and industry collaborations to support technical knowledge sharing, industry development, innovation, and long-term market growth. These partnerships enable the Group to strengthen engagement with architects, developers, fabricators, professional institutions, educational bodies, and industry associations across Sri Lanka and international markets.

Industry Engagement and Knowledge Sharing

During the year, the Group conducted several industry engagement and technical knowledge-sharing initiatives aimed at strengthening collaboration with professional bodies and industry stakeholders.

Key initiatives included:

- Continuous Professional Development (CPD) programmes conducted in collaboration with the Sri Lanka Institute of Architects (SLIA) and the Sri Lanka Institute of Interior Designers (SLIID)
- Fabricator training programmes and technical awareness sessions within the Aluminium segment
- Vocational training programmes conducted in partnership with the Vocational Training Authority (VTA)
- Participation in major industry exhibitions including the SLIA Exhibition and Construct Exhibition 2025

These initiatives supported knowledge transfer, technical capability development, and stronger engagement with industry professionals across the construction and manufacturing sectors.

Strategic Business Partnerships

The Group continued to strengthen strategic collaborations across customer, supplier, and international business networks.

Key partnership initiatives included:

- Expansion of the Swisstek Aluminium Design Studio and Reality Centre concept to strengthen customer and architect engagement
- Ongoing regional expansion initiatives through Lanka Swisstek India and Uni Dil Packaging Kenya operations
- Collaboration with international suppliers and technical consultants for product development and manufacturing enhancements
- Continued engagement with export customers and international market channels across Aluminium and Packaging operations

Industry Development and Capacity Building

The Group remains committed to supporting broader industry development through technical training, skills development, and stakeholder engagement initiatives.

During the year:

- Over 700 participants attended fabricator, architect, and vocational training programmes conducted by the Aluminium segment
- Monthly tiler training programmes were conducted in collaboration with the VTA to support skills development within the construction sector
- Technical engagement initiatives continued to support improved product knowledge, fabrication standards, and industry capability development across the Group's operating sectors

Community

At Lanka Walltiles PLC, community engagement forms an important part of the Group's commitment to sustainable and responsible business practices. The Group remains focused on building positive and long-term relationships with the communities connected to our operational footprint while contributing to broader social and economic development.

Community engagement efforts are centred around skills development, industry capacity building, employment generation, environmental responsibility, and stakeholder engagement. Through our operational presence, distribution network, and supplier ecosystem, the Group continues to support local economic activity and create indirect livelihood opportunities across multiple sectors.

During the year, the Group continued to engage with communities and industry stakeholders through vocational training programmes, technical knowledge-sharing initiatives, employee participation activities, and collaborative engagements conducted with professional institutions and industry bodies. These initiatives support broader sustainability objectives while contributing to long-term community development and industry advancement.

Outlook

The Group will continue to strengthen our social and relationship capital by deepening engagement with customers, suppliers, industry stakeholders, and communities. Key priorities for the coming year will include enhancing customer experience, expanding digital engagement platforms, strengthening supply chain resilience, and further developing long-term strategic partnerships across key business segments.

The Group also intends to continue investing in technical knowledge-sharing initiatives, industry development programmes, and community-focused engagements aimed at supporting skills development and strengthening stakeholder relationships. In parallel, greater emphasis will be placed on responsible sourcing, ethical business practices, and sustainable supply chain management to support long-term operational resilience and stakeholder trust.

Through these initiatives, Lanka Walltiles remains committed to strengthening collaborative relationships and creating sustainable value for all stakeholders connected to our operations.



MANUFACTURED CAPITAL

Lanka Walltiles continues to strengthen our manufactured capital base through investments in modern production technologies, operational efficiency improvements, process optimisation, and sustainable manufacturing practices across all our business segments. The Group's manufacturing strategy remains focused on enhancing capacity utilisation, improving product quality, strengthening operational resilience, and supporting long-term value creation through efficient and technologically advanced manufacturing systems.

The Group's manufactured capital also includes our distribution network that supports customer accessibility, operational reach, and market penetration across Sri Lanka. This includes 78 showrooms comprising own showrooms, franchise showrooms, factory outlets, aluminium dealers, and customer engagement centres that strengthen the Group's integrated building solutions platform.



Strategic Focus Areas and Initiatives for 2025/26

Strategic Focus Area	Key Initiatives	Outcomes
Manufacturing Efficiency & Yield Improvement	Process optimisation, kiln parameter enhancements, production monitoring improvements, strengthened quality controls	Yield improved to 83.5% while rejection rates reduced to 16.5% within the Tiles segment
Capacity Expansion & Optimisation	Completion of Meepe plant expansion, conversion of double-firing kilns to single-firing kilns, continuous ball mill operations	Floor tile production capacity increased significantly, improving throughput and operational efficiency
Product Innovation & Premiumisation	Introduction of porcelain tiles, 60x60cm formats, SLIMLINE aluminium systems, premium product ranges, customised packaging solutions	Strengthened higher-margin product portfolio and enhanced market competitiveness across segments
Distribution & Market Reach	Expansion of showroom network, launch of Design Studio and Reality Centres, strengthening dealer and fabricator networks	Enhanced customer accessibility, market penetration, and brand visibility across Sri Lanka

Highlights

- Completed major floor tile plant expansion, increasing production capacity and strengthening operational efficiency within the Tiles segment
- Yield improved to 83.9% while rejection rates reduced to 16.1% through process optimisation and quality improvement initiatives
- Expanded product innovation capabilities through the introduction of porcelain tiles, large-format tiles, SLIMLINE aluminium systems, and premium product ranges
- Strengthened nationwide market presence through an integrated network of 86 showrooms, dealer networks, reality centres, and digital customer platforms





Management Approach

The Group adopts a structured and integrated approach to managing manufactured capital across our business segments, with a focus on operational efficiency, product quality, capacity optimisation, technological advancement, and long-term business resilience. Manufactured capital management is aligned with the Group's broader strategic priorities of operational excellence, cost efficiency, sustainability integration, and customer value creation.

The Group's manufacturing and operational strategy is supported through continuous investments in plant modernisation, process optimisation, production technologies, distribution infrastructure, and digital systems aimed at enhancing productivity, reliability, and operational flexibility.

Manufactured Capital by Type	
	(Rs.Mn)
Plant & Machinery	12,226
Buildings	7,072
Motor Vehicles	235
Showroom fixtures & fittings Tools	794
Water Supply & Electricity Distribution	982
Total	21,308

Segmental Analysis of Groups' Capital Expenditure		
	2025/26 Rs.Mn	2024/25 Rs.Mn
Tiles & associated products	1,105	2,946
Aluminium	265	169
Packaging	1,031	399
Total	2,401	3,514

Operational Excellence and Process Optimisation

The Group continued to implement process improvement and operational optimisation initiatives across manufacturing operations during the year. These included:

- Kiln parameter optimisation and drying process improvements
- Continuous production monitoring and quality control enhancements
- Preventive maintenance and equipment reliability initiatives
- Production planning and line balancing improvements
- Yield enhancement and defect reduction programmes

These initiatives contributed to measurable improvements in manufacturing performance, including increased production yield, reduced rejection rates, improved energy efficiency, and enhanced operational stability.

Technology and Infrastructure Development

The Group further strengthen our manufacturing capabilities through investments in advanced machinery, plant upgrades, automation-related initiatives, and process technologies.

Key developments during the year included:

- Completion of floor tile plant expansion projects
- Introduction of continuous ball mill operations and new production systems
- Installation of new kilns, glazing lines, and sorting systems
- Launch of new aluminium architectural systems and fabrication capabilities
- ERP enhancements and digital production monitoring initiatives
- Expansion of showroom, reality centre, and customer engagement infrastructure

Sustainability Integration

Sustainability considerations continue to be integrated into manufactured capital management through investments in energy-efficient technologies, renewable energy utilisation, water recycling systems, and waste reduction initiatives.

Key focus areas include:

- Improving thermal and energy efficiency in manufacturing operations
- Expansion of solar power utilisation
- Water recycling and process optimisation systems
- Resource-efficient manufacturing practices
- Continuous evaluation of cleaner technologies and process innovations

Through these initiatives, the Group continues to strengthen operational resilience, improve manufacturing performance, and support sustainable long-term growth across our diversified operations.

MANUFACTURED CAPITAL

Our Production Facilities

Lanka Walltiles PLC – Facility in Meepe

The Meepe manufacturing facility of Lanka Walltiles PLC serves as one of the Group’s key production locations within the Tiles segment, supporting the manufacture of wall tiles, floor tiles, porcelain products, trims, and associated premium tile solutions. The facility plays a significant role in supporting the Group’s manufacturing capabilities, product innovation, and operational efficiency initiatives across the domestic and export markets.

The facility underwent significant operational transformation during the year with the commissioning and stabilisation of the expanded floor tiles plant and related process upgrades aimed at improving throughput, efficiency, and product quality. While the expansion project initially commenced during FY 2022/23, commissioning and full operational stabilisation were completed during the current year due to delays and operational challenges encountered during the implementation phase.

Operational Overview

During FY 2025/26, the Meepe facility operated multiple production lines, including:

- Wall tiles production line
- Floor tiles production line
- Mosaic line (operated during part of the year before transfer to Lanka Tiles PLC)
- Trim tiles production line

Lanka Tiles PLC – Facility in Ranala

The Ranala manufacturing facility of Lanka Tiles PLC is one of the Group’s key tile manufacturing facilities, supporting the production of ceramic and porcelain floor tiles, wall tiles, mosaic products, and premium tile solutions for both domestic and export markets. The facility plays an important role in supporting operational continuity, product diversification, and manufacturing flexibility within the Group’s Tiles segment.



Performance Indicators

Capacity (per day)	13,500 Sqm
Capacity Utilisation	75.95 %
Actual Production	2,742,335 SQM
Modifications	<ul style="list-style-type: none"> • Kiln parameter optimisation • Drying process improvements • Strengthened preventive maintenance programmes • Enhanced production monitoring systems • Improved coordination between production, engineering, and maintenance teams • Quality improvement and defect reduction initiatives • Raw material and glaze formulation optimisation
Capex	Rs. 12,673 Mn
Key Sustainability Initiatives	<ul style="list-style-type: none"> • Improvement of kiln thermal efficiency • Renewable energy contribution through the Group’s 1.5 MW solar photovoltaic system • Water recycling systems within polishing plant operations • Evaluation of waste heat recovery systems for kiln operation
Certifications	ISO 14001 Environmental Management System certification ISO 9001 Quality Management System certification Green Label certification CE Marking and SLS compliance certifications SLS 1181-Certificate of conformity issued by Sri Lanka standard Institute

The facility is equipped to manufacture a diverse range of tile sizes and product categories, enabling greater manufacturing flexibility and product mix optimisation. The facility produces multiple tile formats including 30x30 cm, 50x50 cm, 30x60 cm, 60x60 cm, 80x80 cm, 60x120 cm, and 80x120 cm tiles, in addition to various mosaic tile formats. Its product portfolio comprises glazed ceramic tiles, glazed porcelain tiles, glazed polished tiles, vitrified tiles,

and mosaic tiles, supporting the Group’s focus on value-added and premium product offerings across both domestic and export markets.

The Ranala facility remains strategically important to the Group due to its multi-format tile manufacturing capability and its ability to support a broad portfolio of premium and value-added product categories.



Operational Overview

The Ranala facility continued to focus on operational efficiency, yield improvement, energy optimisation, and product mix enhancement during FY 2025/26. The facility maintained stable manufacturing operations while strengthening its capability to produce a broader portfolio of value-added and premium tile products.

The Ranala manufacturing facility of Lanka Tiles PLC is one of the Group's key tile manufacturing facilities, supporting the production of ceramic and porcelain floor tiles, wall tiles, mosaic products, and premium tile solutions for both domestic and export markets. The facility plays an important role in supporting operational continuity, product diversification, and manufacturing flexibility within the Group's Tiles segment.

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Operational Overview

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FY 2025/26. The facility maintained stable manufacturing operations while strengthening its capability to produce a broader portfolio of value-added and premium tile products.

Performance Indicators

Capacity (per day)	16,250 Sqm
Capacity Utilisation	72.84%
Actual Production	4,690,009 Sqm
Modifications	<ul style="list-style-type: none"> Enhancements to production monitoring and quality control systems Heat recovery system improvements enabling reuse of kiln exhaust heat within drying operations, reducing LPG consumption Product mix optimisation initiatives supporting the manufacture of larger format and premium tile products
Capex	Rs. 8,240 Mn
Key Sustainability Initiatives	<ul style="list-style-type: none"> Heat recovery system implemented to capture waste heat from Kiln 05 exhaust gases Recovered heat redirected to vertical dryers and spray dryers Reduction in LPG consumption through heat reuse systems Squaring powder generated during grinding operations recycled back into ceramic body formulations at approximately 3.44% Pallet recycling programme implemented to repair and reuse damaged pallets internally Recycled water reused within milling, squaring, and polishing operations
Certifications	<ul style="list-style-type: none"> SLS ISO 45001 Certificate Green Label Product Certification

MANUFACTURED CAPITAL

Swisstek (Ceylon) PLC - Ballummahara

The Ballummahara facility of Swisstek (Ceylon) PLC serves as the Group's primary manufacturing location for associated building products, supporting the production of tile adhesives, grout, skim coat, waterproofing solutions, roofing products, and other value-added construction materials. The facility plays an important role in strengthening the Group's integrated building solutions portfolio while supporting operational efficiency, product innovation, and market expansion initiatives.

Operational Overview

During FY 2025/26, the Ballummahara facility operated multiple production lines supporting the manufacture of adhesives, grout, skim coat, roofing products, and waterproofing solutions. The facility continued to focus on optimising existing production capacity, improving operational efficiency, strengthening product offerings, and enhancing market penetration across its core product categories while supporting the Group's broader integrated building solutions strategy.

Swisstek Aluminium Limited – Dompe

This facility of Swisstek Aluminium Limited serves as the Group's primary aluminium manufacturing and processing facility, supporting the production of aluminium profiles, architectural systems, engineered solutions, and value-added aluminium products for both domestic and export markets. The facility plays a strategically important role in strengthening the Group's position as

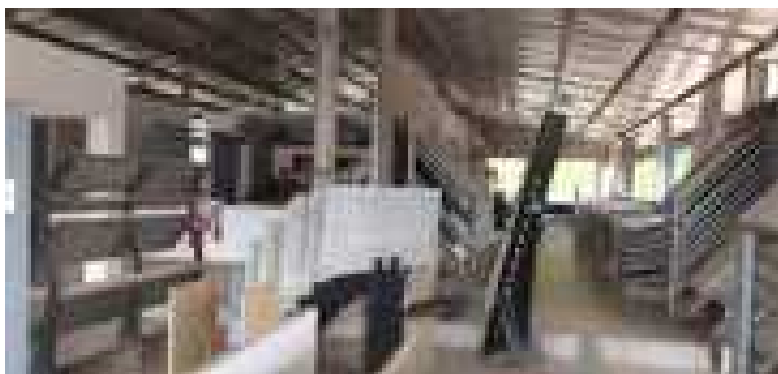
an integrated building solutions provider while supporting product innovation, operational efficiency, and long-term manufacturing growth.

Operational Overview

During FY 2025/26, the Dompe facility continued to focus on operational optimisation, product innovation, manufacturing efficiency, and market expansion across the Aluminium segment.

Performance Indicators

Capacity per annum	90,618 MT
Capacity Utilisation	80.7%
Actual Production	73,094 MT
Modifications	<ul style="list-style-type: none"> • Packing automation for grout production • SAP ERP system upgrades • Improved production planning and inventory coordination • Capacity planning and process optimisation initiatives
Capex	Rs. 2,196 Mn
Key Sustainability Initiatives	<ul style="list-style-type: none"> • Installation of capacitor banks for energy cost reduction • Solar drying of raw materials as a substitute for fuel-based drying processes • Focus on reducing fuel consumption and improving operational efficiency
Certifications	<ul style="list-style-type: none"> • SLS ISO 9001 • SLS 1375/SLS 1376



The facility supports a broad range of operations including aluminium extrusion, powder coating and finishing, fabrication and system development, architectural aluminium solutions manufacturing, and the development of value-added and customised aluminium products. During the year, the facility further strengthened its operational capability through process improvements, production optimisation initiatives, and investments in engineered aluminium systems and customer-focused solutions, supporting the Group's continued focus on premium architectural applications and integrated building solutions.

Performance Indicators

Capacity per annum	9,000 MT
Capacity Utilisation	77.7%
Actual Production	6,993 MT
Modifications	<ul style="list-style-type: none"> • Expansion of fabrication and customised system development capabilities • ERP and digital system enhancements supporting production planning and operational monitoring • Improvements in inventory management and operational coordination systems • Strengthening of powder coating and finishing process capabilities
Capex	Rs. 265 Mn
Key Sustainability Initiatives	<ul style="list-style-type: none"> • Energy efficiency improvement initiatives within extrusion and finishing operations • Process improvements supporting lower material losses and operational efficiency • Environmentally compliant powder coating and finishing systems
Certifications	<ul style="list-style-type: none"> • ISO 9001:2015 Quality Management System • SLS 1410:2011 certification • QUALICOAT SEASIDE certification for powder coating operations • Green Label certification for environmentally responsible products



Uni Dil Packaging - Dekatana

The Dekatana facility of Uni Dil Packaging serves as the Group's primary packaging manufacturing facility, supporting the production of corrugated cartons, paper sacks, and customised packaging solutions for both domestic and export-oriented industries. The facility plays a strategically important role in supporting the Group's packaging operations through diversified product capabilities, operational efficiency initiatives, and expanding regional market presence.

Operational Overview

During FY 2025/26, the Dekatana facility continued to focus on operational efficiency, product diversification, supply chain resilience, and customer-focused manufacturing solutions. The facility supports the manufacture of corrugated cartons, paper sacks, industrial and export packaging solutions, as well as customised and value-added packaging products serving a diversified customer base across FMCG, Tea, Apparel, Rubber, and export-oriented industries. Through its integrated manufacturing capability, the facility continued to support both domestic and international market demand while strengthening its position within Sri Lanka's packaging sector

Showroom Network

Lanka Walltiles maintains an extensive nationwide showroom and distribution network supporting customer accessibility, market penetration, and brand visibility across Sri Lanka. The Group's showroom network forms a key component of our customer engagement and distribution strategy, enabling direct interaction with homeowners, architects, interior designers, developers, contractors, and retail customers.

As at FY 2025/26, the Tiles segment operated a total network comprising 3 own showrooms, 56 franchise showrooms, and 19 factory outlets, supported by 45 direct dealers and over 501 sub-dealers across the country. The network is complemented by customer support channels including a dedicated call centre and ongoing digital engagement initiatives.

During the year, the Group further strengthened our market presence through the opening of three new

MANUFACTURED CAPITAL

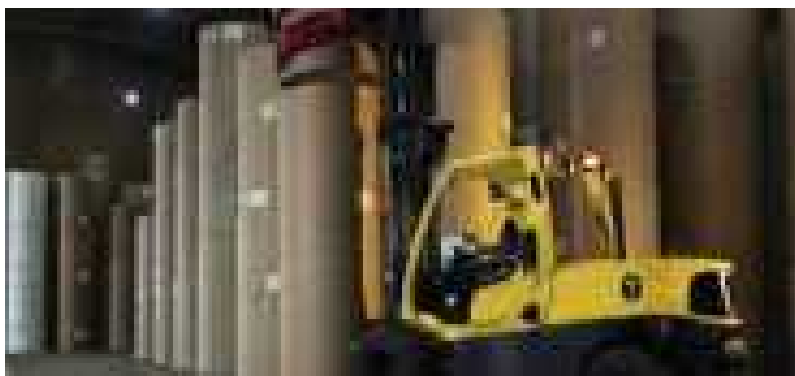
Performance Indicators

Capacity per annum	33,000 MT
Capacity Utilisation	87.1%
Actual Production	28,756 MT
Modifications	<ul style="list-style-type: none"> Capacity expansion and technology upgrade initiatives across selected operations Operational efficiency initiatives focused on reducing waste, improving productivity, and strengthening manufacturing responsiveness
Capex	Rs. 881 Mn
Key Sustainability Initiatives	<ul style="list-style-type: none"> Focus on reducing operational waste and improving resource efficiency
Certifications	<ul style="list-style-type: none"> SLSISO 14001 SLSISO 9001 ISO 22000 SLS 1474 SLS 1492

showrooms in Palawatta, Galle and Jaffna the relocation of one existing showroom in Panadura, Minuwangoda and Rathnapura to improve customer accessibility and enhance brand visibility within key regions. In addition, showroom enhancement initiatives and digital engagement improvements continued through the ongoing website revamp project and integrated marketing

campaigns aimed at strengthening customer experience and omnichannel engagement.

The showroom network also serves as a platform for showcasing the Group's expanding portfolio of premium and value-added tile solutions while supporting technical engagement and design consultation across the construction and home finishing sectors.



Outlook

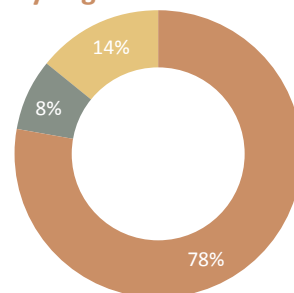
The Group will continue to strengthen our manufactured capital base through targeted investments in operational efficiency, product innovation, process optimisation, and sustainable manufacturing practices. Key priorities for the coming year will include improving manufacturing yield, enhancing energy and resource efficiency, expanding higher-margin product offerings, and strengthening digital integration across operational processes.

The Group also intends to continue investing in product development, engineered solutions, and customer-focused manufacturing capabilities to support evolving market demand and strengthen competitiveness across both domestic and export markets.

As part of our retail expansion strategy, Lanka Walltiles PLC also plans to increase the number of company-owned showrooms from the current network to 10 own showrooms over the medium term, further strengthening direct customer engagement, brand visibility, and market accessibility across key regions. Continued investments in showroom infrastructure, customer engagement centres, and digital platforms are expected to further enhance customer experience and support long-term market expansion.

Through these initiatives, the Group remains focused on strengthening operational resilience, manufacturing excellence, and sustainable long-term growth across our diversified manufacturing portfolio.

Manufactured Capital By Segment



- Tile & Associated Products
- Aluminium
- Packaging

SHOWROOMS

As part of our strategic focus on strengthening our export footprint and enhancing global brand visibility, The Group achieved a key milestone with the inauguration of a branded showroom in the Maldives. This initiative was undertaken in partnership with our international distributor, Alba International Pvt Ltd, and represents a significant step forward in our efforts to penetrate high-growth international markets.

The new showroom has been thoughtfully designed to deliver an immersive brand experience, showcasing a curated selection of our premium ceramic and porcelain tile collections. Tailored to meet the aesthetic and functional demands of the Maldivian market—particularly within the fast-growing hospitality and construction sectors—the showroom enhances our ability to serve international clients more effectively and reinforces Lanka Tiles’ position as a trusted global brand in surface solutions.

NO	LOCATION	SHOWROOM ADDRESS	
1	Aluthgama	409, Galle Rd, Aluthgama	034 2272409
2	Anuradhapura	20/1, Thibirikadawala, Jayanthi Mw, Anuradhapura	025 2234233
3	Ambalangoda	10, Main Street, Ambalangoda	091 2258288
4	Ambalantota	Tissa Rd, Dehigahalanda, Amalantota	047 2225361
5	Ampara	774, Browns Jun., Kalmunai Rd, Ampara	063 2224942
6	Athurugiriya	182, Pore, Athurugiriya	011 2562506
7	Avissawella	260, Kiriwandala, Avissawella	036 2237026
8	Badulla	315, Passara Rd, Badulla	055 2231395
9	Balangoda	350/G, Rathnapura Rd, Balaghamulla Rd, Balangoda	045 2289996
10	Bandarawela	482, Badulla Rd, Bandarawela	057 2221400
11	Batticaloa	384B, New Kalmunai Rd, Navatkuda Rd, Batticaloa	065 2058500
12	Boralesgamuwa	128, Diwulapitiya, Boralesgamuwa	011 4348164
13	Borella	No 79/B, Dr. N. M. Perera Mw, Colombo 8.	011 4526700
14	Chilaw	160, Colombo Rd, Maikkulama, Chilaw	032 2223661
15	Digana	61/4, Mahiyangana Rd, Digana, Rajawella	081 2376336
16	Dambulla	27, Kurunagala , Dambulla	066 2285077
17	Dickwella	97/19, Tangalle Matara Main Rd, Dickwella	041 2256140
18	Galle	357, Baddegama Rd, Dangedara, Galle	091 2233411
19	Gampaha	23, Queen Mary Rd, Gampaha	033 2231810
20	Gampola	98/A, Nawalapitiya Rd, Gampola	081 2353126
21	Embilipitiya	Ratnapura Rd, Pallegama , Embilipitiya	047 2263012
22	Horana	580, Panadura Rd , Horana	034 2266967
23	Jaffna	212, Palaly Rd, Kantharamadam Jun., Jaffna	021 2223150
24	Ja-Ela	351, Colombo Rd, Weligampitiya, Ja-Ela	011 2244885
25	Kadawatha	572/A, Kandy Rd, Ranmuthugala, Kadawatha	011 2969993
26	Kaduwela	160/10/U, Bandarawatta, Biyagama, Kaduwela	011 2487791
27	Kandy	130, Uda Mahayyawa, Kandy	081 2226889
28	Kegalle	714/A, Kandy Rd, Meepitiya, Kegalle	035 2221695
29	Kiridiwela	65, Nugahenawatta, Kiridiwela	033 2253892
30	Kiribathgoda	199, Kandy Rd, Kelaniya	011 2269914
31	Kottawa	327, High Level Rd, Makumbura, Pannipitiya	011 2178207
32	Kuliyapitiya	122, Hettipola Rd, Kuliyapitiya	037 4550554
33	Kurunegala	250, Negombo Rd, Kurunegala	037 2056130
34	Kaluthara	461, Galle Rd, Kaluthara South	034 2226288
35	Mahiyanganaya	44 1/2, Padiyathalawa Rd, Mahiyanganaya	055 2258550
36	Malabe	302/6, Kaduwela Rd, Koswatta, Thalangama North	011 2072771
37	Matale	859, Trincomalee street, Mandandawala, Malate	066 2231042
38	Matugama	206, Agalawatta Rd, Matugama	034 2249054
39	Minuwangoda	88, Airport Rd, Boragodawatta, Minuwangoda	011 2294945
40	Monaragala	132/1, Wellawaya Rd, Monaragala	055 2277046

MANUFACTURED CAPITAL

NO	LOCATION	SHOWROOM ADDRESS	
41	Moratuwa	468, Galle Rd, Moratuwa	011 2642355
42	Matara	247, Kotuwegoda, Matara	041 2238393
43	Nawala	No.215,Nawala Road ,Narahenpita ,Colombo 05.	0114526700
44	Nugegoda	No 37, Nawala Road, Nugegoda	0112813396
45	Negombo	495, Colombo Rd, Negombo	031 2234162
46	Nittambuwa	2, Kandy Rd, Nittambuwa	033 2051775
47	Panadura	4, Sri Medananda Rd, Panadura	038 2240897
48	Pelawatta	No.526 A & B Pannipitiya Road, Thalangama, Pelawatta, Battaramulla	011 4526700
49	Peradeniya	255, Udaeriyagama, Peradeniya	081 2386204
50	Rathnapura	132B, Batugedara, Ratnapura	045 2230263
51	Trincomalee	485, Kandy Rd, Abeyapura, Trincomalee	026 2228919
52	Vavuniya	58, Jaffna Rd, Vavuniya	024 2227250
53	Warakapola	229/A, Kandy Rd, Warakapola	035 2267506
54	Wariyapola	221, Kurunegala Rd, Wariyapola	037 2268063
55	Wattala	580, Negombo Rd, Mabola, Wattala	011 2948355
56	Wellawaya	Weerasekara Gama, Wellawaya	055 2055083
57	Welimada	90, Badulla Road, Welimada	057 2245845
58	Wennappuwa	350/A, Chilaw Rd, Kolinjadiya, Wennappuwa	031 2255444
59	Galle Metro	145, Matara Rd, Galle	091 2231755
60	Jaffna New	498/1, Jaffna-Kankesanturai Rd, Jaffna	021 2228992

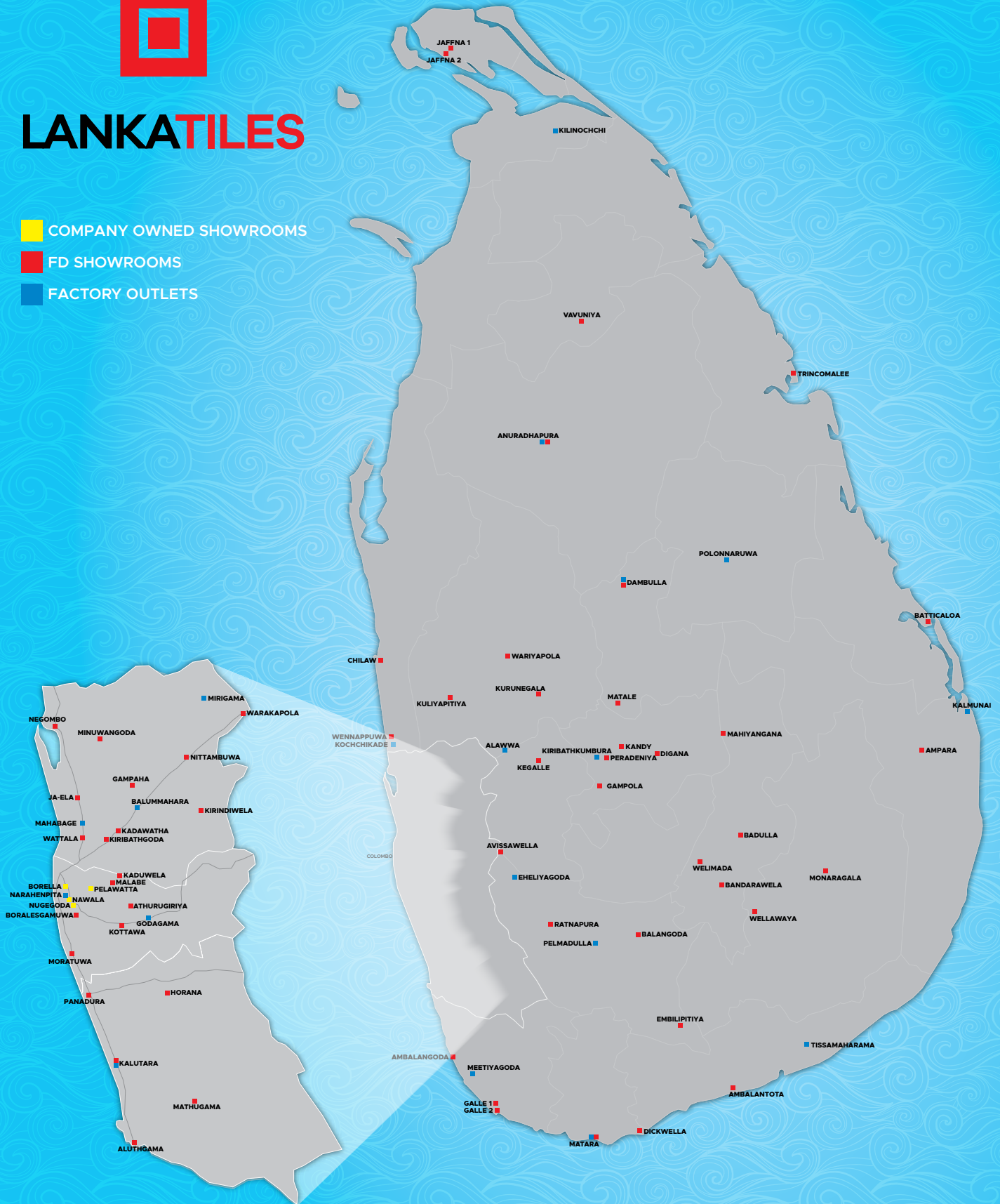
FACTORY OUTLET CHANNEL

NO	LOCATION	SHOWROOM ADDRESS	
1	Balummahara	Balummahara, Imbulgoda	033 4930590
2	Alawwa	87A, Colombo Rd, Wariyagoda , Alawwa	037 2277340
3	Anuradhapura	74/4, Niwaththakachethiya Rd, Anuradhapura	025 7500177
4	Dambulla	318, Kurunagala road, Dambulla	066 2284652
5	Eheliyagoda	Bendaluwa , Parakaduwa	036 2256734
6	Godagama	774/A, High Level Rd, Panagoda , Homagama	011 2895782
7	Kalmunai	306B, Batticaloa Rd, Pandiruppu,2C, Kalmunai	067 2058858
8	Kilinochchi	175, Karadipokku Junction, A9 Rd, Kilinochchi	021 2285942
9	Kandy	369E, Colombo Rd, Embilmeegama, Pilimathalawa	081 2389439
10	Kochchikade	533/1, Chillaw Rd, Welihena, Kochchikade	031 2210444
11	Mahabage	431, Negombo Rd, Welisara, Ragama	011 3433744
12	Matara	12, St Thomas Mw, Matara	041 2221267
13	Meerigama	3M, Negombo Rd, Rendapola, Meerigama	033 2210071
14	Meetiyyagoda	LCL, Baddegama Rd, Meetiyyagoda.	091 4937383
15	Polonnaruwa	516,28th Mile Post, Batticaloa Rd, Kadueuwela, Polonnaruwa	027 2550600
16	Pelmadulla	222, Gurudola, Pelmadulla	045 2276753
17	Puttalam	188, Puttalam Rd, Thalgaskanda , Palavi	032 2265122
18	Thissamaharama	Sarada Building, Hambanthota Rd, Tissamaharama	047 2239123
19	Narahenpita	No: 45/100,Nawala Road, Narahenpita Colombo 05.	0112055001



LANKATILES

- COMPANY OWNED SHOWROOMS
- FD SHOWROOMS
- FACTORY OUTLETS



NATURAL CAPITAL

As a manufacturing-driven Group operating across the Tiles, Aluminium, and Packaging sectors, Lanka Walltiles recognises natural capital as essential to long-term sustainability and operational resilience. The Group remains focused on the responsible management of raw materials, energy, and water, while minimising environmental impacts across our operations.

Environmental management is guided by structured governance frameworks, regulatory compliance, and internationally recognised standards, including ISO 14001 Environmental Management Systems . Ongoing investments in process optimisation, renewable energy, waste reduction, and resource efficiency initiatives continue to strengthen environmental performance, operational efficiency, and long-term value creation.



Strategic Focus Areas and Initiatives for 2025/26

Strategic Focus Area	Key Initiatives	Outcomes
Energy Efficiency & Climate Action	Kiln and process optimisation, LED lighting upgrades, heat recovery initiatives, solar power generation	Reduced energy intensity, lower fuel consumption, improved operational efficiency
Water Stewardship	Water recycling systems, sub-metering, wastewater treatment, monitoring of water usage	Improved water recycling rates, reduced freshwater consumption, lower water intensity
Raw Material & Resource Efficiency	Optimisation of material formulations, reuse of production scrap, sustainable sourcing practices	Reduced material wastage, improved resource utilisation, enhanced cost efficiency
Waste Management & Circularity	Waste segregation, recycling initiatives, reuse of tile and aluminium scrap	Increased recycling, reduced waste to landfill, improved circular resource use
Sustainable Manufacturing & Innovation	Process improvements, energy-efficient technologies, cleaner production initiatives	Enhanced environmental performance, reduced operational impact, strengthened sustainability integration

Highlights

- **42% water** recycled across tile manufacturing operations
- Energy intensity **reduced to 5.40 GJ/MT** through process optimisation initiatives
- **1.5 MW solar power system** supporting renewable energy generation
- **ISO 14001-certified** environmental management systems maintained across operations





Our Monetised Natural Capital

The Group possesses a substantial portfolio of land assets, including mining land and other freehold properties utilised for key commercial activities such as manufacturing facilities, showrooms, and warehousing operations. A significant portion of these assets comprises over 105 acres of mining land, which supports the long-term sustainability of the Group's manufacturing operations.

These mining resources play an important role in securing in-house clay requirements, helping maintain a stable and reliable supply of critical raw materials while strengthening supply chain resilience. By ensuring access to essential resources, the Group enhances operational continuity, reduces exposure to supply-related disruptions, and supports the long-term stability and sustainability of our operations.

Material Management

The Group adopts a structured approach to material management to ensure the efficient utilisation of raw materials while minimising waste and environmental impact across our manufacturing operations. Raw material consumption is closely monitored through production planning, formulation optimisation, and process controls to improve yield and reduce operational losses.

Efficient Use of Raw Materials

Raw materials remain a critical input across the Group's manufacturing operations, particularly within the Tiles and Aluminium businesses.

Management Approach

Lanka Walltiles adopts a structured and integrated approach to managing natural capital across all our business segments. Environmental considerations are embedded into operational decision-making processes, supporting the responsible use of raw materials, energy, and water while minimising environmental impacts across the value chain.

The Group's environmental management practices are guided by established governance frameworks and internationally recognised standards, including ISO 14001 Environmental Management Systems. Performance is monitored through regular reviews, environmental audits, operational KPIs, and compliance assessments to support continuous improvement.

Key Focus Areas

- Improving resource efficiency through process optimisation and operational controls
- Reducing energy and water intensity across manufacturing operations
- Expanding renewable energy utilisation and energy-efficient technologies
- Strengthening waste management, recycling, and circular resource use
- Promoting responsible sourcing and supplier sustainability practices
- Ensuring compliance with environmental regulations and standards
- Enhancing environmental monitoring and risk management systems

Through these initiatives, the Group continues to strengthen environmental stewardship while supporting operational resilience, cost efficiency, and long-term sustainable value creation.

Non renewable Material Usage by sector				
Sector	Unit	2025/26	2024/25	%
Tiles & Associated Products	MT	176,242	164,294	7
Aluminium	MT	11,085	9,233	20
Packaging	MT	32,291	30,496	6
Total	MT	219,618	204,023	8



NATURAL CAPITAL

Key initiatives implemented during the year included:

- Optimisation of body and glaze formulations
- Reduction of process-related material wastage
- Improved inventory and material planning practices
- Reuse of recyclable internal process materials
- Increased focus on locally sourced raw materials where feasible

The Tiles segment recorded a recycled material utilisation rate of approximately 11% during the year.

Recycling and Resource Recovery

The Group continues to promote circular resource utilisation through the recovery and reuse of production waste and recyclable materials across operations.

Key practices include:

- Reuse of aluminium scrap within manufacturing processes
- Recycling of unfired ceramic waste and process materials back into production
- Use of fired tile waste as filler material through external recycling channels
- Structured waste segregation and disposal practices across operations

Responsible Sourcing and Supply Continuity

The Group continues to strengthen supplier engagement and sourcing practices to support operational continuity and reduce supply-related risks. Supplier evaluations, quality assessments, and sourcing diversification initiatives are implemented across business segments to improve reliability and sustainability within the supply chain.

In the Aluminium segment, supplier diversification initiatives were undertaken to strengthen procurement resilience, with critical raw materials sourced through both local and international supplier networks.

Through these initiatives, the Group continues to improve material efficiency, strengthen operational resilience, and support more sustainable resource utilisation across our manufacturing operations.

Energy Management

Energy management remains a key focus area across the Group's manufacturing operations, given the energy-intensive nature of the Tiles, Aluminium, and Packaging sectors. The Group continues to implement initiatives aimed at improving energy efficiency, reducing fuel consumption, and increasing the contribution of renewable energy within our operations.

Material Consumption by Type (MT)

Type	2025/26	2024/25
Renewable		
Chemicals	633	715
Constarch	575	866
Ink	119	107
Paper	31,597	29,523
Powder	149	105
Total	33,073	31,316
Non-renewable		
Billets	10,303	8,413
Ball clay	46,278	41,215
Feldspar	67,706	64,079
Cement	28,933	20,993
Kaolin	14,599	14,187
Silica sand	18,592	23,566
Frit	134	216
Total	186,545	172,669

Energy Intensity by Sector

Sector	Unit	2025/26	2024/25	%
Tiles & Associated Products	GJ/SQM	176,242	164,244	7
Aluminium	GJ/MT	11,085	9,233	20
Packaging	GJ/MT	32,291	30,496	6
Total	GJ/MT	219,618	203,973	6

Energy Efficiency and Process Optimisation

The Group maintains structured energy monitoring systems across operations, with energy consumption tracked through operational measurements, fuel records, and production-based intensity indicators. Continuous process optimisation initiatives were undertaken during the year to improve operational efficiency and reduce energy intensity.

Key initiatives implemented during the year included:

- Kiln and drying process optimisation within tile manufacturing operations
- Improvements to anodising cooling and rectifier systems in the Aluminium segment
- Installation of energy-efficient LED lighting systems
- Introduction of multi-billet preheaters and improved homogenizing oven systems to reduce LPG consumption
- Continuous monitoring of energy usage across production processes

These initiatives contributed to measurable efficiency improvements across operations. In the Aluminium segment, anodising process improvements generated 4% energy savings, while fuel efficiency initiatives achieved savings of approximately 45 kg/MT in LPG consumption.

Renewable Energy Integration

The Group continues to expand the use of renewable energy to reduce reliance on conventional energy sources and strengthen long-term energy sustainability.

Key renewable energy initiatives include:

- Operation of a 1.5 MW grid-connected solar power system within the Tiles segment
- Ongoing solar power generation within Aluminium operations, contributing to renewable electricity utilisation
- Increased focus on energy-efficient technologies and cleaner production systems

Energy Consumption by Type			
Type	Unit (000)	2025/26	2024/25
Renewable			
Firewood/Biomass	Kg	2,891	3,592
Solar power	KWh	722	988
Non-renewable			
Diesel	Litre	512	552
Furnace oil	Litre	424	462
LPG	Kg	16,252	16,375
Purchased electricity from CEB	KWh	45,792	43,900
Kerosene	Litre	82	75

Water Intensity By Sector				
Sector	Unit	2025/26	2024/25	%
Tiles & Associated Products	Litres/SQM	23	31	(26)
Aluminium	Litres/MT	699	685	2
Packaging	Litres/MT	904	956	(5)
Grout & Mortar	Litres/MT	163	178	(8)

Water withdrawal by source (Mn Litres)			
Type	2025/26	2024/25	%
Ground water	80	98	(18)
Municipal water	13	10	27
Surface water	101	81	25
Third party supply	14	23	(39)
Total	208	212	(2)

Water Discharge by Destination (Mn Litres)			
Type	2025/26	2024/25	%
Municipality sewerage, drainage lines	4	8	(43)
To ground through soakage pits	28	22	27
To rivers, lakes, wetlands	41	47	(13)
Recycled	92	32	188
Total	165	109	52

Within the Tiles segment, renewable energy consumption decreased to approximately 3.48 Mn MJ during the year, while renewable energy contribution improved to approximately 5.72% of total energy consumption .

Energy Performance

The Group continued to record improvements in energy efficiency during the year through operational controls and process optimisation initiatives.

NATURAL CAPITAL

Key performance indicators included:

- Reduction in total energy consumption within tile operations to 309.6 Mn MJ
- Improvement in energy intensity from 8.37 GJ/MT to 6.64 GJ/MT within the tiles segment
- 10% reduction in electricity costs supported by solar power generation initiatives

The Group recognises water as a critical resource across our manufacturing operations and continues to strengthen water stewardship practices through monitoring, recycling, and process optimisation initiatives. Water management efforts are focused on improving efficiency, reducing freshwater consumption, and ensuring responsible discharge practices in compliance with environmental regulations.

Water Monitoring and Conservation

Water consumption across operations is monitored through metering systems and operational reviews to identify opportunities for conservation and efficiency improvements. Water usage is mapped across key production areas, enabling closer monitoring of consumption trends and supporting targeted reduction initiatives.

Key initiatives implemented during the year included:

- Increased use of recycled water within production processes
- Continuous monitoring of water consumption across operational areas
- Process optimisation initiatives to reduce freshwater usage
- Wastewater treatment and controlled discharge practices
- Leak detection and preventive maintenance initiatives

Water Recycling and Reuse

The Group continues to strengthen circular water management practices through recycling and reuse initiatives across manufacturing operations.

Key highlights during the year included:

- Water recycling rates within the tiles

segment increased to approximately 24.3% at Meepe operations

- Ranala operations achieved water recycling levels of approximately 81.7% through process reuse initiatives
- Recycled water continued to be utilised within production processes, including polishing and body preparation operations

These initiatives contributed to reductions in freshwater withdrawal and improved operational water efficiency.

Wastewater Treatment

The Group maintains wastewater treatment systems across our manufacturing operations to ensure that effluent discharge complies with applicable environmental regulations and standards. Effluent water generated from manufacturing processes is treated through controlled treatment processes prior to discharge or reuse within operations.

Within the Tiles segment, treated wastewater is reused in selected production processes, contributing to reduced freshwater withdrawal and improved circular water utilisation. Water quality monitoring and discharge testing are conducted through certified external laboratories and regulatory authorities to ensure compliance with environmental standards.

Water Performance and Compliance

The Group continued to improve water efficiency indicators during the year while maintaining compliance with applicable environmental regulations and discharge standards.

Key performance indicators included:

- Reduction in water intensity at Meepe operations from 1.56 m³/MT to 1.12 m³/MT
- Reduction in water intensity at Ranala operations from 0.033 m³/m² to 0.027 m³/m²
- No significant non-compliance incidents relating to water discharge limits during the year

Through these initiatives, the Group continues to strengthen responsible

water stewardship, improve resource efficiency, and support sustainable manufacturing practices across our operations.

The Group continues to strengthen our approach to emissions management across all manufacturing operations through process optimisation, energy efficiency initiatives, environmental monitoring, and compliance-driven operational controls. Emissions management remains a key focus area given the energy-intensive nature of the Tiles, Aluminium, and Packaging sectors.

Monitoring and Compliance

The Group maintains structured environmental monitoring practices to manage emissions arising from manufacturing activities, including kiln operations, fuel combustion, and industrial processing. Emission monitoring programmes are conducted in line with applicable environmental regulations and licence requirements, supported by periodic testing and compliance reviews.

Key measures implemented across operations include:

- Monitoring of stack emissions and air quality parameters
- Control of dust, fumes, and process-related emissions
- Preventive maintenance of filters, dust collectors, and process equipment
- Monitoring of boundary noise and environmental contamination levels
- Compliance with Environmental Protection Licences (EPLs) and related regulations

The Aluminium segment continued to maintain ISO 14064 organisational-level carbon footprint monitoring practices during the year.

Emission Reduction Initiatives

The Group continued to implement several operational and energy-efficiency initiatives aimed at reducing

fuel consumption and lowering environmental impact.

Key initiatives included:

- Kiln and drying process optimisation within tile manufacturing operations
- Energy-efficient cooling and rectifier improvements in anodising operations
- Installation of LED lighting systems
- Introduction of fuel-efficient homogenizing ovens and multi-billet preheaters
- Increased contribution from solar power generation initiatives

These initiatives contributed to reductions in electricity and LPG consumption across operations. In the Aluminium segment, process improvements resulted in approximately 8% reduction in electricity usage within anodising operations, supporting lower carbon emissions and improved energy performance.

Climate and Carbon Management

While the Group has not yet formally established a net-zero commitment, ongoing initiatives continue to support the gradual reduction of our environmental footprint and strengthen the foundation for future carbon management strategies.

Key focus areas include:

- Improving energy intensity across manufacturing operations
- Expanding renewable energy utilisation
- Reducing fuel consumption through process optimisation
- Strengthening emissions measurement and monitoring practices
- Supporting cleaner production technologies and operational efficiencies

The Group remains committed to continuously improving environmental performance while supporting sustainable manufacturing and long-term operational resilience.

Waste Management

The Group continues to strengthen waste management practices across our manufacturing operations through

Direct GHG Emissions				
Sector	Unit	2025/26	2024/25	%
Tiles & Associated Products	tCO2e	69,018	70,398	(2)
Aluminium	tCO2e	9,233	9,417	(2)
Packaging	tCO2e	1,740	1,775	(2)
Total	tCO2e	79,991	81,590	(2)

Emission	2025/26	2024/25	%
Gross direct (Scope 1) GHG emissions tCO2e	52,020	52,384	(1)
Energy indirect (Scope 2) GHG emissions tCO2e	25,285	27,594	(8)
Total Emissions offset and/ or reduced tCO2e	2,685	2,744	(2)

Waste generated by Sector				
Sector	Unit	2025/26	2024/25	%
Tiles & Associated Products	MT	20,174	21,445	(6)
Packaging	MT	2,325	1,990	18

waste reduction, recycling, reuse, and responsible disposal initiatives. Waste management efforts are guided by environmental regulations, operational controls, and circular resource utilisation principles aimed at minimising environmental impact and improving resource efficiency.

Waste Reduction and Resource Recovery

The Group adopts a structured approach to reducing waste generation across the Tiles, Aluminium, and Packaging segments through process optimisation and improved material utilisation practices.

Key initiatives implemented during the year included:

- Reuse of aluminium scrap within production processes
- Recycling of unfired ceramic waste and process materials back into manufacturing operations.
- Reuse of fired tile waste through external recycling applications such as filler material
- Waste segregation practices across

operational sites

- Improved inventory and material handling practices to minimise process waste

The Group also continued initiatives to optimise raw material utilisation and reduce process losses through operational improvements and tighter production controls.

Waste Handling and Disposal

Waste generated across operations is managed through structured handling, storage, recycling, and disposal procedures to ensure compliance with environmental regulations and minimise environmental risks.

Key practices include:

- Segregation of hazardous and non-hazardous waste streams
- Disposal of waste through approved and licensed third-party contractors
- Monitoring and control of scheduled waste handling processes
- Compliance with Environmental Protection Licence (EPL) and waste management requirements

NATURAL CAPITAL

The Group also continued to strengthen internal awareness and operational controls relating to waste management and environmental compliance during the year.

Circular Resource Utilisation

The Group remains focused on improving circularity within manufacturing operations by increasing recycling and reuse practices across production processes.

Key focus areas include:

- Increasing recycled material utilisation within manufacturing operations
- Reducing waste sent to landfill
- Strengthening recycling partnerships and recovery initiatives
- Supporting sustainable production and cleaner manufacturing practices

Through these initiatives, the Group continues to enhance resource efficiency, minimise environmental impact, and strengthen sustainable manufacturing practices across our operations.

Environmental Compliance

The Group remains committed to maintaining high standards of environmental compliance across all segments, ensuring that manufacturing activities are conducted in accordance with applicable environmental laws, regulations, and licence requirements.

Environmental compliance is supported through structured management systems, operational monitoring, internal reviews, and periodic audits aimed at ensuring adherence to regulatory requirements and industry standards. The Group continues to maintain internationally recognised environmental management certifications, including ISO 14001 Environmental Management Systems across key operations.

The Group recorded no major environmental non-compliance incidents or regulatory fines during the year across our operations. Continuous monitoring, preventive controls, and operational improvements supported ongoing compliance with environmental standards and regulatory requirements.

Waste generated by method of disposal		
Segment (MT)	2025/26	2024/25
Hazardous		
Inclination	410	390
Non-Hazardous		
Landfill	13,584	12,975
Recycled	3,669	3,376
Re used	4,836	4,276
Total	22,499	21,017
% of hazardous waste	2%	2%
% of recycled waste	98%	98%

Compliance and Monitoring Framework

Key environmental compliance practices implemented across the Group include:

- Maintenance of Environmental Protection Licences (EPLs) and related approvals
- Monitoring of emissions, wastewater discharge, and environmental parameters
- Scheduled waste management and handling procedures
- Environmental audits and compliance reviews
- Monitoring of hazardous material storage and handling practices
- Ongoing employee awareness and environmental training initiatives

The Aluminium segment also continued compliance with ISO 14064 organisational-level carbon footprint monitoring practices, while maintaining certifications and approvals relating to environmental performance and sustainable manufacturing.

Outlook

The Group will continue to strengthen our natural capital management practices through ongoing investments in resource efficiency, cleaner technologies, and

sustainable manufacturing initiatives. Key priorities for the coming year will include further improvements in energy and water efficiency, expansion of renewable energy utilisation, enhancement of recycling and circular resource practices, and continued optimisation of manufacturing processes to reduce environmental impact.

The Group also intends to strengthen environmental monitoring and emissions measurement practices, supporting the gradual development of more structured climate and carbon management initiatives. In parallel, continued focus will be placed on regulatory compliance, responsible sourcing, and operational resilience to support long-term sustainability and value creation.

As environmental expectations and regulatory requirements continue to evolve, Lanka Walltiles remains committed to integrating sustainability into operational and strategic decision-making, reinforcing our position as a responsible and resilient manufacturing Group.

Environmental compliance related certifications we complied with in 25/26.



SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

Sustainability Reporting according to SLFRS S1 and S2 becomes mandatory for the top 100 public listed companies by market capitalisation for financial year’s commencing on or after 1st January 2025 and Lanka Walltiles PLC has decided to comply with this requirement.

This supplement covers the following matters related to the disclosures required to comply with SLFRS S1 and S2:



1 BASIS OF PREPARATION

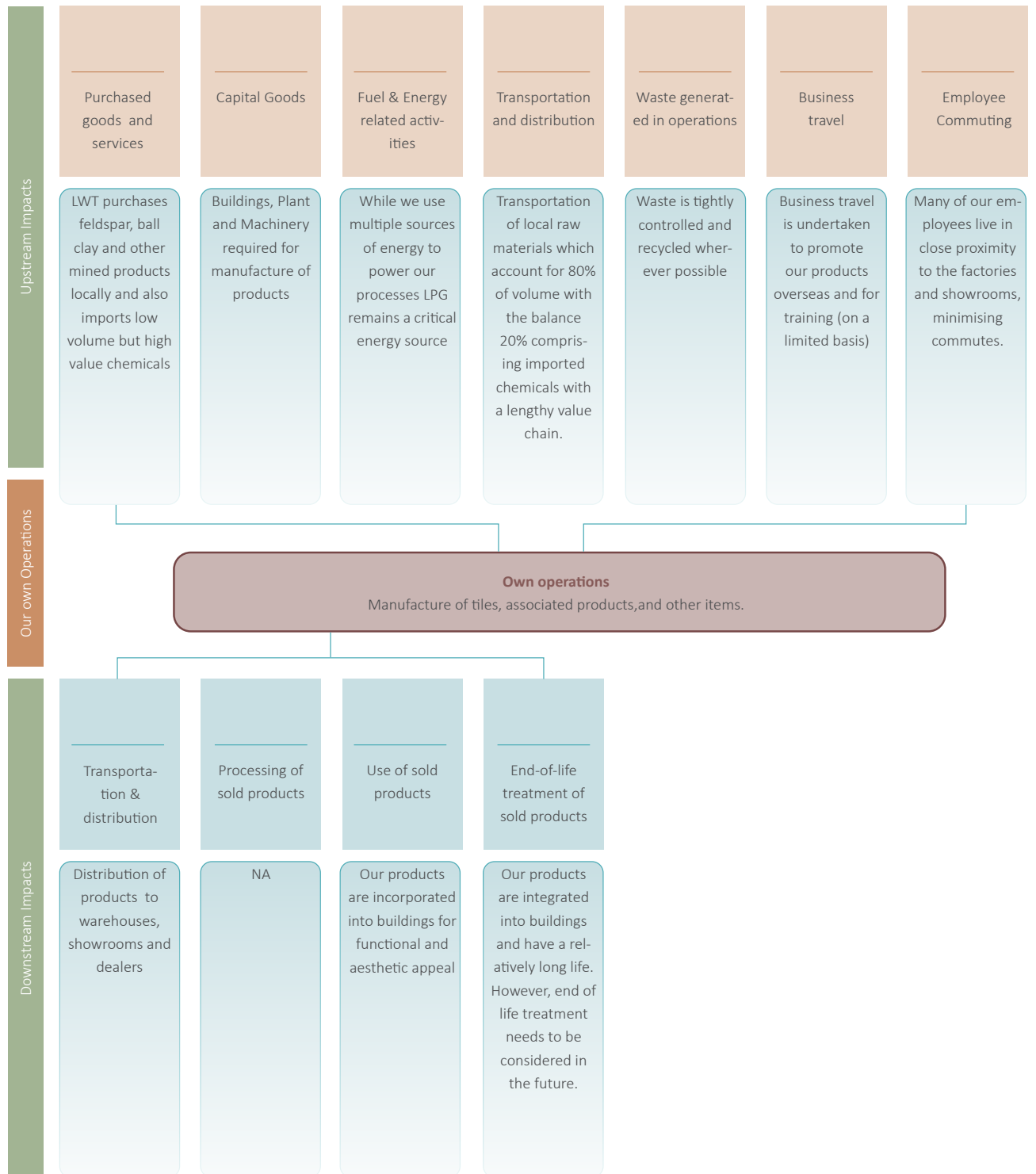
This information supplements the information set out in About The Report on page 04.

1.1 Reporting Entity, Organisation Boundary

This report covers the operations of Lanka Walltiles PLC and its subsidiaries including all locations of operations in assessing the related risks and opportunities. It excludes equity accounted investees. The assessment also covered the value chains of Lanka Walltiles PLC (LWT) and its subsidiary company locations as well as their respective value chains in analysing Climate-Related Risks and Opportunities (CRROs).

Lanka Walltiles PLC	Tile and Associate Products	Lanka Walltiles PLC Lanka Tiles PLC Swisstek (Ceylon) PLC Beyond Paradise Collection Ltd Lanka Swisstek (Pvt) Ltd. Swisstek Development Ltd.
	Aluminium	Swisstek Aluminium Ltd. Swisstek Investments (Pvt) Ltd.
	Packaging	Uni Dil Packaging Ltd. Uni Dil Packaging Solutions Ltd. Uni Dil Packaging Kenya Ltd. Perfect Packaging Ltd
	Investment Holding	Vallibel Plantation Management Ltd. LW Plantation Investment Ltd.

1.2 Value Chain



SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

1.3 Basis of Materiality

The Group’s risk matrix for climate-related risks and opportunities (CRROs) and sustainability related risks and opportunities (SRROs) have been established with Board approval at the group level. Risks classified under the High and Moderate risk categories are considered material, while risks classified under the Low-risk category are considered immaterial. Although low-risk CRROs are monitored on an ongoing basis through risk registry, they are not disclosed in this report due to their immateriality.

The ISO 31000:2018 Risk Management Guidelines have been utilised in the preparation of the risk matrix. Accordingly, the organisation has defined likelihood and impact criteria tailored to its operations, based on historical data, operational experience, and expert judgement.



1.4 Risk Assessment Materiality Thresholds

The materiality thresholds applied within the risk management framework are set out below.



- Risks scoring equal or above 6 (out of 9) categorised as high risk
- Risks scoring between 3-5 (out of 9) categorised as moderate risk
- Risks scoring 2 or below (out of 9) are categorised as Low Risk, except where the severity score is Medium (2), in which case the risk shall be classified as Moderate Risk regardless of probability.

Severity scoring and probability scoring are measured based on the following criteria:

Probability Scoring			
Probability Range	Definition		Score
67% – 100%	Has already occurred internally or is expected to occur in most circumstances; strong historical trend, regulatory or contractual certainty, or clear drivers indicating occurrence.		3
34% – 66%	Has occurred before or could occur under certain conditions; some early indicators exist, but timing, scale, or occurrence depends on internal or external factors.		2
0% – 33%	Has not occurred historically and/or would occur only under unusual circumstances		1

Severity Scoring- Group			
Severity Level	Financial Impact	Ave: of Past Two FY (Rs.Mn)	Score
High	More than 5% of the net profit (Ave: of past two FY)	>129	3
Medium	Less than 5% but more than 1% of the net profit (Ave: of past two FY)	129 – 26	2
Low	Less than 1% of the net profit (Ave: of past two FY)	<26	1

1.5 Functional Currency

The functional and presentation currency of the LWT Group is the Sri Lankan Rupee (LKR).

1.6 Sources of Guidance

The preparation of this report has been guided by the requirements of,

- Sri Lanka Financial Reporting Standard S1: General Requirements for Disclosure of Sustainability-related Financial Information (SLFRS S1)
- Sri Lanka Financial Reporting Standard S2: Climate-related Disclosures (SLFRS S2), with reference to the,
- Sustainability Accounting Standards Board (SASB) Standards

1.7 Reporting Period

This report covers the reporting period from 1 April 2025 to 31 March 2026.

1.8 Time Horizon

In identifying and assessing CRROs, LWT takes a holistic approach that considers potential impacts across its operations, value chain, and broader business environment. Accordingly, it defines short-, medium-, and long-term time horizons based on the nature, severity, and expected evolution of both transition and physical climate factors, as well as the strategic planning cycles of the companies.

Time horizon	Definition [no. of days/months/years]	Remarks
Short term	0 to 1 Years	The impacts of the identified risks and opportunities are expected to affect the business in next financial year.
Medium term	2 to 5 Years	The impacts of the identified risks and opportunities are expected to affect the business from the second to the fifth financial year.
Long term	More than 5 Years	The impacts of the identified risks and opportunities are expected to affect the business from the sixth financial year onwards.

1.9 Connected Information

Non-financial disclosures, including Governance, Strategy, Risk Management and Metrics & Targets are prepared at the Group level to ensure consistency and transparency across all reporting dimensions.

1.10 Transitional Relief

The Company has availed itself of the transitional reliefs permitted under SLFRS S1 and S2, as issued by CA Sri Lanka, in preparing this year's SLFRS sustainability-related financial disclosures.

- SLFRS S1- Disclosure of information only on CRROs
- SLFRS S2.C3- Disclosure of comparative information
- SLFRS S2.22- Disclosures on Climate resilience

1.11 Significant Judgements, Uncertainties and Proportionality

Climate-related financial disclosures require professional judgement and estimation due to the forward-looking and evolving nature of the associated risks and opportunities. LWT has used reasonable and supportable information available at the reporting date to inform these judgements. Where relevant, the Company has also obtained input from individuals with appropriate knowledge, skills, and expertise, and has drawn on the experience and resources of its team to quantify the impacts of identified CRROs. The key areas involving professional judgement, measurement uncertainty, and forward-looking assumptions are outlined below.

1.12 Statement of Compliance

This report represents a complete set of sustainability-related financial disclosures for LWT group and its subsidiaries for the year ended 31st March 2026. The Group's sustainability-related disclosures have been prepared in accordance with SLFRS Sustainability Disclosure Standards as issued by the Institute of Chartered Accountants of Sri Lanka.

SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

2 Governance

2.1 Board Oversight Role

The Board of Directors has overall oversight responsibility for sustainability-related and climate-related risks and opportunities in accordance with SLFRS S1 and SLFRS S2. To support the Board in discharging this responsibility, a Board Sustainability Committee has been established to oversee sustainability-related and climate-related matters on behalf of the Board.

2.2 The Board Sustainability Committee

The Board Sustainability Committee is responsible for providing strategic oversight, direction, and guidance on the Group's sustainability agenda. This includes environmental, social, and governance (ESG) matters relevant to the sectors in which the Group operates—tiles, grouts, and aluminium.

2.2.1 Responsibilities of the Board Sustainability Committee

- Integrating sustainability into the Group's core business and strategic planning.
- Overseeing the implementation of policies and practices that promote environmental responsibility, social impact, and ethical governance.
- Monitoring sustainability-related risks and opportunities (SRROs) across the Group's operations and supply chains.



2.2.2 Skills and Competencies

The Board of Directors has participated in a dedicated sustainability-related training session to enhance understanding of SLFRS S1 and S2. In addition, the Executive Sustainability Committee and the implementation team have undergone intensive training on SLFRS S1 and S2 to ensure effective identification, assessment, and management of sustainability- and climate-related risks

and opportunities, and to support integration into the Company's strategy and operations.

Overall, all members of the Company's governance bodies possess adequate knowledge and understanding of SLFRS S1 and S2 to effectively oversee and guide the management of sustainability- and climate-related risks and opportunities. Further plans in places for capacity building programs across the group to support internal staff adopt in to strategic changes that Group suitability agenda would make within the group.

2.2.3 Information to Board and escalation of matters

The Board Sustainability Committee plays a central role in monitoring the implementation of SLFRS S1 and S2, with progress on the action plan presented quarterly. The Board Sustainability Committee approves strategies, and disclosures related to material CRROs and other sustainability matters, while escalating major policies to the board and other relevant committees ensuring accountability and transparency. The Board Sustainability Committee ensures that CRROs are properly integrated into business strategy and decision-making and makes recommendations to the Board on material CRROs and overall sustainability performance.

The Board of Directors receives updates and recommendations from the Board Sustainability Committee and exercises ultimate oversight on CRROs, ensuring alignment with the Company's strategy, governance, and financial planning.

2.2.4 Oversight of CRROs

The Board Sustainability Committee (BSC) provides strategic oversight of CRROs on behalf of the Board. It reviews CRROs escalated by the Executive Sustainability Committee (ESC), validating risk classifications, mitigation measures, and opportunity capture strategies. Further, identified material CRROs and SRROs are escalated to be included in the Enterprise Risk Management System which is under the governance of Audit Committee.

During the year, Board Sustainability Committee,

- Established the Executive Sustainability Committee
- Approved the Terms of Reference for the Executive Sustainability Committee
- Approved the time horizons and materiality thresholds for both the company and Group
- Reviewed and approved the Climate Related Risk and opportunities along with mitigation strategies

2.2.5 Monitor

The Board Sustainability Committee monitors the progress of the action items at each Board Sustainability Committee (BSC) meeting against the meeting minutes of the previous committee meeting and the established sustainability road map of the company.

2.2.6 Delegation to Management

The Board Sustainability Committee has delegated its management responsibility to the established Executive Sustainability Committee (ESC) which was established on 8th January 2026.

Executive Sustainability Committee (ESC) consists of Senior Management Members with managing director chairing the committee. Rest of the members were selected covering major functions of the company and they are,

The Executive Sustainability Committee is responsible for the day-to-day management of sustainability- and climate-related risks, opportunities, and related matters. It identifies, assesses, and monitors these risks, oversees the implementation of mitigation actions, and supports the integration of sustainability considerations into business processes and decision-making. The Committee also supports the Board Sustainability Committee through detailed analysis, progress updates, and recommendations, while ensuring that material risks and opportunities are escalated for Board oversight and strategic action.

The key responsibilities of the Executive Sustainability Committee are set out below.

ESG Strategy, Governance & Alignment

Support the development and implementation of the Group's ESG and sustainability strategy, ensuring it is aligned with long-term business goals and integrated into operational processes, departmental activities, and the company culture. Assist in operationalising ESG frameworks, policies, and performance targets.

Management of Sustainability-Related Risks & Opportunities (SRROs)

Identify, assess, and escalate ESG and sustainability-related risks and opportunities within operations. Integrate these considerations into the Group's risk management processes and ensure that relevant skills and competencies are available within the management teams to address them effectively.

Environmental & Social Performance Oversight

Monitor operational performance across key environmental metrics (emissions, energy, waste, water) and social impact areas such as workplace health and safety, labour practices, and community engagement. Promote ethical business conduct, responsible supply chain practices, and good governance at the management level.

Target Setting, Monitoring & Performance Evaluation

Assist in establishing operational sustainability and ESG targets, track progress at the departmental and project level, and ensure that relevant ESG performance metrics are incorporated into management reporting and performance evaluations.

Reporting, Assurance & Stakeholder Engagement

Coordinate the preparation of sustainability and ESG reports, disclosures, and internal dashboards. Support data collection and assurance processes and engage with key internal and external stakeholders to facilitate transparency, accountability, and continuous improvement in ESG performance.

2.2.7 Role of the Sustainability Implementation Team

The Sustainability Implementation Team is responsible for the day-to-day identification, assessment, and management of climate- and sustainability-related risks and opportunities (CRROs). The team collects relevant data, conducts risk analyses, and implements mitigation measures or opportunity strategies as appropriate. It also prepares regular reports and updates on CRROs for review by the Executive Sustainability Committee (ESC). The ESC reviews the CRROs identified by the Implementation Team, evaluates their materiality, likelihood, and potential impact, and determines the necessary actions, mitigation plans, and monitoring approaches. Material CRROs are escalated to the Board Sustainability Committee, while the Executive Sustainability Committee (ESC) monitors progress on action plans and ensures that sustainability considerations are effectively integrated into the Company's operational and financial planning. Implementations of this team gets reported up to board level.

2.3 Policies and procedures

The Company has established a framework for sustainability and ESG governance, which includes the Company ESG Policy, the Terms of Reference for the Board Sustainability Committee, and the Terms of Reference for the Executive Sustainability Committee. Further plans are in place to advance the existing ESG policies along with necessary capacity building for the sustainability implementation teams across the group.

SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

3 Strategy

3.1.1 Global Context

The global risk environment is increasingly influenced by climate-related threats, with extreme weather, ecosystem degradation, and resource scarcity posing major risks to economic stability. Scientific evidence shows that human activity has already driven a significant rise in global temperatures, increasing the frequency and severity of climate-related disruptions. In response, the global transition to a low-carbon economy is gathering pace, supported by international commitments such as the Paris Agreement.

3.1.2 Sri Lankan Context

Sri Lanka is highly vulnerable to climate change due to its geographic and economic profile. More frequent floods, droughts, landslides, and rainfall variability continue to disrupt key sectors, particularly agriculture. At the same time, the national policy and regulatory landscape is evolving rapidly. The country’s climate commitments are driving greater integration of climate risk into business strategy and planning. Regulatory developments, including the adoption of SLFRS S1 and S2, are also increasing the need for stronger climate-related disclosures, governance, and integration of transition risks into financial decision-making.

LWT Group infrastructure comprises 5 factories and networks of warehouses and showrooms located throughout the island and extreme weather events can damage the infrastructure. Manufacture of ceramic tiles and associated items such as grout and mortars rely on locally mined resources. The quality, availability and price of these inputs vary with the vagaries of weather as it affects the ability to mine as well as the moisture content in the mined products. As manufacture of tiles requires high temperatures, energy is a critical input, presenting the Group with opportunities to explore clean and affordable energy solutions.

3.1.3 Alignment to LWT Strategy and Decision-Making

LWT integrates climate-related risks and opportunities (CRROs) into strategic planning and decision-making to strengthen long-term resilience and value creation. These considerations are embedded across governance, risk management, and operations. Climate factors are incorporated into annual planning and budgeting to align sustainability objectives with strategic priorities. They also inform investment and lending decisions, supporting stronger credit assessments and capital allocation. In addition, climate-related risks are being integrated into the enterprise risk management framework to enable consistent identification, assessment, and monitoring across the portfolio. Progress on climate-related targets and strategic initiatives is reviewed regularly by the Board and relevant sub-committees to ensure oversight and accountability.

Identified Climate-Related Risks and Opportunities

LWT has identified the following key CRROs using significant inputs from our own experience and The World Bank Group Country Climate & Development Report published in June 2025.

Risk/Opportunity	Type of Risk	Description
Extreme Weather Events - Asset integrity and operational continuity	Acute Physical Risk	Increased rainfall intensity, storms floods and landslides can damage buildings, storage areas, and equipment during disaster situations and disrupt the business operation
Extreme Weather Events – Upstream supply chain disruptions	Acute Physical Risk	Floods and landslides at mining sites can adversely impact the quality of raw materials, Availability and transportation of key raw materials and packaging inputs. Climate-related policy responses to disaster events could result in supply-chain disruptions due to regulatory constraints, permitting delays, or changes in sourcing requirements.
Extreme Weather Events – Workforce Availability and Productivity (Human Capital)	Acute Physical Risk	Limited employee mobility and availability, reducing workforce productivity
Extreme Weather Events – Downstream distribution and market access (Outbound Logistics)	Acute Physical Risk	Damage to transport infrastructure can result in delayed deliveries and disrupted customer fulfilment

4 Risk Identification, Assessment & Response

This section outlines the Climate related risks that is material for the group and how the group expect to manage them.

4.1 Climate related risk analysis

CRRO 1.1: Extreme Weather Events – Asset integrity and operational continuity				
Description	Increased rainfall intensity, storms floods and landslides can damage buildings, storage areas, and equipment during disaster situations and disrupt the business operation			
Type of Risk	Acute Physical Risk			
Time Horizon	Short Term to Long term			
Current Effects on Business Model and Value Chain	The impact of Cyclone Dithwah had a significant impact on the operations of the Group in November/December 2025 as set out below:			
	Location	Impact	Notes # (Assumptions and justifications)	
	Ranala Factory	Impact was not material	1.1.1	
	Showrooms	10 showrooms have been impacted, however, the loss was not material. Lost Ave: 4 business days	1.1.2	
Warehouse Network	No material impact	1.1.3		
Anticipated Effects on Business Model and Value Chain	Risk Level			
		Short Term (Next FY)	Medium Term (2nd to 5th FY)	Long Term (6th FY Onwards)
	Ranala Factory	Low	Low	Low
	Showrooms	Low	Low	Moderate
Warehouse Network	Low	Low	Low	
Key Risk metrics	<ul style="list-style-type: none"> Number of production/ business days lost due to weather Cost of repairs for buildings Cost of repairs/replacement for equipment 			
Assumptions and Justifications	Note #	Assumptions & Justifications		
	1.1.1	The country experiences heavy rainfall and flood-related disasters approximately every 6-10 years (e.g., 2003, 2011, 2016, 202 5), with the magnitude and severity of impacts increasing over time		
	1.1.2	According to Sri Lanka's Nationally Determined Contributions (NDC) 3.0, the Ranala factory is located in Colombo District which is classified as low vulnerable to climate change. The access roads have been impacted due to the floods over the years, although the magnitude of the impact was not severe to disrupt the continuity of the business operation.		
	1.1.3	A district-level climate vulnerability assessment of the Lanka Tiles showroom network, based on Sri Lanka's Nationally Determined Contributions (NDC) 3.0 and national climate vulnerability mapping, indicates that the majority of showrooms are located in relatively moderate to high-risk areas. Furthermore, 35% of the showrooms are situated in high-vulnerability regions, 30% in moderately vulnerable regions, and 35% in low-vulnerability regions. In the year 2025/26, Out of the 52 showrooms, 17 factory outlets and 27 Consignment Distributors in the network, six showrooms (Gampola, Chilaw, Kaduwela, Wattala, Anuradhapura, and Kurunegala), three factory outlets (Alawwa, Kandy, and Puttalam), and one distributor point in Kandy experienced the greatest adverse impact, disrupting daily operations. On average, a recovery period of four business days was required to resume normal operations, while some locations required up to ten business days.		
1.1.3	All the warehouses are located in the Colombo district, which is low risk according to NDC 3.0. No impact was made during Dithwah			
Strategic Response& Mitigation	Time Horizon	Strategic Response & Mitigation		
	Short Term	<ul style="list-style-type: none"> Implement critical flood/ landslide-mitigation measures at high-risk sites. Get Insurance cover for critical assets to reestablish the operations again without delay 		
	Medium Term	<ul style="list-style-type: none"> Retrofit existing facilities and embed resilience standards into all new developments. 		
	Long Term	<ul style="list-style-type: none"> Periodically reassess asset locations and revisit the strategy and mitigation actions 		

SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

CRRO 1.2: Extreme Weather Events – Upstream supply chain disruptions (Procurement & Inbound Logistics)																				
Description	Floods and landslides at mining sites can adversely impact the quality of raw materials, Availability and transportation of key raw materials and packaging inputs. Climate-related policy responses to disaster events could result in supply-chain disruptions due to regulatory constraints, permitting delays, or changes in sourcing requirements.																			
Type of Risk	Acute Physical Risk																			
Time Horizon	Short Term to Long term																			
Current Effects on Business Model and Value Chain	<p>Concentration of risks along the value chain and business model are as follows:</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Impact</th> <th>Notes # (Assumptions and justifications)</th> </tr> </thead> <tbody> <tr> <td>Local Purchase (Clay& other RM)</td> <td>No impact</td> <td>1.2.1</td> </tr> <tr> <td>Imports</td> <td>No impact</td> <td></td> </tr> </tbody> </table>	Location	Impact	Notes # (Assumptions and justifications)	Local Purchase (Clay& other RM)	No impact	1.2.1	Imports	No impact											
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	Risk Level																			
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Local Purchases (Clay & Other RM)	Low	Moderate	Moderate																	
Imports	Low	Low	Low																	
Warehouse Network	Low	Low	Low																	
Key Risk metrics	<ul style="list-style-type: none"> On-time delivery rate Supplier risk rating 																			
Assumptions and Justifications	<table border="1"> <thead> <tr> <th>Note #</th> <th>Assumptions & Justifications</th> </tr> </thead> <tbody> <tr> <td>1.2.1</td> <td> <p>In the short term, the National Building Research Organisation (NBRO) has imposed temporary restrictions on mining activities, requiring suppliers to obtain clearance prior to operations, which is likely to result in supply delays.</p> <p>Major ball clay mines are experiencing continuous flooding, which is expected to disrupt supply and adversely affect material quality in the long term. There are early indications that climate-related disasters, including landslides, may contribute to evolving mining policies with a greater focus on human habitat conservation.</p> </td> </tr> </tbody> </table>	Note #	Assumptions & Justifications	1.2.1	<p>In the short term, the National Building Research Organisation (NBRO) has imposed temporary restrictions on mining activities, requiring suppliers to obtain clearance prior to operations, which is likely to result in supply delays.</p> <p>Major ball clay mines are experiencing continuous flooding, which is expected to disrupt supply and adversely affect material quality in the long term. There are early indications that climate-related disasters, including landslides, may contribute to evolving mining policies with a greater focus on human habitat conservation.</p>															
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Long Term	<ul style="list-style-type: none"> Periodically reassess asset locations and revisit the strategy and mitigation actions 																			

CRRO 1.3: Workforce availability and productivity (Human Capital)				
Description	Limited employee mobility and availability, reducing workforce productivity			
Type of Risk	Acute Physical Risk			
Time Horizon	Short Term to Long term			
Current Effects on Business Model and Value Chain	The impact of Cyclone Ditwah had a significant impact on the operations of the Group in November/December 2025 as set out below:			
	Location	Impact	Notes # (Assumptions and justifications)	
	Ranala Factory	No impact	1.3.1	
	Showrooms	10 showrooms were affected	1.3.2	
	Warehouse Network	No impact	1.3.3	
Anticipated Effects on Business Model and Value Chain	Risk Level			
		Short Term (Next FY)	Medium Term (2nd to 5th FY)	Long Term (6th FY Onwards)
	Ranala Factory	Low	Low	Low
	Showrooms	Low	Low	Low
	Warehouse Network	Low	Low	Low
Key Risk metrics	<ul style="list-style-type: none"> Number of production/delivery delays due to workforce shortages Number of flood-affected days in the region 			
Assumptions and Justifications	Note #	Assumptions & Justifications		
	1.3.1	<p>Factory processes are highly machine-intensive and therefore require a relatively limited number of employees for core manufacturing operations. As the majority of employees are sourced from surrounding areas, workforce attendance remains relatively stable even during adverse weather conditions. Factories are equipped with accommodation facilities for employees in critical roles, enabling the maintenance of adequate human capital during climate-related crises.</p>		
	1.3.2	<p>As the majority of employees are sourced from surrounding areas, workforce attendance remains relatively stable even during adverse weather conditions. During crisis situations, such as flooding, normal business operations may be disrupted, and full human capital availability cannot be assured. However, due to the company's widely dispersed showroom network, end customers can continue to make purchases from other showrooms.</p>		
	1.3.3	<p>As the majority of employees are sourced from surrounding areas, workforce attendance remains relatively stable even during adverse weather conditions. Due to the Company's strategically positioned warehouse network and its capacity to store large volumes of inventory, orders can be processed efficiently from any warehouse, with priority given to time-sensitive project customers.</p>		
Strategic Response & Mitigation	Time Horizon	Strategic Response & Mitigation		
	Short Term	<ul style="list-style-type: none"> Gradual shift towards resilience-oriented workforce planning, supported by Cross-skilling to maintain operations during extreme weather. Initiation of E- Commerce platforms to increase the sale capacity. 		
	Long Term	<ul style="list-style-type: none"> Productivity improvements through automation to offset climate-related labour volatility. Expand digital sales channels and remote customer engagement to mitigate showroom accessibility disruptions. 		

SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

CRRO 1.4: Extreme Weather Events – Downstream Distribution and Market Access (Outbound Logistics)				
Description	Damage to transport infrastructure can result in delayed deliveries and disrupted customer fulfilment			
Type of Risk	Acute Physical Risk			
Time Horizon	Short Term to Long term			
Current Effects on Business Model and Value Chain	The impact of Cyclone Ditwah had a significant impact on the operations of the Group in November/ December 2025 as set out below:			
	Location	Impact	Notes # (Assumptions and justifications)	
	Warehouse Network	No impact	1. 4.1	
Anticipated Effects on Business Model and Value Chain		Risk Level		
		Short Term (Next FY)	Medium Term (2nd to 5th FY)	Long Term (6th FY Onwards)
	Warehouse Network	Low	Low	Low
Key Risk metrics	Number of delivery delays due to limited accessibility			
Assumptions and Justifications	Note #	Assumptions & Justifications		
	1.4.1	Systems are in place to optimise delivery routes, even in the presence of climate-related impacts on transport infrastructure.		
Strategic Response & Mitigation	Time Horizon	Strategic Response & Mitigation		
	Short Term	<ul style="list-style-type: none"> Redesign distribution networks using climate-risk overlays. 		
	Long Term	<ul style="list-style-type: none"> Integrate climate resilience into all logistics strategies. 		

4.2 Climate Related Opportunity

CRRO 2: Transition to renewable energy				
Description	Utilise available roof space across company-owned properties to install rooftop solar systems, subject to site-wise feasibility assessments, in order to reduce dependence on grid electricity, increase renewable energy generation, lower Scope 2 emissions, mitigate transition risks associated with rising energy costs and carbon regulations, and achieve long-term cost savings.			
Time Horizon	Short Term to Long term			
Current Effects on Business Model and Value Chain	No impact			
Anticipated Effects on Business Model and Value Chain		Opportunity Level		
		Short Term (Next FY)	Medium Term (2nd to 5th FY)	Long Term (6th FY Onwards)
	Factories	-	High	High
	Own Warehouse Facilities	-	High	High

Note: The severity thresholds defined in Section 1.4 of this report apply only to the risk matrix and are not considered in the opportunity analysis.

DISCIPLINE, PERFECTED

At Lanka Walltiles, our corporate governance frameworks uphold stability, accountability, and disciplined oversight across the Company. Through ethical leadership, robust risk management, and transparent decision-making, we strengthen the systems that enable responsible growth and long-term resilience. These structures provide the confidence to navigate evolving conditions while safeguarding the integrity of the Company and the interests of all our stakeholders.



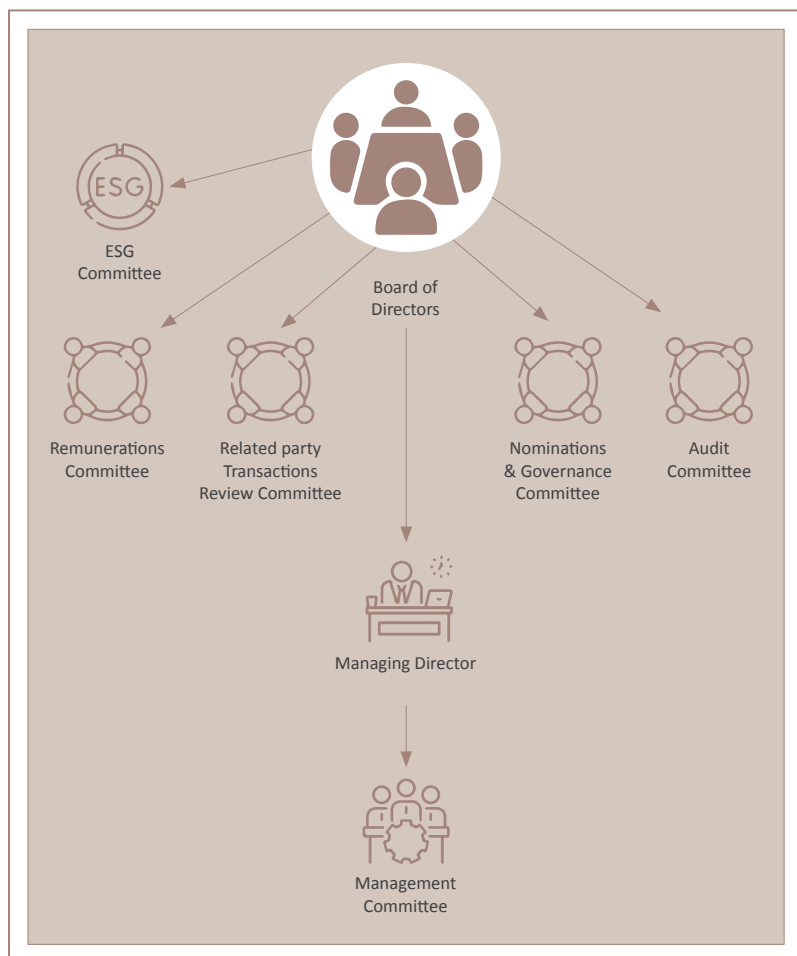
CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

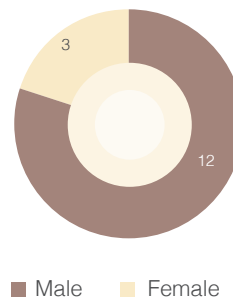
Lanka Walltiles PLC remains committed to maintaining high standards of corporate governance, transparency, accountability, and ethical business conduct across the Group's operations. The Group recognises strong governance practices as fundamental to safeguarding stakeholder interests, managing risk effectively, and creating sustainable long-term value.

The Group maintains a governance structure that promotes ethical business conduct, transparent disclosures, and responsible decision-making while strengthening oversight on financial, operational, and sustainability-related matters. The Board of Directors provides strategic direction and oversight while ensuring effective risk management, regulatory compliance, internal controls, and accountability across the Group's diversified operations. The Board is supported by Board Sub-Committees including the Audit Committee, Related Party Transactions Review Committee, Remuneration Committee, and Nomination & Governance Committee, each operating under clearly defined terms of reference.

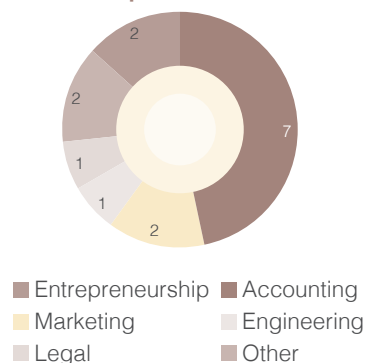
Board Composition	
Executive Directors	3
Non-Executive Non-Independent	6
Independent Non-Executive Directors	6



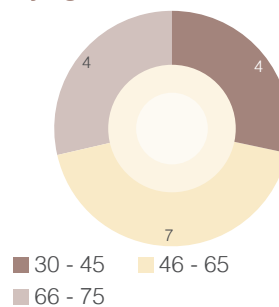
By Gender



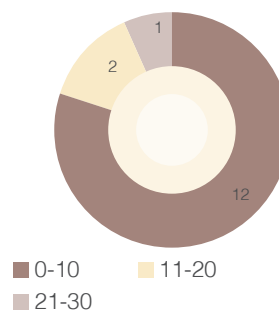
Skills & Expertise



By Age



By Tenure of Service



Director	Status
1. Mr. Dhammika Perera	Non- Executive Chairman
2. Mr. A M Weerasinghe	Non- Executive Co-Chairman
3. Mr. Priyantha Talwatte	Managing Director
4. Mr. M W R N Somaratne	Executive Director
5. Mr. Hareesh Somashantha	Executive Director
6. Dr. S Selliah	Non-Executive Director
7. Ms. A M L Page	Non-Executive Director
8. Mr. S R Jayaweera	Independent Non-Executive Director
9. Ms. K A D B Perera	Non-Executive Director
10. Ms. Y D Bhaskaran	Non-Executive Director
11. Mr. B D S Mendis	Independent Non-Executive Director
12. Mr. N M Pelpola	Independent Non-Executive Director
13. Mr. S H Amarasekera	Non-Executive Director
14. Mr. H M A Jayasinghe	Independent Non-Executive Director
15. Mr. R M M J Ratnayake,	Independent Non-Executive Director

Board Highlights for 2025/26

Appointment of directors
Mr. Dhammika Perera as Chairman w.e.f 31/07/2025
Mr. Hareesh Somashantha w.e.f 31/07/2025
Mr. S H Amarasekera w.e.f 30/10/2025
Mr. H M A Jayasinghe w.e.f 24/12/2025
Mr. R M M J Ratnayake w.e.f 07/05/2026

Functions of the Board

Provide guidance for strategy formulation
Ensure compliance with legal and regulatory requirements
Establish a comprehensive system of internal controls
Establish a corporate governance framework integrating ESG principles
Establish a Risk Management Framework.
Ensure integrity of financial and ESG reporting

Governance Framework

Regulatory	Voluntary Standards, Codes & Frameworks	Internal Documents
<ul style="list-style-type: none"> Companies Act No.7 of 2007, Sri Lanka Accounting and Auditing Standards Act No.15 of 1995 Listing Rules of the Colombo Stock Exchange The Shop and Office Employees Act No. 15 of 1954 Factories Ordinance No. 45 of 1942 Inland Revenue and other relevant acts 	<ul style="list-style-type: none"> Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants 2017 Integrated Reporting Framework Global Reporting Initiative Standards Quality standard certifications obtained by companies 	<ul style="list-style-type: none"> Articles of Association Policy framework

CORPORATE GOVERNANCE

Segregation of Key Roles

Role of the Chairman	Role of the Managing Director	Role of the Board Secretary
<ul style="list-style-type: none"> Leading the Board and the Shareholders' meetings Ensuring effective management of the operations of the Board Ensuring the Board engages in timely and constructive discussions of all key and relevant issues Establishing effective communication channels with shareholders and ensuring their views are effectively conveyed to the entire Board Ensuring adherence to good corporate practices 	<ul style="list-style-type: none"> Developing, recommending, and implementing the Company's policies and strategies that reflect the long-term objectives and priorities approved by the Board Assuming full accountability to the Board for all aspects of the Company's operations and performance Maintaining a continuous dialogue with the Chairman and other Directors Representing the Company and managing the Company's day-to-day business Monitoring operational and financial results by closely following plans and budgets Establishing adequate operational, planning, and financial control systems 	<p>The Board Secretary plays a key role in ensuring the functions of the Board are conducted effectively and seamlessly. The key aspects of the role of the Board Secretary are,</p> <ul style="list-style-type: none"> Supporting the Chairman, the Board, and the Sub-Committees by ensuring a proper flow of information Ensuring policies and procedures are followed Providing necessary advice and assistance to the Board and Directors in respect of their duties. Facilitating effective operation of the Board and Board Sub Committees Maintaining relationships between the Company, its Shareholders, and regulators, including assisting the Board in discharging its obligations to Shareholders

Board Committees

Audit Committee (Refer page 135 for the Report)	Related party Transactions Review Committee (Refer page 142 for the Report)
02 Independent Directors	03 Independent Directors
01 Non Executive Director	
<ul style="list-style-type: none"> Reviews the integrity of financial statements in accordance with Sri Lanka Financial Reporting Standards. Ensure compliance with legal and regulatory requirements of Companies Act and other relevant financial reporting related regulations and requirements. Assess the External Auditor's independence and performance. Review adequacy and effectiveness of risk management 	<ul style="list-style-type: none"> To ensure on behalf of the Board, that all Related Party Transactions of the Group are consistent with the provisions of the Listing Rules of the Colombo Stock Exchange.

Board Committees

Nominations and Governance Committee (Refer pages 138 to 141 for the Report)	Remunerations Committee (Refer page 137 for the Report)
02 Independent Directors 01 Non Executive Director	02 Independent Directors 01 Non Executive Director
<ul style="list-style-type: none"> Overseeing the selection, appointment, and re-election of board members, CEO/MD, and Key Management Personnel (KMPs) Evaluating Performance and Re-election of Directors: Ensuring board effectiveness through self-assessment and monitoring corporate governance practices 	<ul style="list-style-type: none"> The Committee assists the Board in determining a suitable remuneration package.

Appointment, Re-election and Retirement

Directors are appointed by shareholders at the Annual General Meeting and a separate resolution is framed for each separate nominee and circulated to shareholders along with notice of the meeting. One third of directors retire annually at the AGM and may offer themselves for re-election if they meet the criteria set by the Nominations & Governance Committee. The Board may fill any casual vacancy during the year. Directors appointed in this manner are required to offer themselves for re-election at the next AGM. The Nominations and Governance Committee assist the Board in finding suitable candidates for such appointments. Directors may resign from their position at anytime by providing a written communication to the Chairman via the Company Secretary.

Determining Independence of Non-Executive Directors

Independent directors are required to provide a declaration annually which is reviewed by the Nominations & Governance Committee to determine the independence of directors.

Managing conflicts of interest

Directors are required to declare their business interests on appointment and update thereafter and the Company Secretaries maintain a register of Directors' Interests. Directors are disclosed on pages 23 to 29. Directors do not participate in the meeting when related party matters are discussed, absenting themselves from the Board room for the duration of the discussion.

Related party transactions are reviewed quarterly by the Related Party Transactions Review Committee who approve the transactions and ensure appropriate disclosures in line with regulatory requirements. Related party transactions are disclosed in Note 31 to the financial statements on pages 212 to 215.

Effective Meetings

Board meetings are held quarterly in accordance with an annual calendar prepared by the Company Secretaries, with provision for additional meetings as maybe required. The agenda for the meeting is determined by the Chairman and the Company Secretary with inputs where needed from the Managing Directors/ CEO. Relevant Board papers are circulated to the Directors seven days prior to the meeting allowing sufficient time review and clarification. Performance oversight, risk management and review of financial statements are regular items on the agenda of the Board.

Key Management Personnel (KMP) attend Board meetings on invitation to make presentations and update the Board on material issues that impact the business. They are also available for clarifications that may be required by Board members. Board minutes are circulated to members within 2 weeks.

CORPORATE GOVERNANCE

Meeting Attendance

Attendance of directors at meetings is given below

Director	Date of Appointment	Attendance				
		Board Meetings	Nominations & Governance Committee	Audit Committee	Remuneration Committee	Related Party Transactions Review Committee
1. Mr. Dhammika Perera	31.07.2025	04/08				
2. Mr. A M Weerasinghe	15.03.2017	12/12				
3. Mr. Priyantha Talwatte	01.04.2025	12/12				
4. Mr. M W R N Somaratne	11.03.2015	11/12				
5. Mr. Haresh Somashantha	31.07.2025	08/08				
6. Dr. S Selliah	29.03.2003	10/12		4/4		
7. Ms. A M L Page	01.10.2013	08/12				
8. Mr. S R Jayaweera	09.10.2020	12/12	2/2	4/4	2/2	4/4
9. Ms. K A D B Perera	19.10.2022	06/12	1/2			
10. Ms. Y D Bhaskaran	01.01.2025	12/12			2/2	
11. Mr. B D S Mendis	01.01.2025	12/12	2/2			
12. Mr. N M Pelpola	01.01.2025	11/12				4/4
13. Mr. S H Amarasekera	30.10.2025	04/05				
14. Mr. H M A Jayasinghe	24.12.2025	03/04		1/1	-	1/1
15. Mr. R M M J Ratnayake	07.05.2026	-				
16. Mr. J D N Kekulawala (resigned on 08.12.2025)		06/08		3/3	1/2	3/3

Remuneration Policy

The Board is assisted by the Remuneration Committee in determining remuneration of Executive Directors, Non-Executive Directors, KMP and others. Remuneration policy is designed to attract and retain the skills, capabilities and experience required to pursue business objectives. Remuneration of KMP and Executive Directors are linked performance of the Group. Please refer page 137 for the Report of the Remuneration Committee and Terms of Reference. NED remuneration comprise a fee for being a Director of the Board and an additional fee for being a member of a committee.

Accountability & Audit

The Board approved the quarterly reports prior dissemination to the public through the CSE and the corporate website. The Audit Committee

reviews the financial statements and recommends the financial statements for approval by the Board. The following reports set out further information required by the Code:

- The Directors' Report on pages 146 to 152 (including the declaration that the company is a going concern)
- The Statement of Directors' Responsibility on page 154
- Report of the Auditors on pages 156 to 158

External Auditor

The External Auditor is appointed by the shareholders at the Annual General Meeting. The Audit committee monitors and reviews the External Auditor's independence, objectivity and the effectiveness of the audit process considering relevant professional and regulatory requirements.

Assignment of non-audit services to External Auditors is reviewed by the Audit Committee who determine the whether the potential impairment of independence and objectivity of the External Auditor in carrying out his duties and responsibilities.

Oversight of Subsidiaries & Associates

- Chairman and other directors sit on the Boards of subsidiaries.
- The Audit Committee of the Company serves as the Audit Committee of the unlisted subsidiaries, ensuring oversight of internal controls, financial reporting, internal and external audit.
- Finance and Human Resources functions have regular meetings with heads of corresponding functions in the subsidiaries to ensure harmonisation and sharing of best practice.

Internal audit co-ordinates with internal auditors of the respective subsidiaries to ensure that audits are conducted in line with expected standards and in line with the agreed audit plans.

Relations with Shareholders

The Group engages with Shareholders through multiple channels. These include the Annual General Meeting (AGM), annual report, interim financial statements, the Company website and via the CSE’s website. Shareholders also have the opportunity to ask questions, comment or make suggestions to the Board through the Company Secretaries and at the Annual General Meeting. All significant issues and concerns of Shareholders are referred to the Board with the views of the Management.

The Company has appointed Mr. Thilanka Sampath, General Manager – Finance as the contact person for effective communication and relations with the shareholders and investors

Constructive use of Annual General Meeting (AGM)

Shareholders are encouraged to participate at the AGM and the Chairman, Board members and Chairpersons of Board Sub-committees are available for discussion at the AGM and respond to questions directed to them by the Chairman. Additionally,

KMPs of the Group are also present assist the directors in this regard.

Notice of the AGM, the Annual Report and Accounts and any other resolution together with the corresponding information that may be set before the shareholders at the AGM, are circulated to shareholders minimum 15 days prior to the AGM. Separate resolutions for each item of business, facilitating voting on each of such issue, separately. Voting procedures at the AGM are circulated to the shareholders in advance. The Company has an effective mechanism to record and count all proxy votes lodged for each resolution. In the event there are a significant proportion of the votes cast against a resolution, the Board will take steps to understand the reasons behind the vote results and determine if any actions are required. The outcome of the vote on each resolution is informed to the CSE, soon after conclusion of the AGM.

Quarterly
<ul style="list-style-type: none"> Quarterly financial statements via the CSE website Press releases
Annually
<ul style="list-style-type: none"> Annual Report & Notice of meeting via CSE Direct mailers to shareholders of Annual Report and Notice of Meeting Annual General Meeting Press release
Ad-hoc
<ul style="list-style-type: none"> Notices to CSE on Corporate Actions Press releases Circulars to shareholders

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

Reference to ICASL Code	Corporate Governance Principle	How we Comply	Compliance Status
Directors			
A.1 The Board			
A. 1.1	Board Meetings	12 scheduled Board meetings were held. The Board may call for special meetings to be held as deemed necessary	☑
A1.2	Role of the Board	<ul style="list-style-type: none"> Focus in on developing strategies for business development and to provide guidance to the management. Sets the budget for the financial year and reviews progress at the monthly meetings. Approving of major capital expenditure Approving borrowings Ensures that effective internal control and risk management framework is in place 	☑
A. 1.3	Compliance with laws and access to independent professional advice	The Board has put in a policy framework and internal controls to facilitate compliance with laws. Additionally, Board members have the right to request for independent professional advice with the costs borne by the Company on matters set before the Board.	☑

CORPORATE GOVERNANCE

Reference to ICASL Code	Corporate Governance Principle	How we Comply	Compliance Status
A 1.4	Access to advice from the Company Secretary Indemnifying the Board, Directors and key management personnel	All directors have access to the advice of the Company Secretary.	☑
A 1.5	Independent judgment of the Directors	Board comprises mainly of independent professionals who in turn exercise independent judgement in discharging their duties	☑
A 1.6	Dedicating adequate time and effort	Regular Board meetings and sub-committee meetings are scheduled well in advance and Board papers circulated 1 week prior to the meetings, giving adequate time to prepare	☑
A.1.7	Calls for resolutions	Resolutions are passed for all Board approvals and minutes are kept	☑
A 1.8	Training of Directors	At the time a Director is appointed a letter confirming such appointment together with details on the duties of a Director in terms of the Act and Listing Rules are forwarded to them. All Directors have considerable experience in the industry. Relevant training opportunities are made available.	☑
A. 2.0	Segregation of Roles of Chairman & CEO	Please refer Chairman and Managing Director pages 16 to 22	☑
A. 3	Chairman's Role	The Chairman ensures that meetings are conducted in an orderly manner and that each Board Member and Member of staff is given an opportunity to present his views/concerns on matters.	☑
A. 4	Financial Acumen	Members of the Board and Management have sufficient financial knowledge and thus are able to provide guidance on financial matters.	☑
A.5 Board Balance			
A.5.1/ A5.2/A.5.3 & A.5.5	Presence of Non-Executive Directors Independence of Non-Executive Directors	Please refer Board composition on page 146	☑
A.5.4 7.10.2(b)	Annual Declaration of Independence by the Non-Executive Directors	Annual declarations citing their independence is obtained by the secretary annually.	☑
A.5.6	Alternate Director to a Non-Executive Director	No Alternate Directorships	☑
A.5.7/5.8	Senior Independent Director	No Senior Independent Director required as the Chairman is a Non-Executive Director	☑
A.5.9	Chairman meeting with the Non-Executive Directors	When required the Executive Directors and Members of staff are excused from meetings	☑
A.5.10	Recording concerns	Concerns of directors are recorded in minutes even in the case of disagreement.	☑
A.6 Supply of Information			
A.6.1	Obligation of the Management to provide appropriate and timely information	Board Papers and Committee papers are provided at least 1 week before the meeting. The Chairman ensures that sufficient information is provided to Directors on matters on the agenda and Directors also have the ability to seek more information from Senior Management of the Company via the Company Secretary or the CEO/MD.	☑

Reference to ICASL Code	Corporate Governance Principle	How we Comply	Compliance Status
A.6.2	Board papers to be provided 7 days prior to Board Meeting	Board papers are provided one week prior to the Board meeting.	<input checked="" type="checkbox"/>
A.7 Appointments to the Board			
A.7.1 / A.7.2	Nomination Committee and the assessment of composition of the Board	The Nominations & Governance Committee is charged with finding suitable candidates and nominating them to the Board for approval to be included in resolutions at the AGM or for appointment as a casual vacancy. All new appointments are informed to the CSE as per existing regulations. Appointments are undertaken by the Board of Directors. The Board's skills and knowledge are assessed by the parent company board annually and informed to the directors.	
A.7.3	Disclosure of Appointment of a New Director	Disclosure pertaining to any new appointments are made to the CSE within two market days from the date of such appointment. The disclosure includes a brief profile of the Director and whether the Director is an Independent/Non-Executive/ Executive Director.	
A.8 Re-election			
A.8.1 /A.8.2	Re-election	At each AGM 1/3rd of the Directors present himself/herself for re-election. Newly appointed directors are re-elected at the 1st AGM following their appointment.	<input checked="" type="checkbox"/>
A.8.3	Resignation	In the event of a resignation, a letter of resignation is provided by the Director.	<input checked="" type="checkbox"/>
A.9 Appraisal of Board Performance			
A.9.1/A.9.2/ A.9.3/A.9.4	Appraisals of the Board and the sub committees	Board appraisals are done at the year end	<input checked="" type="checkbox"/>
A.10 Disclosure of Information in Respect of Directors			
A.10.1	Profiles of the Board of Directors and other related information	The names of the Directors of the Board and their profiles are given on page 23 to 29	<input checked="" type="checkbox"/>
A.11 Appraisal of Chief Executive Officer			
A.11.1/A.11.2	Setting of the annual targets and the appraisal of the CEO	The performance of the CEO is reviewed annually by the Board based on the strategic targets set for the year.	<input checked="" type="checkbox"/>
B. Directors' Remuneration			
B.1	Remuneration Procedure		
B.1.1	Set up a Remuneration Committee with agreed terms of reference	Refer Directors' Remuneration on page 137 The Report of the Remuneration Committee on page 137 gives the composition of the Committee and a description of its activities during the year.	<input checked="" type="checkbox"/>
B.1.2	Remuneration Committee to consist of Non-Executive Directors only	Consists of three Independent Non-Executive Directors	<input checked="" type="checkbox"/>
B.1.3	List names of Remuneration Committee in Annual Report	Please refer page 137	<input checked="" type="checkbox"/>
B.1.4	Determination of the remuneration of the Non-Executive Directors	Remuneration of the Non-Executive Directors is decided by the Board in consultation with the Chairman	<input checked="" type="checkbox"/>

CORPORATE GOVERNANCE

Reference to ICASL Code	Corporate Governance Principle	How we Comply	Compliance Status
B.1.5	Consultation with the Chairman and the Managing Director	The Chairman/ MD are consulted when determining the remuneration to be paid to the Executive Directors and Management, respectively.	<input checked="" type="checkbox"/>
B.2 The Level & Makeup of Remuneration			
B.2.1/B.2.2/ B.2.3/B.2.4	The level and makeup of the remuneration of Directors and comparison of remuneration with other companies	Remuneration levels have been designed to attract, retain and motivate Directors while remaining within the industry standards and Annual performance approved	<input checked="" type="checkbox"/>
B.2.5	Performance based remuneration	Part of the remuneration package of the Executive Directors are linked to achievement of targets and individual performance.	<input checked="" type="checkbox"/>
B.2.6 Executive share options			
B.2.7	Designing schemes of performance-based remuneration	Refer the Report of the Remuneration Committee on page 137	<input checked="" type="checkbox"/>
B.2.8/B.2.9	Early Termination of Directors	There is no compensation for early termination of non-executive directors.	<input checked="" type="checkbox"/>
B.3 Disclosure of Remuneration			
B.3.1 7.10.5.(c)	Disclosure of Remuneration	Report of the Remuneration Committee on page 137 Notes 31 in the financial statements on page 215	<input checked="" type="checkbox"/>
Relations with Shareholders			
C.1	Constructive use of AGM and Conduct of Meetings		
C.1.1	Dispatch of Notice of AGM and related papers to shareholders	Notice of Meeting, the Agenda for the Annual General Meeting and the Annual Report are circulated to shareholders prior to 15 days as required by the Articles of Association and the Code.	<input checked="" type="checkbox"/>
C.1.2	Separate resolution for substantially separate issues.	Separate resolutions are passed for each matter taken up at the AGM	<input checked="" type="checkbox"/>
C.1.3	Accurate recording and counting valid proxy appointments received for general meeting	Valid proxies are listed together with the number of shares held by the shareholder appointing the proxy.	<input checked="" type="checkbox"/>
C.1.4	Availability of Chairman of Board Committees at the Annual General Meeting	The Chairmen of the Board Committees are present to answer any queries of the shareholders directed to them by the Chairman of the Company.	<input checked="" type="checkbox"/>
C.1.5	Summary of Notice of General Meetings and procedures governing voting at General Meetings	A summary of the procedure on voting is given in the Notice of Meeting.	<input checked="" type="checkbox"/>
C.2 Communications with shareholders			
C.2.1 to C.2.7	Communications with Shareholders	<p>The AGM and EGM (if any) are used as the method for communicating with the shareholders.</p> <p>All quarterly and annual financial information and other important matters as required for by the Act and the Listing Rules are shared by way of disclosures through the CSE.</p> <p>The Company Secretaries/Registrars are the main contact people for the shareholders.</p> <p>All major concerns of the shareholders are brought to the notice of the Board at the AGM and at Board/Subcommittee meetings.</p> <p>All queries of shareholders are answered at the AGM and all shareholders are given the opportunity to express their views/ concerns.</p>	<input checked="" type="checkbox"/>

Reference to ICASL Code	Corporate Governance Principle	How we Comply	Compliance Status
C.3 Major & Material Transactions			
C.3.1 & C.3.2	Disclosure of Major Transactions	There were no matters which were identified as Major Transactions during the year as such no disclosure has been made in this regard. In the event there are Major Transactions, relevant disclosures and relevant shareholder approvals are obtained.	<input checked="" type="checkbox"/>
D. Accountability & Audit			
D.1.1	Annual Report	Refer Accountability & Audit on pages 146 to 152	<input checked="" type="checkbox"/>
D.1.2	Interim and price sensitive reports to public and regulators	In preparing annual and quarterly Financial Statements, the Company complies with the requirements of the; <ul style="list-style-type: none"> • Companies Act No. 07 of 2007, • Sri Lanka Accounting Standards and • Listing Rules of the Colombo Stock Exchange. The annual and interim Financial Statements were published within the time periods prescribed by the Listing Rules of the Colombo Stock Exchange.	<input checked="" type="checkbox"/>
D.1.3	CEO/CFO Declaration	The Statement of Financial contains a declaration by the Chairman & Managing Director and the Chief Financial Officer.	<input checked="" type="checkbox"/>
D.1.4	Directors' Report declarations	Refer Annual Report of the Board of Directors on page 146.	<input checked="" type="checkbox"/>
D.1.5	Statements on responsibilities for preparation of financial statements and internal control	Refer the following: Statement of Board responsibility for preparation of financial statements on page 154 Statement from Auditors on their reporting responsibilities on pages 156 to 158 Statement on Internal Control – page 156	<input checked="" type="checkbox"/>
D.1.6	Management discussion & analysis	Refer annual report pages from 31 to 118 which provides a comprehensive management discussion and analysis of the Group's operations	<input checked="" type="checkbox"/>
D.1.7	Serious loss of capital	Shareholders will be informed of a serious loss of capital in the event it happens.	<input checked="" type="checkbox"/>
D.1.8	Related Party transactions	Refer the following disclosures on Related Party Transactions: Relates party transactions Review Committee Report on page 142 Annual Report of the Board of Directors on pages 146 to 152 Note 31 to the financial statements	<input checked="" type="checkbox"/>
D.2 Risk Management & Internal Control			
D.2.1	Monitor, review and report on financial, operational and compliance risk and internal control systems	The following reports provide details on compliance with these requirements: Risk Report on pages 42 to 44 Risk & Internal Control on pages 42 to 44 Directors' Statement on Internal Controls on page 137 Audit Committee Report on pages 135-136	<input checked="" type="checkbox"/>
D.2.2	Confirm assessment of the principal risks of the company		<input checked="" type="checkbox"/>
D.2.3	Internal Audit		<input checked="" type="checkbox"/>
D.2.4	Require Audit Committee to carry out reviews of & Board responsibility for disclosures		<input checked="" type="checkbox"/>

CORPORATE GOVERNANCE

Reference to ICASL Code	Corporate Governance Principle	How we Comply	Compliance Status
D.2.5	Compliance with Directors' responsibilities as set out by the Code		<input checked="" type="checkbox"/>
D.3 Audit Committee			
D.3.1 7.10.6 (a)	Establish an Audit Committee comprising wholly of Non-Executive directors of which at least 2 must be independent	Audit Committee comprises 03 non-executive directors of whom 02 are independent. Refer Audit Committee on page 135.	<input checked="" type="checkbox"/>
D.3.2 7.10.6 (b)	Written Terms of Reference for Audit Committee	The Audit Committee has a written Terms of Reference summarised in the Audit Committee Report on page 135.	<input checked="" type="checkbox"/>
D.3.3 7.10.6(c)	Disclosures	The Audit Committee Report with required disclosures are given on page 135.	<input checked="" type="checkbox"/>
D.4 Related Party Transactions Review Committee			
D.4.1/D.4.2/ D.4.3 9.3.2	Related Party Transactions Review Committee	Refer Related Party Transactions Review Committee on page 142 Report of the Related Party Transactions Review Committee on page 142	<input checked="" type="checkbox"/>
D.5 Code of Business Conduct & Ethics			
D.5.1	Board declaration for compliance with Code	Refer Code of Ethics on pages 120 to 134.	
D.5.2	Price sensitive information	Material and price sensitive information is promptly disclosed to the CSE by the Company Secretaries.	<input checked="" type="checkbox"/>
D.5.3	Monitor Share purchase by Directors/ KMPs	Refer the Related Party Transactions Committee Report on page 142.	<input checked="" type="checkbox"/>
D.5.4	Chairman's statement	Refer the Chairman's Message on Corporate Governance on page 16 and The Board of Directors' Statement on Internal Controls on pages 42 to 44.	<input checked="" type="checkbox"/>
D.6	Corporate Governance disclosures	The Corporate Governance Report on pages 119 and 134 together with its Annexes comply with this requirement.	<input checked="" type="checkbox"/>
E. Institutional Investors			
E.1.1	Institutional investors	The proxies of the major institutional investors, such as the major shareholder are obtained.	<input checked="" type="checkbox"/>
E.2	Evaluation of Governance Disclosures	Information required for evaluation of governance structures is provided in the Annual Report.	<input checked="" type="checkbox"/>
F. Other Investors			
F1	Investing and divesting decision	We seek to provide sufficient information to investors through the annual report, quarterly financial statements and announcements to the CSE to assist investors with their investment and divestment decision.	<input checked="" type="checkbox"/>
F.2.	Encouraging shareholder participation	Refer Shareholder Relations on page 237	
G. Internet of things and cybersecurity			
G.1	Identify connectivity and related cyber risks	The Company has implemented a cybersecurity policy and has robust cybersecurity risk management process and has a designated Chief Information Security Officer in place.	<input checked="" type="checkbox"/>
G.2	Appoint a CISO and allocate budget to implement a cybersecurity policy		<input checked="" type="checkbox"/>

Reference to ICASL Code	Corporate Governance Principle	How we Comply	Compliance Status
G.3	Include cyber security in Board agenda	Moving forwards compliance	
G.4	Obtain periodic assurance to review effectiveness of cybersecurity risk management		
G.5	Disclosures in Annual Report		
H. Environment, Society & Governance			
H	Environment, society and governance	Refer ESG Reporting from pages 64 to 106	<input checked="" type="checkbox"/>
H.1	Consider the impact of sustainability risks and opportunities in the business model, operations and short, medium and long term plans to build resilience and report the same to the Board.	The Company identified and assessed the impact of its SRROs and CRROs which has been reviewed by the Board and is set out on pages 108 to 118. The relevant SASBs for each industry was within the Group.	<input checked="" type="checkbox"/>
H.2	Continuously engage with and consider the views of its stakeholders to better understand and manage the company's sustainability/ESG risk and opportunities.	The Company continuously engages with its stakeholders to consider the views and manage concerns to manage its reputation and to preserve its social license to operate.	<input checked="" type="checkbox"/>
H.3	The company should establish a governance framework and structure which includes conformance, performance and sustainability/ESG factors	The corporate governance report from pages 120 to 134 provides information in this regard.	<input checked="" type="checkbox"/>
H.4	The board should establish a governance structure to support sustainability/ESG factors including its ability to create value and manage risks in the short, medium and long term, recognising, managing and measuring on all pertinent aspects of sustainability using financial and non-financial measures.	- The Board Sustainability Committee was established on 27th November 2025 - Adaptation of SLFRS S1 and SLFRS S2.	<input checked="" type="checkbox"/>
I. Special Considerations for Listed Companies			
I.1	Listed entities shall establish and maintain policies relating to its governance and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the entity on its website.	Policies have been published and can be accessed via this link; https://www.lankatiles.com/corporate-governance-policies/	<input checked="" type="checkbox"/>
I.2	Listed entities shall establish and maintain a formal policy governing matters relating to the board of directors.		

CORPORATE GOVERNANCE

SECTION 9 – CORPORATE GOVERNANCE

Rule Ref	Disclosure Requirement	Compliance Status
9.1.3	Statement confirming the extent of compliance with the Corporate Governance Rules	Complied – Ref. Page 150 under Corporate Governance
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted	Not applicable
9.2	List of policies in place as per Rule 9.2.1, with reference to website	Complied – Ref. Page 151
9.2.3 (ii)	Any changes to policies adopted	Complied – Ref. Page 151
9.4.2	(a) The policy on effective communication and relations with shareholders and investors (b) The contact person for such communication (c) The policy on relations with shareholders and investors on the process to make all Directors aware of major issues and concerns of shareholders	Complied – Ref. Page 151
9.5.2	Confirmation on compliance with the requirements of the Policy on matters relating to the Board of Directors. If non-complied reasons for the same with proposed remedial action.	Complied – Ref. Page 148
9.6.3 (e)	Report of SID demonstrating the effectiveness of duties	Not applicable
9.6.4	Rationale for appointing SID	Not applicable
9.7.5	(a) Statement on Directors and CEO satisfying Fit and Proper Assessment Criteria (b) Any non-compliance/s and remedial action taken	Complied – Ref. Page 148 Not applicable
9.8.5	Names of Directors determined to be ‘independent’	Complied – Ref. Page 148
9.10.4	Directors details – name, qualifications and brief profile – nature of his/her expertise in relevant functional areas – whether either the Director or Close Family Members has any material business relationships with other Directors – whether Executive, Non-Executive and/or independent Director – total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or KMP stating whether listed or unlisted, whether functions as executive or non-executive (If the directorships are within the Group names need not be disclosed) – number of Board meetings attended – names of Board Committees in which the Director serves as Chairperson or a member – Attendance of board committee meetings – TOR and powers of SID	Complied – Ref. Directors Profiles on Pages 23 to 29 and Corporate Governance on Pages 120 to 134

Rule Ref	Disclosure Requirement	Compliance Status
9.11.6	<p>Nominations and Governance Committee Report</p> <ul style="list-style-type: none"> - Signed by Chairperson - Names of chairperson and members with nature of directorship - Date of appointment to the committee - Availability of documented policy and processes when nominating Directors - Requirement of re-election at regular intervals at least once in 3 years - Board diversity - Effective implementation of policies and processes relating to appointment and reappointment of Directors - Details of directors re-appointed - Board Committees served Date of first appointment Date of last re-appointment - Directorships or Chairpersonships and other principal commitments, present and held over the preceding three years - Any relationships – close family member, more 10% shareholding - Performance of periodic evaluation of board - Process adopted to inform independent directors of major issues. - Induction / orientation programs for new directors on corporate governance, Listing Rules, securities market regulations or negative statement - Annual update for all directors on corporate governance, Listing Rules, securities market regulations or negative statement - Compliance with independence criteria - Statement on compliance with corporate governance rules, if non-compliant reasons and remedial actions 	Complied – Ref. Page 138
9.12.8	<ul style="list-style-type: none"> - Remuneration Committee Report - Names of chairperson and members with nature of directorship - Remuneration Policy - The aggregate remuneration of the Executive and Non-Executive Directors. 	Complied – Ref. Page 137
9.13.5	<p>Audit Committee Report</p> <ul style="list-style-type: none"> - Names of chairperson and members with nature of directorship - Status of risk management and internal control – company and group - Statement on CEO and CFO assurance on operations and finances - Opinion on compliance with financial reporting requirements, information requirements Listing Rules, Companies Act, SEC Act and any other requirements. - Availability of formal Audit Charter - Internal audit assurance and summary of the work internal audit - Details demonstrating effective discharge of functions and duties - Statement on external auditors’ assurance on their independence - Confirmation on determining auditor’s independence 	Complied – Ref. Page 135
9.14.8 (1)	<p>Related Party Disclosures</p> <p>non-recurrent RPT exceeding 10% of the Equity or 5% of the Total Assets, whichever is lower (in the specified format)</p> <p>Name of the RP Relationship</p> <ul style="list-style-type: none"> - Value of RPT - Value as % of equity and total assets - Terms and Conditions - Rationale 	Complied – Ref. Page 142

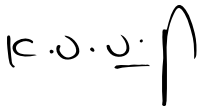
CORPORATE GOVERNANCE

Rule Ref	Disclosure Requirement	Compliance Status
9.14.8 (2)	Recurrent RPT exceeding 10% of the gross revenue/income (in the specified format) <ul style="list-style-type: none"> – Name of the RP Relationship – Nature of RPT – Value of aggregate RPT – Value as % of gross income – Terms and Conditions 	Complied – Ref. Page 143
9.14.8 (3)	Related Party Transactions Review Committee Report <ul style="list-style-type: none"> – Names of the Directors comprising the Committee – Statement that committee has reviewed RPTs and communicated comments/observations to the Board – Policies and procedures adopted by the Committee 	Complied – Ref. Page 142
9.14.8 (4)	Affirmative declaration by the Board of Directors on compliance with RPT Rules or negative statement to that effect.	Complied, except for non-compliance from 08.12.2025 to 24.12.2025
9.16	<ul style="list-style-type: none"> – Additional disclosures by Board of Directors Declaration on following – All material interests in contracts and have refrained from voting on matters in which they were materially interested – Reviewed of the internal controls covering financial, operational and compliance controls and risk management and obtained reasonable assurance of their effectiveness and successful adherence, and, if unable to make any of these declarations an explanation on why it is unable to do so; – Made themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions; – Disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations. 	Complied

Statement of Compliance

The Company has complied rules of the Colombo Stock Exchange, except for two non-compliance referred to on Page 150 of the Annual Report under Corporate Governance.

Furthermore, the Board confirms that all statutory payments due to the Government, other regulatory institutions, and employees have been made on time.



Dhammika Perera
Chairman

29 May 2026



Priyantha Talwatte
Managing Director

AUDIT COMMITTEE REPORT

The Audit Committee was formed by the Board in-line with the listing rules of the Colombo Stock Exchange.

Role of the Audit Committee

Primarily it is to assist the Board in its oversight of the integrity of the Financial Statements of the Company, to assess the adequacy of the risk management framework of the Company, assess the independence and the performance of the Company's external audit function and internal audit functions, and review compliance of the Company with legal and regulatory requirements.

Composition

The Committee was last reconstituted on 24th December 2025. The current Committee members are as follows.

Name of Member	Nature of Directorship
Mr. H M A Jayasinghe Chairman	Independent Non- Executive Director
Dr. S Selliah	Committee Member- Non- Executive
Mr. S R Jayaweera	Committee Member- Independent Non- Executive

Mr. J D N Kekulawala- Independent Non- Executive Director also held membership in the Committee during the year and ceased to be a member.

The Managing Director, Director Finance, General Manager – Finance and Senior Manager – Audit & Risk attend the meetings at the invitation of the Audit Committee.

P W Corporate Secretarial (Pvt) Ltd functions as the Secretary to the Audit Committee. Representatives of the Company, external auditors and internal auditors also attend Audit Committee meetings by invitation.

The Audit Committee has the required expertise in finance and business management to deliberate Audit Committee matters and recommend necessary action to be taken.

Meetings

The Audit Committee met four times during the year. The attendance of the members at the meeting is as follows.

Name of Member	Attendance
Mr. H M A Jayasinghe (appointed on 24th December 2025)	1/1
Mr. S R Jayaweera	4/4
Dr. S. Selliah	4/4
Mr. J D N Kekulawala (resigned on 08th December 2025)	3/3

Functions performed by the Audit Committee

a. The Committee reviewed the provisional financial statements that were published for financial year 2025/26 and the audited financial statements of financial year 2025/26. It reviewed the preparation, presentation and adequacy of disclosures in the financial statements of the Company, in accordance with Sri Lanka Accounting Standards. It also reviewed the Company's compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements.

b. The Committee reviewed the internal audit function. The internal audit function is carried out by M/s. Ratnayake T.A. & Co., B R De Silva & Co., B D O Partners and Bakertilly (Pvt) Ltd. The Internal audits are done on a process based audit framework to improve process performance and control. The Internal Audit Plan was also reviewed and approved by the Committee and follow up actions were monitored regularly.

c. The Committee reviewed the external auditors' report and management letter for the last year. All recommendations proposed by the external auditors were discussed with the senior partner and recommendations proposed were duly carried out by the management. In addition the Audit Committee reviewed external auditors and the engagement partner's relationships with the Company, and assessed that the external auditors are independent.

d. The Non-Audit Services provided by the External Auditor were also reviewed and the Committee was of the view that such services did not impair with their independence and were not within the category of services identified as restricted under the guidelines for listed companies on Audit and Audit Committees issued by the Securities and Exchange Commission of Sri Lanka.

e. The Audit Committee in conjunction with the Managing Director of the Company reviewed the Company's disclosure controls and procedures and internal control over financial reporting.

f. The Audit Committee reviewed the Company's framework and practices with respect to risk assessment and risk management, including discussing with management the Company's major financial risk exposures and the steps that have been taken to monitor and control such exposures.

g. The Audit Committee reviewed the company's arrangement for the confidential receipt, retention and treatment of complaints alleging

AUDIT COMMITTEE REPORT

fraud, received from any sources and pertaining to accounting, internal controls or other such matters and assured the confidentiality to whistle-blowing employees. It also reviewed the company's procedures for detecting and preventing fraud and bribery and receiving reports on non-compliance and reviewed the procedure for receiving and dealing with "Non-Compliance with Laws and Regulations (NOCLAR) referred by Professional Accountants.

- h. Performed other activities related to this charter as requested by the Board of Directors. Oversaw special investigations as needed. Reviewed and assessed the adequacy of the committee charter annually and requested board approval for proposed changes, and ensured appropriate disclosure as may be required by law or regulations.

The scope of function on responsibilities are adequately set out in the terms of reference of the committee which has been approved by the Board and is reviewed annually.

Compliance

Representations and assurances were obtained from M/s. Ernst & Young , Chartered Accountants and the management team on the entity's finances and operations, including assurances regarding provisions for possible liabilities. Compliance reports were reviewed to ensure adherence to statutory requirements, including CSE Rules, Sri Lanka Financial Reporting Standards and the Companies Act No. 07 of 2007. Regular updates on HR and Legal compliance matters were also obtained.

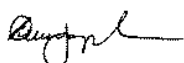
Ethics and Good Governance

The Committee emphasised ethical standards among employees, reinforcing policies on Business conduct, whistleblowing and Anti-Bribery & Corruption. Training programs were conducted to ensure awareness and confidential procedures were in place for independent investigations of whistleblowing reports.

Conclusion

The Committee is of the opinion that the Company is in compliance with the relevant legal and regulatory requirements including financial reporting requirements, CSE Rules, Companies Act and SEC Act and other relevant reporting-related regulations and requirements.

The Audit Committee remains committed to upholding the highest standards of corporate governance, financial integrity and risk management. Through diligent oversight and proactive engagement with stakeholders the Committee continues to enhance transparency and accountability in all financial and operational aspects of the Company.



Manil Jayasinghe
Chairman
Audit Committee

29 May 2026

REMUNERATION COMMITTEE REPORT

The Remuneration Committee of the company was formed by the Board effective from 01st October 2024 in line with Listing Rules of the Colombo Stock Exchange on Corporate Governance.

Composition

The Committee comprises two Independent Directors (one of whom is the Chairman) and one Non-Executive Director in conformity with Rule 9.12.6 of the Listing Rules.

The Committee was last reconstituted on 24th December 2025.

As at 31 March 2026 and the date of this report the composition of the committee

Name of Member	Date of appointment to the Committee	Nature of Directorship
Mr. S R Jayaweera	01.01.2025	Independent Non-Executive Director- Chairman
Ms. Y Bhaskaran	01.01.2025	Non-Executive Director
Mr. H M A Jayasinghe	24.12.2025	Independent Non-Executive Director

Brief profiles of the members appear on pages 23 to 29 of this Report.

Mr. J D N Kekulawala – Independent Non-Executive Director was a member of the committee since its formation on 1st October 2024 up to 8th December 2025.

The Managing Director attends the Committee meetings by invitation, if required by the Committee.

The Company Secretaries - P W Corporate Secretarial (Pvt) Ltd function as the secretaries of the committee.

Meetings

The Remuneration Committee met twice during the year.

The attendance of the members at the meeting is as set out in the table below:

Name of Member	Attendance
Mr. S R Jayaweera	2/2
Ms. Y Bhaskaran	2/2
Mr. H M A Jayasinghe (appointed on 24th December 2025)	-
Mr. J D N Kekulawala (resigned on 08th December 2025)	1/2

Functions Performed By The Remuneration Committee

- Evaluating and recommending to the Board, the remuneration payable to the Board, Managing Director, Executive Directors and the Key Management Personnel of the
- Company, based on which the Board makes the final determination
- Ensuring that the Board complies with the Companies Act in relation to Directors remunerations, especially the requirements of Section 216. It also ensures that employees are adequately compensated based on their performance and contribution for the period under review and in line with future potential.
- Making recommendations under the Policy on Remuneration, on the remuneration framework that enables the Company to attract and retain a high quality and responsive staff in its operations and carry it out inter alia with reference to appropriate market rates where they are relevant, and benchmarking specific categories where required.
- Ensuring internal equity and fairness in and between the various pay categories and building incentives in the cost of employment structure to encourage and reward excellent

performance, on objectively defined criteria.

- Ensuring that staff costs are within the budget set by the management and approve by the board, and are sustainable over a reasonable period of time.

REMUNERATION POLICY

The Company's remuneration policy aims to attract, motivate and retain a highly qualified and experienced staff while ensuring competitive rewards aligned with industry standards. Compensation packages are structured to reflect each employee's expertise and contributions, considering business performance and shareholder returns.

Disclosure On Director Remuneration

The aggregate amount of remuneration paid to the Directors for the year under review is disclosed in Note 31 (g) of the Financial Statements on page 215 of the Annual Report under key management remuneration.



S R Jayaweera
Chairman of the Remuneration Committee

29 May 2026

NOMINATION AND GOVERNANCE COMMITTEE REPORT

The Nominations and Governance Committee (NGC) of Lanka Walltiles PLC was established on 01st October 2024 by the Board of Directors in line with the Listing Rules of the Colombo Stock Exchange on Corporate Governance.

COMPOSITION

The Committee comprises two Independent Directors (one of whom is the Chairman) and one Non-Executive Director in conformity with rule 9.11.4 of the Listing Rules.

As of 31 March 2026, and the date of this Report, the composition of the Committee is as follows:

Name of Member	Date of appointment to the Committee	Nature of Directorship
Mr B D S Mendis (Chairman)	01.01.2025	Independent Non-Executive Director
Mr S R Jayaweera	01.01.2025	Independent Non-Executive Director
Ms K A D B Perera	01.01.2025	Non-Executive Director

Brief profiles of the members appears on pages 23 to 29 of the Report.

The Company Secretaries, P W Corporate Secretarial (Pvt) Ltd function as the Secretaries to the Committee.

Meetings

The NGC had two (2) meetings during the financial year under review. The attendance of the members at these meetings is set out in the table below:

Name of Member	Attendance
Mr B D S Mendis (Chairman)	2/2
Mr S R Jayaweera	2/2
Ms K A D B Perera	1/2

The recommendations / decisions of the Committee were also carried out via circular resolutions during the year under review.

The NGC operates under a Board approved Terms of Reference (TOR) defining its scope, authority, duties and matters. All members are Non-Executive Directors and maintain independence, free from business, operational, personal, or other relationships that may compromise their unbiased judgment.

Policy and Processes for Directors' Nominations

The Company has established a documented policy and defined processes for the nomination of Directors.

These processes include :

- Overseeing the identification, assessment, selection, and nomination of suitable candidates to be appointed as Directors to fill any vacancy on the Board, howsoever created and/or as additional Directors based on the business requirements of the Company;

- Assessing the skills, knowledge, experience, expertise, diversity, and levels of independence necessary that will best complement the effectiveness of the Board;
- Ensuring that the Directors nominees accord with the fit and proper criteria under Rule 9.7.3 of the Listing Rules and obtaining a declaration to that effect from the candidate and;
- Where a Director nominee is to be appointed as an Independent Director, identifying any potential conflicts of interest and assessing the independence of the candidate, and overseeing that he / she satisfies the criteria for independence as per Rule 9.8.3 of the Listing Rules and obtaining a duly completed declaration to that effect from the said party.
- Based on the assessment as aforesaid making recommendations to the Board on appointment of new Directors.

Re-election of Directors

In accordance with the Company's Articles of Association, one-third of the Directors shall retire from office provided that Directors appointed to the office of Managing or Joint Managing Director shall not while holding that office be subject to retirement by rotation or be taken into account in determining the Directors to retire in each year.

Information on Directors' Re-election / Re-appointment

As required by the Listing Rules, the table below sets out the details of the Directors who were re-elected / re-appointed at the 48th Annual General Meeting held on 30th June 2025, and the details of those Directors who are recommended for re-election at the forthcoming Annual General Meeting, in accordance with the provisions of the Articles of Association of the Company and the Companies Act No. 07 of 2007:

49th Annual General Meeting to be held on 30th June 2026

Name of Director	Board Committees served on	Date of First appointment as a Director	Date of last re-election / re-appointment as a Director	Directorships or Chairpersonship and other principal commitments both present and those held over the preceding three years in other Listed entities	Any relationship including close family relationships between the candidate and the Directors, the Listed Entity or its shareholders holding more than 10% of the shares of the Listed Entity
Re-election in terms of Articles 103 and 104 of the Articles of Association of the Company					
Mr. M W R N Somaratne	-	11.03.2015	30.6.2023	Refer profile on page 24	None
Mr. S R Jayaweera	NGC AC RC RPTRC	09.10.2020	30.6.2023	Refer profile on page 26	None
Ms. K A D B Perera	NGC	19.10.2022	30.6.2023	Refer profile on page 26	She is the daughter of Mr Dhammika Perera, the Chairman of the Board of Directors who is the majority shareholder of Vallibel One PLC, the ultimate holding company of Lanka Walltiles PLC.
Re-election of Directors appointed since the last Annual General Meeting in terms of Article 110 of the Articles of Association of the Company					
Mr. Hareesh Somashantha	-	31.07.2025	N/A	Refer profile on page 25	None
Mr. Dhammika Perera	-	31.07.2025	N/A	Refer profile on page 23	He is the father of Ms. Brindhini perera, Non-Executive Director
Mr. S H Amarasekera	-	30.10.2025	N/A	Refer profile on page 28	None
Mr. H M A Jayasinghe	AC RC RPTRC	24.12.2025	N/A	Refer profile on page 28	None
Mr. R M M J Ratnayake	-	07.05.2026	N/A	Refer profile on page 29	None

NOMINATION AND GOVERNANCE COMMITTEE REPORT

48th Annual General Meeting held on 30th June 2025

Name of Director	Board Committees served on	Date of First appointment as a Director	Date of last re-election / re-appointment as a Director	Directorships or Chairpersonship and other principal commitments both present and those held over the preceding three years in other Listed entities	Any relationship including close family relationships between the candidate and the Directors, the Listed Entity or its shareholders holding more than 10% of the shares of the Listed Entity
Re-election in terms of Articles 103 and 104 of the Articles of Association of the Company					
Ms. A M L Page	-	01.10.2013	29.6.2022	Refer profile on page 26	None
Mr. J D N Kekulawala	AC RC RPTRC	30.08.2016	29.6.2022	Directorships held were disclosed in the Annual Report for 2024/25	None
Re-election of Directors appointed since the last Annual General Meeting in terms of Article 110 of the Articles of Association of the Company					
Mrs Dinusha Bhaskaran	RC	01.01.2025	N/A	Refer profile on page 27	None
Mr. B D S Mendis	NGC	01.01.2025	N/A	Refer profile on page 27	None
Mr. N M Pelpola	RPTRC	01.01.2025	N/A	Refer profile on page 28	None
Mr. L P B Talwatte	None	01.04.2025	N/A	Refer profile on page 23	None

AC	Audit Committee
RPTRC	Related party Transactions Review Committee
RM	Remuneration Committee
NGC	Nominations and Governance Committee

Board Diversity

Board diversity is considered an essential factor in ensuring the Board's effective performance. In that context, the Company is committed to maintaining a diverse Board across the following dimensions that align with its strategic goals and governance standards.

Experience The Board comprises Directors with broad and relevant experience across a range of disciplines aligned with the Company's business needs. Collectively, the Board brings expertise in entrepreneurship, finance, audit and risk management, real estate, advisory, mergers and acquisitions, transactional analysis, asset management, marketing, governance, and legal matters.

Skills The Board possesses skills that are essential to drive the business of the Company including communication skills, leadership skills, decision making skills, organisational skills and skills to embody the vision of organisation. Many Directors are experienced entrepreneurs, professionals and business leaders and make significant contribution towards the strategic direction of the Company and its subsidiaries with their diverse skills and attributes.

Age There is a distribution amongst different age groups, ranging from 25 years to 68 years.

Gender The Board reflects gender diversity, with two female Directors serving on it.

Effective Implementation Of Policies And Processes For Appointment And Re-Appointment Of Directors

The effectiveness of the policies and processes relating to the appointment and re-appointment of Directors is demonstrated by the following:

- The NGC reviewed the criteria for fitness and propriety, independence and other compliance requirements for individual Directors at the time of their initial appointments to the Board and through annual review. Such a review also covered the general disclosure of interests, declarations and other information provided by Director nominees and by individual Directors in accordance with the Listing Rules, Companies Act and the Company's Articles of Association.
- Director nominees are subject to reviews of their past performance.
- A process has been established for Board evaluations, including attendance, engagement and effective contribution as a Board member, to ensure that each Director continues to add value to the Company to achieve its objectives, before the NGC recommends the re-election / re-appointment of a Director.

Periodic Evaluations on The Performance of the Board and the Executive Directors.

As per the Rules on Corporate Governance embodied in the Listing Rules and the Policy on Corporate Governance, Nomination and Re-election adopted by the Company with effect from 1st October 2024, periodic evaluations of the performance of the Board of Directors, Sub Committees and the Executive Directors of the Company have been carried out, through a scheme of self-assessment undertaken by each Director. The NGC has reviewed the results of such assessment and reported its findings on the matter to the Board.

Process on the Flow of Information to Independent Directors on Major Issues

The Company ensures that Independent Directors are informed through a structured communication framework, including regular Board and Committee meetings, with detailed agenda and relevant documents shared in advance. Directors receive periodic updates on key financial, operational and strategic matters, with direct access to the Senior Management and the Company Secretaries to seek clarifications on matters falling under the purview of the Board.

Special briefings are provided to the Directors through the Managing Director and/or the Company Secretaries in dealing with important matters.

Briefings to newly Appointed Directors and Annual Updates to the Board

Briefings are provided to newly appointed Directors, covering operations, governance, regulations, strategic objectives, financial performance and key policies.

Updates are also provided to the Board on corporate governance, regulatory developments and relevant laws, ensuring compliance, effective risk management, and alignment with legislative amendments to protect shareholder interests.

Determination of Independence of Independent Directors

The NGC confirms that the five Independent Directors who serve on the Board of the Company as at the date of this Report meet the criteria for independence as stipulated in Rule 9.8.3 of the Listing Rules.

Compliance with the Corporate Governance Requirements stipulated under the Listing Rules

The NGC confirms that the Company has complied with the Corporate Governance Requirements outlined in the Listing Rules, save and except two non-compliances during the period under review viz, composition of Independent Directors on the Board from 30th October 2025, which was rectified on 7th May 2026 and composition of Audit, Remuneration and Related Party Transactions Review Committees from 8th December 2025, which was rectified with effect from 24th December 2025.



B D S Mendis
Chairman
Nominations and Governance Committee

29 May 2026

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Related Party Transactions Review Committee (RPTRC) of the Company was formed by the Board in January 2016 in accordance with then Section 9 of the Listing Rules of the Colombo Stock Exchange to ensure compliance with those Rules facilitating independent review, approval and oversight of Related Party Transactions of the Company.

Composition

The Committee comprises three Independent Directors, which is in compliance with Rule 9.14.2 of the Listing Rules. One of those Independent Directors function as the Chairman of the Committee.

The Committee was last reconstituted on 24th December 2025 in compliance with Section 9.14 of the Listing Rules.

As of March 31, 2026 and the date of this Report the composition of the Committee is as follows:

The current committee members are as follows.

Name of Member	Date of appointment to the Committee	Nature of Directorship
Mr. S R Jayaweera (Chairman)	01.01.2025	Independent Non-Executive Director
Mr. H M A Jayasinghe	24.12.2025	Independent Non-Executive Director
Mr. N M Pelpola	01.01.2025	Independent Non-Executive Director

Brief profiles of the members appears on pages 23 to 29 of the Report.

Mr. J D N Kakulawala- Independent Non-Executive Director was a member of the committee its formation in January 2026 upto 8th December 2025.

The Company Secretaries, P W Corporate Secretarial (Pvt) Ltd, serves as the Secretaries to the Committee.

The Managing Director, Director Finance and the General Manager Finance attend meetings by invitation.

Meetings

The Committee held four meetings during the year and the attendance of the members at the meetings are as follows.

Members	Attendance
Mr. S R Jayaweera (Chairman)	4/4
Mr. N M Pelpola	4/4
Mr. H M A Jayasinghe (appointed on 24.12.2025)	1/1
Mr. J D N Kekulawala (resigned on 08.12.2025)	3/3

Responsibilities of the Committee

The RPTRC of the Company is primarily responsible to conduct an independent review, approval and oversight of related party transactions of Lanka Walltiles PLC and to establish processes to ensure that the Company complies with the relevant provisions of the Listing Rules, with the objective that the interests of the shareholders as a whole are taken into account when entering into related party transactions, and to prevent Directors, key management personnel or substantial shareholders from taking advantage of their positions.

Functions of the Related Party Transactions Review Committee

The following are key responsibilities as set out in the Terms of Reference for RPTRC have been discharged by the Committee during the year under review :

- that the Company complies with the Rules on Related Party Transactions set out in the Listing Rules.
- Subject to the exemptions in the Listing Rules, review in advance, all

proposed related party transactions or ensure compliance with the said requirement for prior approval, based on guidelines established for recurrent related party transactions.

- Perform other activities arising from the Terms of Reference as requested by the Board
- hold meetings every fiscal quarter and report to the Board on the Committee's activities
- Share information with the Audit Committee as necessary and appropriate, to permit the Audit Committee to carry out its statutory, regulatory and other responsibilities with regard to related party transactions.
- Review the Terms of Reference at least annually and recommend amendments to the said TOR to the Board as and when determined to be appropriate by the Committee.

Procedures for Reporting Related Party Transactions

The General Manager – Finance is responsible for reporting to the Committee through the Managing Director, for review by the Committee and approval of the Board (where applicable), related party transaction proposed to be entered into other than those falling under the exempted related party transactions in the Listing Rules.

Moreover, on a quarterly basis, the General Manager – Finance through the Managing Director, is required to report to the Committee the related party transactions entered into by the Company during the quarter under review.

Review of Related Party Transactions

The Committee reviewed all related party transactions of the Company for the financial year 2025/26, in terms of Rule 9.14 of the Listing Rules of the Colombo Stock Exchange on related party transactions.

There were no Non-recurrent related party transactions entered into during financial year with an aggregate value that exceeded the lower of 10% of the equity or 5% of the total assets.

Further, there were no recurrent related party transactions carried out during the financial year ended 31st March 2026, the aggregate value of which exceeded 10% of the revenue.

In the opinion of the Committee, the terms of all transactions conducted were on commercial term and were no more favourable to the related parties than those generally available to non-related parties.

The details of related party transactions entered into during the year, are given in Note 31 to the Financial Statements, on pages 212 to 215 of this Annual Report.

Declaration

The Committee confirms that it has reviewed all Related Party Transactions during the financial year and has communicated its comments / observations to the Board of Directors.

A declaration by the Board of Directors on compliance with the rules pertaining to Related Party Transactions appears on the report of the Board of Directors on Pages 146 to 152 of this Annual Report.



S R Jayaweera
Chairman - Related Party Transactions
Review Committee

29 May 2026

BOARD SUSTAINABILITY COMMITTEE REPORT

The Board Sustainability Committee (“the Committee”) was established on 27th November 2025 as part of the Company’s commitment to strengthening sustainability governance and embedding environmental, social, and governance (ESG) considerations into strategic decision-making. The Committee was formed in line with corporate governance best practices to provide strategic oversight, direction, and guidance on the Company’s sustainability agenda and to support the effective management of sustainability-related risks and opportunities.

Further, an Executive Sustainability Committee was established on the same date to support the Board Sustainability Committee by facilitating the operational implementation of sustainability initiatives across the Company. The Executive Sustainability Committee comprises senior management representatives from key functional areas including finance, production, IT, supply chain, internal audit, human resources, and sales, ensuring a coordinated and cross-functional approach to sustainability matters.

Purpose of the Committee

The Committee is responsible for overseeing the integration of sustainability into the Company’s core business and strategic planning processes. In fulfilling its mandate, the Committee provides guidance on environmental stewardship, social responsibility, ethical governance, and sustainability-related risks and opportunities.

The Committee’s key responsibilities include reviewing sustainability strategies and policies, monitoring ESG-related risks and opportunities across operations and supply chains, promoting responsible environmental and social practices, and ensuring transparency and compliance in sustainability reporting in line with applicable regulatory requirements and emerging reporting standards.

Composition of the Committee

The composition of the Board Sustainability Committee during the year under review was as follows:

Name of the Member	Date of Appointment to the Committee	Nature of Directorship
Mr. J.D.N. Kekulawala	08 January 2026	Chairman – Independent Non-Executive Director
Mr. S. Selliah	08 January 2026	Non-Executive Director
Mr. S.R. Jayaweera	08 January 2026	Independent Non-Executive Director

During the year, Mr. J.D.N. Kekulawala resigned from his position as Chair of the Committee, and Mr. H.M.A. Jayasinghe was appointed as Chairman of the Board Sustainability Committee.

Brief profiles of the members appear on pages 23 to 29 of this Annual Report.

The Company Secretaries, P W Corporate Secretarial (Pvt) Ltd, serve as the Secretaries to the Committee.

Meetings

The Committee has convened two meetings during the financial year under review. Attendance of members at Committee meetings is set out below:

Members	Attendance
Mr. H.M.A. Jayasinghe	2/2
Mr. S. Selliah	2/2
Mr. S.R. Jayaweera	2/2

Board Sustainability Committee Mandate

The Committee is entrusted with providing strategic oversight, direction, and guidance on the Company’s sustainability agenda, encompassing environmental, social, and governance (ESG) matters relevant to the sectors in which the Group operates.

In carrying out its responsibilities, the Committee focuses on:

- Integrating sustainability considerations into the Company’s core business strategy and long-term planning;

- Overseeing the implementation of policies and practices that promote environmental responsibility, social impact, and ethical governance;
- Monitoring sustainability-related risks and opportunities across the Company’s operations and supply chain;
- Reviewing sustainability strategies and ensuring appropriate responses to sustainability-related risks and opportunities;
- Promoting environmental stewardship through monitoring resource utilisation, emissions, waste management, and regulatory compliance;
- Overseeing employee wellbeing, health and safety, workforce development, and community engagement initiatives;
- Strengthening ethical governance, responsible sourcing, transparency, and accountability across the Company; and
- Reviewing sustainability and climate-related disclosures to ensure compliance with applicable reporting frameworks and regulatory requirements, including SLFRS S1 and SLFRS S2.

Activities During 2025/26

Following its establishment, the Committee held its inaugural meeting on 29 January 2026, marking the commencement of its formal oversight responsibilities. During the meeting, the Committee formally adopted the Terms of Reference of the Board Sustainability Committee, as approved by the Board.

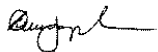
During the year, the Committee established the Executive Sustainability Committee, comprising cross-functional senior management representatives, and approved its Terms of Reference to support the effective implementation of the Company's sustainability agenda and to facilitate timely reporting to the Board Sustainability Committee.

In line with the requirements of SLFRS S1 and SLFRS S2, the Committee reviewed and approved the materiality thresholds and time horizons at both Company and Group levels to strengthen the Company's sustainability reporting framework.

Adopting a climate-first approach, the Company identified and disclosed climate-related risks and opportunities together with corresponding mitigation strategies and resource allocation plans. These were reviewed and approved by the Committee and represent a significant milestone in the Company's sustainability journey.

The Committee also played a key role in embedding ESG considerations into the Company's strategic and operational decision-making processes, while providing strategic guidance for the successful implementation of sustainability-related initiatives and reporting requirements.

The Committee remained fully functional throughout the year and continued to support the Board in strengthening sustainability governance and enhancing long-term value creation for stakeholders.



Manil Jayasinghe
Chairman – Board Sustainability
Committee

29 May 2026

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

The Board of Directors of Lanka Walltiles PLC is pleased to present herewith the Annual Report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as 'the Group') for the year ended 31st March 2026 as set out on page 156 to 226.

This Annual Report of the Board on the affairs of the Company contains the information required in terms of the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange and is guided by recommended best practices.

Formation

Lanka Walltiles PLC is a public limited liability Company incorporated and domiciled in Sri Lanka and is listed on the Main Board of the Colombo Stock Exchange. The registered office and the principal place of business of the Company is located at No.215, Nawala Road, Narahenpita, Colombo 05.

The Company was incorporated under the Companies Ordinance No.51 of 1938 as a public company on the 24th day of September 1975. The shares of the company were listed on the Colombo Stock Exchange on 13th June 1994. Pursuant to the requirements of the new Companies Act No. 07 of 2007, the Company was re-registered on 24th July 2007 and bears registration number PQ55.

Principal Activities of the Company and Review of Performance During the Year

The main activity of the Company, which remains unchanged since the previous year, is the manufacture and sale of ceramic and porcelain tiles for export and local markets and holding investments.

Principal activities of the subsidiaries are given in Note 6.2 to the Financial Statements on page 185

This Report together with the Financial Statements, reflect the state of affairs of the Company.

Financial Statements

The Financial Statements of the Company duly signed by two Directors on behalf of the Board and the Auditors are given on pages 159.

Summarised financial results (Consolidated)

Year ended 31st March	2026	2025
	Rs.'000	Rs.'000
Revenue	44,993,918	41,064,236
Profit for the year	1,825,567	1,632,042

Independent Auditors' Report

The Report of the Independent Auditors on the Financial Statements of the Company is given on page 156 to 158

Accounting Policies

The accounting policies adopted by the Company in the preparation of the financial statements are given on pages 164 to 174 which are consistent with those of the previous period, unless otherwise stated.

Directors' responsibility for Financial Reporting

The Directors are responsible for the preparation of Financial Statements of the Company to reflect a true and fair view of the state of its affairs. The Directors are of the view that these financial statements have been prepared in conformity with requirements of the Sri Lanka Accounting Standards, the Companies Act No.07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

Directors

The names of the Directors who held office as at the end of the accounting period and upto date are given below and their brief profiles appear on pages 23 to 29.

Executive Directors

Mr. L P B Talwatte	Managing Director
Mr. M W R N Somaratne	Executive Director
Mr. Haresh Somashantha	Executive Director (appointed on 31st July 2025)

Non-Executive Directors

Mr. Dhammika Perera	Chairman (appointed on 31st July 2025)
Mr. A M Weerasinghe	Co-Chairman (re-designated on 31st July 2025)
Dr. S Selliah	
Ms. A M L Page	
Ms. K A D B Perera	
Ms. Y Bhaskaran	
Mr. S H Amarasekera	(appointed on 30th October 2025)

Independent Non-Executive Directors

Mr. S R Jayaweera

Mr. B D S Mendis

Mr. N M Pelpola

Mr. H M A Jayasinghe (appointed on 24th December 2025)

Mr. R M M J Ratnayake (appointed on 07th May 2026)

* Post reporting period, Mr R M M J Ratnayake was appointed as an Independent Non-Executive Director.

Re-designation of Board Members

Mr M W R N Somaratne was re-designated as an Executive Director on 1st May 2025
Mr. A M Weerasinghe was re-designated as the Co-Chairman on 31st July 2025

Resignations of Board Members

Mr. J A P M Jayasekera, Managing Director resigned on 1st April 2025
Mr. J D N Kekulawala Independent Non- Executive Director resigned on 08th December 2025

Appointments of Board Members

Mr. L P B Talwatte, Managing Director was appointed on 1st April 2025

Mr. Dhammika Perera, Chairman/Non-Executive Director was appointed on 31st July 2025

Mr. Haresh Somashantha, Executive Director was appointed on 31st July 2025

Mr. H M A Jayasinghe and Mr. R M M J Ratnayake, Independent Non-Executive Directors were appointed on 24th December 2025 and 7th May 2026, respectively

Retirement by Rotation and Re-Election of Directors

Mr. M. W. R. N. Somaratne, Mr. S. R. Jayaweera and Ms. K. A. D. B. Perera retire by rotation in terms of Articles 103 and 104 of the Articles of Association and being eligible, consequent to review by the Nominations and Governance Committee, are recommended by the Board for re-election.

Recommendation for re-election of Directors who were appointed since the last Annual General Meeting

Mr. Dhammika Perera, Mr. H. Somashantha, Mr. S. H. Amarasekera, Mr. H M. A. Jayasinghe and Mr. R. M. M. J. Ratnayake were appointed to the Board in terms of Article 110 of the Articles of Association of the Company since the last Annual General Meeting. Consequent to review by the Nominations and Governance Committee they are recommended by the Board for re-election by the shareholders

Directors of the subsidiary companies

Lanka Tiles PLC

Mr Dhammika Perera – appointed w.e.f.31st July 2025

Mr. A M Weerasinghe

Mr. L P B Talwatte - appointed w.e.f. 1st April 2025

Mr. Haresh Somashantha – appointed w.e.f. 25th April 2025

Dr. S Selliah

Mr. T G Thoradeniya

Ms. A M L Page

Mr. J A N R Adhietty

Mr. S R Jayaweera

Mr. J R Gunaratne

Ms. K A D B Perera

Mr. R M M J Ratnayake

Mr. S H Amarasekera – appointed w.e.f. 30th October 2025

Swisstek (Ceylon) PLC

Mr. S H Amarasekera

Mr. A M Weerasinghe

Mr. L A D N Perera – appointed w.e.f. 21st May 2025

Mr. K D G Gunaratne

Dr. S Selliah

Mr. J K A Sirinatha

Mr. C M U Weerawardena

Mr. R M M J Ratnayake

Mr. B D S Mendis

Mr. I.G I M Ilukkumbura – appointed w.e.f. 29th January 2026

Mr. A S Mahendra- resigned w.e.f.31st October 2025

Swisstek Aluminium Ltd

Mr. S H Amarasekera

Mr.A M Weerasinghe

Mr. L A D N Perera – appointed w.e.f. 21st May 2025

Mr. T G Thoradeniya

Mr. S M Liyanage

Mr. C M U Weerawardena

Mr. I G I M Ilukkumbura

Swisstek Development Ltd

Mr. K D A Perera

Mr. A M Weerasinghe

Mr. L A D N Perera – appointed w.e.f. 19th November 2025

Beyond Paradise Collections Ltd

Mr. M H Jamaldeen

Mr. K D H Perera

Mr. L P B Talwatte – appointed w.e.f. 1st April 2025

LWL Development (Pvt) Ltd

Mr. K D A Perera

Mr. L P B Talwatte – appointed w.e.f. 1st April 2025

LTL Development Ltd

Mr. K D A Perera

Mr. A M Weerasinghe

Mr. L P B Talwatte – appointed w.e.f. 1st April 2025

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

Swisstek Investment (Pvt) Ltd

Mr. A M Weerasinghe

Mr. L A D N Perera – appointed w.e.f. 19th November 2025

Vallibel Plantation Management Limited

Mr A M Weerasinghe

Mr. T G Thoradeniya

Mr. L P B Talwatte – appointed w.e.f. 1st April 2025

Mr. A S Mahendra – resigned w.e.f. 31st October 2025

L W Plantation Investments Ltd

Mr. A M Weerasinghe

Mr. L P B Talwatte – appointed w.e.f. 1st April 2025

Uni Dil Packaging Limited

Mr. T G Thoradeniya

Mr. H Somashantha

Mr. N T Bogahalanda

Mr. C M U Weerawardena

Mr. S M Liyanage

Mr. L P B Talwatte – appointed w.e.f. 1st April 2025

Uni Dil Packaging Solutions Limited

Mr. K D H Perera

Mr. C M U Weerawardena

Mr. S M Liyanage

Mr. L P B Talwatte – appointed w.e.f. 1st April 2025

Uni Dil Packaging Kenya Ltd

Mr. S Liyanage

Mr. Haresh Somashantha

Perfect Packaging Limited

Mr. S Liyanage

Mr. Haresh Somashantha

Ecopack Solutions Lanka Limited

Mr. Haresh Somashantha

Mr. S M Liyanage

Lanka Swisstek Private Limited

Mr. A M Weerasinghe

Mr. Karan Singhvi

Mr. Praven Kumar Singhvi

Lanka Tiles USA Inc

Mr. A M Weerasinghe

Mr. L P B Talwatte – appointed w.e.f. 1st April 2025.

Associate Company

C P Holding (Pvt) Ltd

Mr. A M Weerasinghe

Mr. L P B Talwatte – appointed w.e.f.01.04.2025

Fit and Proper Assessment of Directors

In terms of Rule 9.7.4 of the Listing Rules of the Colombo Stock Exchange, declarations were obtained from the Directors who confirmed that they have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the Financial Year under review and as at the date of such Declarations. These Declarations were placed before the Nominations and Governance Committee, and upon review by the Nominations and Governance Committee, where no member participated in decisions relating to his/her continuation, were then presented to the Board.

The Board determined that all Directors satisfy the fit and proper assessment criteria stipulated in the Listing Rules and qualify to continue as Directors in their respective capacities, subject to those who retire by rotation and / or, was appointed since the last Annual General Meeting being re-elected by the shareholders at the forthcoming Annual General Meeting.

Independence of Directors

The Board based on the Declarations submitted by the Independent Directors declaring independence against the criteria specified in Rule9.8.3 of the Listing Rules, which were also placed before Nominations and Governance Committee, has determined that Mr. S R Jayaweera, Mr. B D S Mendis, Mr. N M Pelpola, Mr. H M A Jayasinghe and Mr. R M M J Ratnayake meet the criteria for Independence and are independent as per the Listing Rules.

Other Directorships held by the Directors

The Board, based on the recommendations of the Nominations and Governance Committee, and considering the time allocation required of the Directors for Board related matters of the Company decided that a Director of the Company shall not hold more than Eleven (11) directorships in Listed Companies.

Policy on Matters Relating to the Board of Directors

The Company has in terms of the above Policy, acted in compliance with the requirements set out in Rule 9.5.1 of the Listing Rules.

Additional disclosures pertaining to Directors

- (i) Material Interests in Contracts involving the Company

The Directors have declared all material interests in contracts involving the Company in terms of the Companies Act and the Articles of the Association of the Company and have acted as prescribed therein, and where relevant have refrained from voting on matters in which they were materially interested.

- (ii) Material Business Relationships with each other

None of the Directors or close family members have any material business relationships with the other Directors of the Company.

- (iii) Other Directorships held by the Directors

Other Directorships held by Directors are disclosed on pages 23 to 29.

- (iv) Review of Internal Controls

The Directors have, through the Audit Committee, conducted a review of the Internal controls covering financial, operational and compliance control and risk management and thereby obtained reasonable assurance of their effectiveness and successful adherence therewith.

- (v) Applicable Laws Rules and Regulations

The Directors have made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of the changes, particularly to Listing Rules and applicable capital market provisions.

Interests Register

The Company maintains an Interests Register in terms of the Companies Act, No. 07 of 2007. General Notices by Directors of their Related Parties and Specific Declarations are recorded in the Interests Register.

The relevant interests of Directors in the shares of the Company as at 31st March 2026 as recorded in the Interests Register are given in this Report under Directors' shareholding.

Directors' Remuneration

The Directors' remuneration is disclosed under key management personnel compensation in Note 31 (g) to the Financial Statements on page 215.

Directors' Shareholding

The shares held by Directors of the Company as at 31st March 2026 and 31st March 2025 are as follows.

	Name of the Director	No. of Shares Share holding	
		as at 31st March 2026	as at 31st March 2025
1	Mr. Dhammika Perera	-	N/A
2	Mr A M Weerasinghe	-	-
3	Mr. L P B Talwatte	-	-
4	Mr. M W R N Somaratne	40,000	40,000
	Sampath Bank PLC/ Mr. M W R N Somaratne	60,000	60,000
5	Dr. S Selliah	-	-
6	Ms A M L Page	-	-
7	Mr S R Jayaweera	-	-
8	Ms K A D B Perera	-	-
9	Mrs. Y Bhaskaran	-	-
10	Mr. B D S Mendis	1,050	1,050
11	Mr. N M Pelpola	-	-
12	Mr. H. Somashantha	-	N/A
13	Mr. S H Amarasekera	-	N/A
14	Mr. H M A Jayasinghe	1,050	N/A

Board Meetings

Twelve (12) Board Meetings of the Company were held during the year under review and the Directors' attendance at those Meetings is set out on page 124.

Stated Capital

The Stated Capital of the Company as at 31st March 2026 was Rs:787,765,736/- represented by 273,000,000 ordinary shares.

There were no changes in the Stated Capital of the Company during the year.

Shareholders

There were 14,886 shareholders registered as at 31st March 2026 (14,821 shareholders as at 31st March 2025). The details of distribution are given on page 237 of this Report.

Major Shareholders, Distribution Schedule and other information

Information on the distribution of shareholding, analysis of shareholders, market values per share, earnings, dividends and Net Assets per share are on performance Highlights on page 12. and Dividend payment on page 209 under Note 29 of Financial Statement. Twenty five largest shareholders of the Company, percentage of shares held by the public as per the Listing Rules of the Colombo Stock Exchange are given on pages 237 to 239 under Shareholder Information.

Employment Policy

The Company's employment policy is totally non-discriminatory which respects individuals and provides career opportunities irrespective of the gender, race or religion.

As at 31st March 2026, 762 persons were in employment (562 persons as at 31st March 2025) in the Company.

Material issues pertaining to employees and industrial relations pertaining to the Company

No material issues pertaining to employees or industrial relations of the Company occurred during the year under review which required disclosure under Rule 7.6 (vii) of the Listing Rules.

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

Reserves

The reserves of the Company with the movements during the year are given in Note 16 to the Financial Statements on page 195.

Capital Expenditure

The total capital expenditure during the year amounted to Rs 2400.8 Mn on property, plant and equipment compared to Rs. 3,513.5 Mn incurred in the previous year. Details of movement in property, plant and equipment and capital work-in-progress are given under Note 3 to the Financial Statements.

Additions of intangible assets of the Company and Group during the year amounted to Rs. 12.5 Mn and all other related movements are disclosed in Note 5 to the Financial Statements.

Property Plant and Equipment and Land holdings

The net book value of property, plant and equipment of the Company as at the reporting date amounted to Rs. 12,673 Mn (2025 – Rs. 12,733 Mn.)

The extents, locations, valuations and the number of buildings of the Company's land holdings are given below:

The movement of fixed assets during the year is given in Note 3 to the financial statements.

Location	No of Buildings 31.03.2026	Land in Extent			Valuation Rs.'000
		A	R	P	
Head office	1	1	1	2.1	1,836,178
Meepe Factory	29	25	3	11.2	2,612,714
Total	30	26	4	13.3	4,448,892

Dividends

The Directors do not recommend any dividends for the year under review.

Substantial Shareholdings

Royal Ceramics Lanka PLC, which holds 54.55 % (2025- 54.55%) of the issued shares of the Company is the majority shareholder of the company. The ultimate parent of the Company is Vallibel One PLC.

Investments

Details of the Company's quoted and unquoted investments as at 31st March 2026 are given in Notes 6 to the Financial Statements on pages 184 to 186.

Donations

The company did not make donations during the year under review. (For 2025- Nil)

Group

The subsidiaries made donations amounting to Rs 6.1 Mn during the year under review. (2025 – Rs. 0.6 Mn)

Risk Management

An ongoing process is in place to identify and manage the risks that are associated with the business and operations of the Company. The Directors review this process through the Audit Committee.

Specific steps taken by the Company in managing the risks are detailed in the section on Risk Management on pages 42 to 44.

Corporate Governance

The Corporate Governance of the Company is reflected in its strong belief in protecting and enhancing stakeholder value in a sustainable manner, supported by a sound system of policies and practices. Prudent internal controls ensure professionalism, integrity, and commitment of the Board of Directors, Management, and employees.

The Corporate Governance Statement on pages 120 to 134 explains the measures adopted by the Company during the year.

The Board of Directors confirms that the Company has complied with Section 7 of the Listing Rules on Continuous Listing Requirements and Section 9 of the Listing Rules on Corporate Governance (as applicable) during the Financial year and as at the end of the reporting date except two non-compliances during the period under review viz, composition of Independent Directors on the Board from 30th October 2025, which was rectified on 7th May 2026 and composition of Audit, Remuneration and Related Party Transactions Review Committees from 8th December 2025, which was rectified with effect from 24th December 2025.

The Directors further declare that the Company has complied with the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the Financial Year ended 31st March 2026 Subject to the aforesaid.

Audit Committee, Related Party Transactions Review Committee, Remuneration Committee and the Nominations and Governance Committee function as Board Sub-Committees, in compliance with the Listing Rules of the Colombo Stock Exchange.

The said committees were last reconstituted on the 24th December 2025. They comprise Directors who possess the requisite qualifications and experience, and the composition of the said Committees is as follows.

Audit Committee

Mr. H M A Jayasinghe
Chairman - Independent Non-Executive Director

Dr. Sivakumar Selliah - Non-Executive Director

Mr. S R Jayaweera- Independent Non-Executive Director

Remuneration Committee

Mr. Sanjeewa Jayaweera
Chairman- Independent Non-Executive Director

Ms. Dinusha Bhaskaran
Non-Executive Director

Mr. H M A Jayasinghe
Independent Non-Executive Director

Related Party Transactions Review Committee

Mr. Sanieewa Jayaweera
Chairman -Independent Non-Executive Director

Mr. H M A Jayasinghe-
Independent Non-Executive Director

Mr. Naomal Pelpola
Independent Non-Executive Director

Nominations and Governance Committee

Mr. B D S Mendis
Chairman- Independent Non-Executive Director

Mr S R Jayaweera
Independent Non-Executive Director

Ms. K A D B Perera
Non-Executive Director

Additionally, a Sustainability Committee was formed by the Board on 08 January 2026 and following reconstitution the said committee comprises the following:

Mr. H M A Jayasinghe
Chairman - Independent Non-Executive Director

Dr. Sivakumar Selliah
Non-Executive Director

Mr S R Jayaweera
Independent Non-Executive Director

Policies in terms of Rule 9.2 of the Listing Rules

In line with Rule 9.2 of the Listing Rules on corporate Governance, the Company has established the following policies which are disclosed on the Company website www.lankatiles.com

- (a) Policy on the matters relating to the Board of Directors
- (b) Policy on Board Committees
- (c) Policy on Corporate Governance, Nominations and Re-election
- (d) Policy on Remuneration
- (e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities
- (f) Policy on Risk management and Internal controls
- (g) Policy on Relations with Shareholders and Investors
- (h) Policy on Environmental, Social and Governance Sustainability
- (i) Policy on Control and Management of Company Assets and Shareholder Investments
- (j) Policy on Corporate Disclosures
- (k) Policy on Whistleblowing
- (l) Policy on Anti-Bribery and Corruption

These Policies were subject to review by the relevant Sub Committees and there were no material changes to the policies during the year.

Statutory Payments

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of, and in respect of employees of the Company and all other known statutory dues as were due

and payable by the Company as at the reporting date have been paid or, where relevant provided for, except for certain assessments where appeals have been lodged.

Contingent Liabilities

Except as disclosed in Note 32 to the Financial Statements on page 216 there were no material Contingent Liabilities as at the reporting date.

Events after the Reporting Period

As disclosed in Note 33 to the financial statements there are no material events as at the date of the auditor's report which require adjustment to or disclosure in the financial statements.

Policy on Relations with the Shareholders and Investors

The Company believes in effective communication and relations with shareholders and investors and brings to the attention of the Board any major issues and concerns of the stakeholders. The Company maintains a Board approved Policy on relations with shareholders and investors for such. The policy defines the process to make all Directors aware of major issues and concerns of shareholders in the event such instances occur.

The Company has appointed the company secretaries for communications with shareholders/investors.

P W Corporate Secretarial (Pvt) Ltd
No. 3/17, Kynsey Road
Colombo 08
Telephone : + 94-11- 4640360-3
Facsimile : + 94-11 – 4740588
E-mail : pwcs@pwcs.lk

Corporate Social Responsibility

The Company continued its Corporate Social Responsibility Programme,

Environmental Protection

After making adequate enquiries from the management, the Directors are satisfied that the Company operates in a manner that minimises the detrimental effects on the environment and provides products and services that have a beneficial effect on the customers and the communities within which the Company operates.

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

Independent Auditors Company

Messrs Ernst & Young, Chartered Accountants served as the Auditors during the year under review and also provided non audit/ consultancy services.

A total amount of Rs. 8.27 Mn (2025 –Rs. 4.95 Mn) is payable by the Company to the Auditors for the year under review comprising Rs. 2.5Mn (2024 – Rs. 2.1 Mn) as audit fees and Rs 5.77 Mn (2024 Rs. 2.85 Mn) for non-audit services.

The Auditors have expressed their willingness to continue in office. The Audit Committee at a meeting held on 27 May 2026 recommended that they be re-appointed as Auditors. A resolution to re-appoint the Auditors and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

Based on the declaration provided by Messrs Ernst & Young, Chartered Accountants and to the extent that the Directors are aware, the Auditors do not have any relationship with (other than that of the Auditor and provider of tax related services), or interest in, the Company, which in the opinion of the Board, may reasonably be considered 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 as at the reporting date.

Group

The audits of subsidiary companies are handled by firms of Chartered Accountants in Sri Lanka. Details of payments to such audit firms on account of audit fees and for permitted non audit services, are set out in Note 27 to the Financial Statements on page 170.

Going Concern

The financial statements are prepared on going concern principles. After making adequate enquires from the management, the Directors are satisfied that the Company, its subsidiaries have adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these Financial Statements.

Special Business to be transacted at the Annual General Meeting - Amendments to the Articles of Association

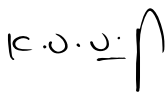
The “Special Business” set out as Item 2 of the Notice of Annual General Meeting contains amendments to certain Articles of the Articles of Association of the Company, as recommended by the Directors, to be adopted by way of a Special Resolution. The salient amendments proposed are :

- (a) To align the Articles relating to registration of joint holders, with the applicable provisions of the Listing Rules.
- (b) To align with the provisions of Listing Rules vis-à-vis compliance with CSE and CDS Rules.

Annual General Meeting

The Notice of the Forty-Ninth (49th) Annual General Meeting appears on page 245

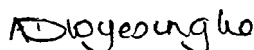
This Annual Report is signed for and on behalf of the Board of Directors by



Dhammika Perera
Chairman



Priyantha Talwatte
Managing Director



P W Corporate Secretarial (Pvt) Ltd
Secretaries

29 May 2026

CHIEF EXECUTIVE OFFICER'S AND CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

The financial statements are prepared in compliance with the Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No. 7 of 2007 and any other applicable statutes to the extent applicable to the Company. There are no departures from the prescribed accounting standards in their adoption. The accounting policies used in the preparation of the financial statements are appropriate and are consistently applied, except where otherwise stated in the notes accompanying the financial statements.

The Board of Directors and the management of your Company accept responsibility for the integrity and objectivity of these financial statements. The estimates and judgments relating to the financial statements were made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the form and substance of transactions, and reasonably present the Company's state of affairs. To ensure this, the Company has taken proper and sufficient care in installing a system of internal control and accounting records, for safeguarding assets, and for preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis.

Our internal auditor 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 recognised in weighing the assurance provided by any system of internal controls and accounting.

The financial statements were audited by Ernst & Young, Chartered Accountants, the Independent Auditors. The independence of the external auditor has been assessed by the Audit Committee and the Board and have been determined as independent.

The Audit Committee of your Company meets periodically with the internal auditors and the external auditors to review the manner in which these auditors are performing their responsibilities, and to discuss auditing, internal control and financial

reporting issues. To ensure complete independence, the external auditors and the internal auditors have full and free access to the members of the Audit Committee to discuss any matter of substance.

It is also declared and confirmed that the Company has complied with and ensured compliance by the auditors with the guidelines for the audit of Listed Companies.

It is also confirmed that the Company is compliant with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the Code of Best Practice on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka.



Hareesh Somashantha
Director Finance



L P B Talwatte
Managing Director

29 May 2026

STATEMENT OF DIRECTORS RESPONSIBILITIES

The Board of Directors is responsible for the preparation and presentation of the financial statements of the Company in accordance with the provisions of the Companies Act No. 07 of 2007 of Sri Lanka and Sri Lanka Accounting Standards (SLFRS/LKAS), so as to give a true and fair view of the financial position of the Company as at the reporting date and of its financial performance and cash flows for the period then ended.

In preparing these financial statements, the Directors are required to ensure that:

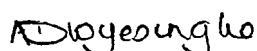
- Appropriate accounting policies have been selected and applied consistently
- Reasonable and prudent judgments and estimates have been made.
- All applicable Sri Lanka Accounting Standards have been followed and any material departures have been disclosed and explained.
- The financial statements have been prepared on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act No. 07 of 2007.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Board of Directors confirms that the Company has complied with the above requirements in preparing the financial statements for the year ended 31st March 2026.

By order of the Board
LANKA WALLTILES PLC



P W Corporate Secretarial (Pvt) Ltd
Secretaries

29th May 2026

PRECISION, PERFECTED

Through careful capital allocation, strategic investments, and responsible resource optimisation, we continue to lay the foundation for long-term growth at Lanka Walltiles. Every investment and initiative is approached with precision and purpose, ensuring value is maximised across the Company. Guided by financial discipline and strategic foresight, we build sustainable momentum, enabling us to progress steadily toward greater stability, efficiency, and enduring value creation.



FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT



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

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TO THE SHAREHOLDERS OF LANKA WALLTILES PLC
Report on the audit of the Consolidated Financial Statements
Opinion

We have audited the financial statements of Lanka Walltiles PLC (“the Company”) and the consolidated financial statements of the Company and its subsidiaries (“the Group”), which comprise the statement of financial position as of 31 March 2026, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

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

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in

accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

Key audit matter	How our audit addressed the Matter
Revenue from Contracts with Customers	
The Group derived its revenue of Rs. 44.99 Bn as disclosed in Notes 2.3.13, 2.3.14 & 22.1 to the financial statements Revenue was a key audit matter due to the materiality of the reported balance.	Our audit procedures included the following key procedures: <ul style="list-style-type: none"> • Tested the relevant key controls relating to the sale of goods. Our procedures included testing the general IT control environment and the relevant key IT application controls relating to the IT systems relevant to revenue. • Performed analytical procedures to understand and assess the reasonableness of the reported revenue. • Tested revenue transactions by reviewing sales orders, sales invoices, shipping documents, delivery notes and other relevant supporting documents. Our procedures included testing revenue cut-off at the period-end date to determine whether transactions are recorded in the proper period and to the proper accounts and testing journal entries recognised to revenue. We also assessed the adequacy of the disclosures made in notes 2.3.13, 2.3.14 & 22.1 to the financial statements.

Key audit matter	How our audit addressed the Matter
Existence and carrying value of Inventories	
<p>As at 31 March 2026, the carrying value of inventories amounted to Rs. 20,430 Mn net of a provision of Rs. 953 Mn for slowing-moving inventory as disclosed in note 10, 2.3.5 and 2.2.2 to the financial statements</p> <p>Existence and carrying value of inventories was a key audit matter due to:</p> <ul style="list-style-type: none"> Materiality of the reported amount, which represents 33% of the Group's total assets. Inventories being held at multiple locations. Judgements applied by the management in determining the provision for slow-moving inventory on account of ageing, as disclosed in Note 2.2.2. to the financial Statements. 	<p>Our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> Observed physical inventory counts and reconciled the count results to the inventory listings compiled by management to support amounts reported as at the reporting date. Tested the relevant key controls over inventory valuation. Our procedures included testing the general IT control environment and the relevant key IT application controls relating to the most significant IT systems relevant to inventory. Tested whether inventory was stated at the lower of cost and net realisable value, by comparing cost with subsequent selling prices. Assessed the reasonableness of management judgements applied in determining that the provision for slow-moving inventories. Our procedures included testing the completeness and accuracy of inventory age reports used as a basis to estimate the provision. <p>We also assessed the adequacy of the disclosures made in notes 10, 2.3.5 and 2.2.2 to the financial statements.</p>

Other information included in the Group's 2025/26 Annual Report

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

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

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

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2440.



29 May 2026
Colombo

Partners: D K Hulangamuwa FCA FCMA LLB (London), Ms. Y A De Silva FCA, Ms. G C S Manelunga FCA, W H B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, H M Sulahman FCA FCMA, Ms. L R H L Fursaka FCA, Ms. P V K N Subesinghe FCA, A A J R Perera FCA ACMA, W Y R L Fernando ACA, D H Dissanayake FCA ACMA, C A Yalagala ACA ACMA, Ms. P S Parshvithani ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA, M U M Marudor ACA

Principals: T P M Ruberu FCMA FCCA MBA, G B Gaudan ACA, D L B Narunathileka ACA, W S J De Silva BSc (Hons) - MIS MSc - IT, V Shaktivel B Com (Sp)

A member firm of Ernst & Young Global Limited

STATEMENT OF FINANCIAL POSITION

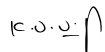
As at 31 March	Note	Group		Company	
		2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	28,544,668	27,436,661	12,673,190	12,733,087
Investment properties	4	830,874	815,687	-	-
Intangible assets	5	230,318	439,099	27,485	29,806
Investments in subsidiaries	6	-	-	1,696,035	1,696,035
Investments in associates	7	202,352	200,392	-	-
Right of use assets	8	138,657	153,426	8,141	22,328
Deferred tax asset	9	159,355	145,569	-	-
		30,106,224	29,190,834	14,404,851	14,481,256
Current assets					
Inventories	10	20,430,499	20,629,587	6,084,766	4,818,622
Trade and other receivables	11	8,444,292	7,673,909	844,489	951,943
Amounts due from related parties	12	65,092	90,698	90,074	309,302
Short term investments	13	4,726	5,294	4,726	5,294
Cash and Balances with Banks	14	2,067,478	1,878,493	79,798	88,648
		31,012,087	30,277,981	7,103,853	6,173,809
Assets Held for Sale	6.3	277,606	-	-	-
Total assets		61,395,917	59,468,815	21,508,704	20,655,065
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Stated capital	15	787,765	787,765	787,765	787,765
Reserves	16	5,073,440	4,779,093	2,506,339	2,506,339
Reserves of a disposal group held for sale		(5,609)	-	-	-
Retained earnings		16,464,489	15,698,921	4,304,736	4,493,040
Shareholders' funds		22,320,085	21,265,779	7,598,840	7,787,144
Non controlling interest		7,430,056	6,451,762	-	-
Total equity		29,750,141	27,717,541	7,598,840	7,787,144
Non-current liabilities					
Interest bearing liabilities	17	4,661,957	6,737,645	2,472,199	3,576,984
Deferred tax liabilities	9	3,119,596	3,251,302	754,526	1,067,937
Retirement benefit liability	18	884,067	880,383	301,935	321,381
		8,665,620	10,869,330	3,528,660	4,966,302
Current liabilities					
Trade and other payables	19	6,383,921	5,174,449	968,147	795,884
Contract liability	20	267,202	182,853	102,410	52,951
Income tax liabilities		357,615	210,601	560	560
Amounts due to related parties	21	438,464	233,156	3,086,060	1,260,584
Interest bearing liabilities	17	15,217,192	15,080,885	6,224,027	5,791,640
		22,664,394	20,881,944	10,381,204	7,901,619
Liabilities directly associated with the assets held for sale	6.3	315,762	-	-	-
Total equity and liabilities		61,395,917	59,468,815	21,508,704	20,655,065

I certify that, these financial statements are in compliance with the requirements of the Companies Act No.07 of 2007.



Haresh Somashantha
Director Finance

The Board of Directors is responsible for these financial statements.
Signed for and on behalf of the Board,



Dhammika Perera
Chairman



Priyantha Talwatte
Managing Director

The accounting policies and notes on pages 164 to 226 form an integral part of the financial statements.

Figures in brackets indicate deductions.

29 May 2026
Colombo

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March		Group		Company		
		2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000	
Note						
Continued Operations						
	Revenue from contracts with customers	22	44,993,918	41,064,236	6,609,685	5,206,950
	Cost of Sales		(32,664,444)	(30,456,876)	(4,986,491)	(4,176,287)
	Gross Profit		12,329,474	10,607,360	1,623,194	1,030,663
	Other Income	23	325,119	416,352	715,842	741,364
	Distribution Costs		(4,902,308)	(4,120,673)	(1,507,104)	(922,494)
	Administrative Expenses		(3,430,264)	(2,677,583)	(503,098)	(410,650)
	Finance Cost	24	(1,705,728)	(1,331,673)	(890,113)	(361,298)
	Finance Income	25	98,608	112,459	2,067	359
	Share of net profit of associate	7	1,507	5,077	-	-
	Profit/(Loss) Before Tax from Continued Operations	26	2,716,408	3,011,319	(559,212)	77,944
	Income Tax (Expenses) / Reversal	27	(707,858)	(1,029,031)	330,661	168,369
	Profit/(Loss) for the Year from Continued Operations		2,008,550	1,982,288	(228,551)	246,313
Discontinued Operations						
	Loss for the year from discontinued operations, net of Tax	6.3	(182,983)	(350,246)	-	-
	Profit / (Loss) for the Year		1,825,567	1,632,042	(228,551)	246,313
Other Comprehensive Income						
Net Other Comprehensive Income /(loss) not to be reclassified to profit or loss in subsequent periods						
	Revaluation of Land and Building	3	420,496	-	-	-
	Actuarial Gain/ (Loss) on Retirement Benefit Liability	18	97,546	(100,967)	57,496	(55,036)
	Deferred tax on components of other comprehensive income	27	(155,050)	30,097	(17,249)	16,511
	Share of other Comprehensive Income of associate	7	453	1,392	-	-
	Net Other Comprehensive Income/(loss) that will not be reclassified to profit or loss in subsequent periods		363,445	(69,478)	40,247	(38,525)
Net Other Comprehensive Income may be reclassified to profit or loss in subsequent periods (net of tax):						
	Foreign currency translation differences of foreign operations		(7,011)	(1,841)	-	-
	Net Other Comprehensive Income from Discontinued Operation		800	27,366	-	-
	Other Comprehensive Income/(loss) for the Year,		357,234	(43,953)	40,247	(38,525)
	Total Comprehensive Income/ (Loss) for the Year, net of tax		2,182,801	1,588,089	(188,304)	207,788
Profit/(Loss) attributable to :						
	Equity holders of the parent		665,719	935,418	(228,551)	246,313
	Non controlling interest		1,159,848	696,624	-	-
	Profit/(Loss) for the year		1,825,567	1,632,042	(228,551)	246,313
Total comprehensive income/(loss) attributable to :						
	Equity holders of the parent		1,011,677	892,123	(188,304)	207,788
	Non controlling interest		1,171,124	695,966	-	-
	Total Comprehensive Income/(loss) for the Year		2,182,801	1,588,089	(188,304)	207,788
	Basic Earnings /(Loss) Per Share	28	2.44	3.43	(0.84)	0.90
	Basic Earnings / (Loss) Per Share- From Continuing Operation	28	2.78	4.09	(0.84)	0.90

The accounting policies and notes on pages 164 to 226 form an integral part of the financial statements.

Figures in brackets indicate deductions.

STATEMENT OF CHANGES IN EQUITY

	Stated capital	Revaluation reserve	Retained earnings	Reserve of disposal group held for sale	Total	Non controlling interest	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
GROUP							
Balance as at 1st April 2024	787,765	4,779,093	15,577,402	-	21,144,259	5,366,513	26,510,773
Profit for the Year	-	-	935,418	-	935,418	696,624	1,632,042
Other Comprehensive Income/(Loss)	-	-	(43,295)	-	(43,295)	(658)	(43,953)
Total Comprehensive Income	-	-	892,123	-	892,123	695,966	1,588,089
Transfer of Control to the Non Controlling Interest			(145,556)	-	(145,556)	145,556	-
Proceeds on issue of shares to minority shareholders	-	-	-	-	-	557,017	557,017
Dividends							
Final 2023/24	-	-	(191,100)	-	(191,100)	-	(191,100)
First Interim 2024/25	-	-	(464,100)	-	(464,100)	-	(464,100)
	-	-	(655,200)	-	(655,200)	-	(655,200)
Dividends to non controlling interest	-	-	30,152	-	30,152	(313,290)	(283,138)
Balance as at 31st March 2025	787,765	4,779,093	15,698,921	-	21,265,779	6,451,762	27,717,541
Profit for the Year	-	-	665,719	-	665,719	1,159,848	1,825,567
Other Comprehensive Income	-	294,347	51,611	-	345,958	11,276	357,234
Total Comprehensive Income	-	294,347	717,330	-	1,011,677	1,171,124	2,182,801
Discontinued operations	-	-	5,609	(5,609)	-		
De-recognition of non-controlling interests	-	-	-	-	-	124,220	124,220
Dividends to non controlling interest	-	-	42,628	-	42,628	(317,050)	(274,421)
Balance as at 31st March 2026	787,765	5,073,440	16,464,489	(5,609)	22,320,085	7,430,056	29,750,141

The accounting policies and notes on pages 164 to 226 form an integral part of the financial statements.

Figures in brackets indicate deductions.

STATEMENT OF CHANGES IN EQUITY

	Stated capital Rs.'000	Revaluation reserve Rs.'000	Retained earnings Rs.'000	Total Rs.'000
COMPANY				
Balance as at 1st April 2024	787,765	2,506,339	4,940,452	8,234,556
Profit for the Year	-	-	246,313	246,313
Other Comprehensive Income/(loss)	-	-	(38,525)	(38,525)
Total Comprehensive Income	-	-	207,788	207,788
Dividends				
Final 2023/24	-	-	(191,100)	(191,100)
First Interim 2024/25	-	-	(464,100)	(464,100)
	-	-	(655,200)	(655,200)
Balance as at 31st March 2025	787,765	2,506,339	4,493,040	7,787,144
Loss for the Year			(228,551)	(228,551)
Other Comprehensive Income			40,247	40,247
Total Comprehensive Income	-	-	(188,304)	(188,304)
Balance as at 31st March 2026	787,765	2,506,339	4,304,736	7,598,840

The accounting policies and notes on pages 164 to 226 form an integral part of the financial statements.

Figures in brackets indicate deductions.

STATEMENT OF CASH FLOW

For the year ended 31 March		Group		Company	
		Note	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000
CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES					
		2,716,408	3,011,319	(559,212)	77,944
		(182,983)	(350,246)	-	-
Adjustments for					
	3	1,621,838	1,273,199	599,499	386,312
	8	85,334	111,642	14,187	32,278
		-	-	(535,893)	(699,693)
	23	9,839	313	(1,155)	986
		7,360	-	-	-
		(112,696)	(117,023)	(2,067)	(359)
		1,882,370	1,453,107	890,113	361,298
	18	175,105	115,927	57,670	17,099
		-	-	-	-
	10	440,594	31,347	158,638	-
	11	40,658	39,329	349	-
		(15,187)	-	-	-
		(149,948)	(81,421)	(22,484)	(21,573)
		-	(15,149)	-	-
	7	(1,507)	(5,078)	-	-
		6,517,185	5,467,266	599,645	154,292
Operating profit/(loss) before working capital changes					
Working capital adjustments:					
		(791,886)	(2,922,371)	(1,424,782)	(894,728)
		(1,059,420)	(640,673)	107,109	890,032
		25,606	(15,114)	219,228	(248,496)
		205,308	(11,803)	1,825,476	(400,852)
		1,862,393	(52,789)	241,914	144,725
		568	331	568	331
		6,759,754	1,824,847	1,569,158	(354,696)
		112,696	117,023	2,067	359
		(1,882,370)	(1,371,686)	(890,113)	(361,298)
	18	(73,875)	(36,996)	(19,620)	(12,068)
		(861,388)	(1,692,637)	-	(124,900)
		4,054,817	(1,159,449)	661,492	(852,603)
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES					
	3	(2,400,808)	(3,513,545)	(535,012)	(2,071,611)
	5	(12,468)	(108,903)	-	-
		-	-	-	(77,048)
		19,075	2,972	1,175	1,558
		-	-	535,893	699,693
	6	-	(58,592)	-	-
		(3,793)	-	-	-
		(2,397,994)	(3,678,068)	2,056	(1,447,408)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES					
		44,824,343	36,631,317	26,262,354	9,473,673
		(44,974,136)	(32,100,654)	(26,389,937)	(7,282,952)
		(108,144)	(95,471)	(23,309)	(19,536)
	29	-	(655,200)	-	(655,200)
		(274,421)	(283,138)	-	-
		-	557,017	-	-
		(532,358)	4,053,871	(150,892)	1,515,985
		1,124,465	(783,646)	512,656	(784,026)
		(3,388)	25,525	-	-
	14	(577,954)	180,167	(1,129,446)	(345,420)
	14	543,123	(577,954)	(616,790)	(1,129,446)

The accounting policies and the notes on pages 164 to 226 form an integral part of these financial statements.

Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 General

Lanka Walltiles PLC ("Company") is a limited liability company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office and the principal place of business of the Company is located at No. 215, Nawala Road, Narahenpita, Colombo 05.

1.2 Principal activities and nature of operations

During the year, the principal activities of the Company were the manufacture and sale of ceramic and porcelain tiles for export and local markets and holding investments.

The principal activities of the other Companies of the Group are disclosed in Note 6.2 to the Financial Statements.

1.3 Parent enterprise and ultimate parent enterprise

The Company's parent entity is Royal Ceramics Lanka PLC. In the opinion of the Directors, the Company's ultimate parent undertaking and controlling party is Vallibel One PLC, which is incorporated in Sri Lanka.

The Group's ultimate controlling party is Mr. K A D Dhammika Perera.

1.4 Date of authorisation for issue

The Financial Statements of Lanka Walltiles PLC and its Subsidiaries for year ended 31 March 2026 was authorised for issue in accordance with a resolution of the Board of Directors on 29 May 2026.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards comprising SLFRS and LKAS (hereafter "SLFRS") as issued by the Institute of Chartered Accountants of Sri Lanka.

2.1.1 Basis of measurement

The financial statements of the Company and the Group have been prepared on a historical cost basis, other than for following assets measured at fair value.

1. Property, Plant and Equipment – Land and Buildings
2. Investment properties

The financial statements are presented in Sri Lankan Rupees (Rs), except when otherwise indicated.

2.1.2 Statement of Compliance

The financial statements of the Company and consolidated financial statements of the Group have been prepared in accordance with Sri Lanka Accounting Standards ("SLFRS") as issued by Institute of Chartered Accountants of Sri Lanka.

The preparation and presentation of these financial statements is in compliance with the requirements of the Companies Act No.07 of 2007.

2.1.3 Going concern

In determining the basis of preparing the financial statements for the year ended 31 March 2026, based on available information, the management has assessed the prevailing and anticipated effects of the current economic conditions on the Group and the appropriateness of the use of the going concern basis. It is the view of the management that there are no material uncertainties that may cast significant doubt on the Group's ability to continue to operate as a going concern due to the improved operating environment despite the ongoing effects of the prevailing economic conditions and continuous monitoring of business continuity and response plans along with the financial strength of the Group. The management has formed a judgment that the Group has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these financial statements.

2.1.4 Changes in Accounting Policies

New and amended standards and interpretations

The Group applied for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2025.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Lack of exchangeability – Amendments to LKAS 21 The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

2.1.5 Comparative information

The accounting policies have been consistently applied by the Company and they are consistent with those used in the previous years. Previous year's figures and phrases have been re-arranged whenever necessary to conform to current presentation.

2.1.6 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2026.

Subsidiaries and equity accounted investees are disclosed in Note 6 and 7 to the Financial Statements.

2.1.6.1 Subsidiaries

Subsidiaries are those entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

1. The contractual arrangement with the other vote holders of the investee
2. Rights arising from other contractual arrangements
3. The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Companies in the Group, the Group holdings in its subsidiary are given in Note 6.2 to the financial statements.

2.1.6.2 Equity accounted investees (Investment in associates)

The Group's investment in its associate is accounted for using the equity method. An associate is an entity in which the Group has significant influence. Under the equity method, the investment in the associate is carried in the Statement of Financial Position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The Statement of Profit or Loss of income reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The share of profit of an associate is shown on the face of the Statement of Profit or Loss. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associate. The Financial Statements of the associate are prepared for the same reporting period as the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the 'share of profit of an associate' in the Statement of Profit or Loss. The investment in associate is accounted for using the cost method in the separate financial statements.

2.1.7 Goodwill

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets

NOTES TO THE FINANCIAL STATEMENTS

acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

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

2.1.8 Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sale. Costs to sale are the incremental costs directly attributable to the sale, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to distribute will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

- A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:
- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations Or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss. Additional disclosures are provided in Note 6.3. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

2.2 MATERIAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

2.2.1 Judgements

In the process of applying the Group accounting policies, management has made the following judgements, apart from those involving

estimations, which has the most significant effect on the amounts recognised in the financial statements.

Useful lifetime of the Property, Plant and equipment

The Group reviews the useful lives and methods of depreciation of assets at each reporting date. Judgement of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty (Note 3)

2.2.2 Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The respective carrying amounts of assets and liabilities are given in related notes to the financial statements.

a) Defined benefit plans

The cost of defined benefit plan- gratuity is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Retirement benefit liability of the Group is disclosed in Note 18 for the assumptions used and the sensitivity thereon.

b) Provision for Slow moving inventories

A provision for slow moving inventories is recognised based on the best estimates available to management on their future usability/sale. As management uses historical information as the basis to determine the future usability and recoverability, actual future losses on inventories could vary from the provision made in these financial statements (Note 10.1).

c) Fair value of Freehold Land and Buildings and Land classified as Investment properties

The Group measures freehold land and buildings as well as Land classified as Investment properties at fair value with changes in fair value being recognised in other comprehensive income and statement of profit and loss respectively. Land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

Fair value related disclosures for assets measured at fair value are summarised in the Note 3 and 4 to the financial statements.

d) Impairment of debtors

The Group uses a provision matrix to calculate Expected Credit Losses (ECLs) for trade receivables and contract assets. The provision rates are

based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance). The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. (Note 11)

e) Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent it is probable that future taxable profits will be available against which such tax losses can be set off. Judgment is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with the future tax-planning strategies (Note 9).

f) Impairment of Non-Financial Assets

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

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.3.1 Foreign currency translation

The financial statements are presented in Sri Lanka Rupees, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.3.2 Fair Value Measurement

Fair value related disclosures for assets measured at fair value or

financial instruments that are not measured at fair value, for which fair values are disclosed, are summarised in the Note 36 to the financial statements.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised within the fair value hierarchy, described as follows,

Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Financial Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.3.3 Taxation

Current taxes

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

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the relevant tax legislations. Current

NOTES TO THE FINANCIAL STATEMENTS

income tax relating to items recognised directly in equity statement is recognised in equity and not in the statement of comprehensive income.

Deferred taxation

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

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

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and the carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

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

Deferred income tax relating to items recognised directly in equity statement is recognised in equity statement and not in the statement of total comprehensive income.

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 cost of the asset or part of the expense items as applicable and receivable and payable are stated with the amount of sales tax included. The amount of sales tax recoverable and payable in respect of taxation authorities is included as a part of other receivables and other payables in the Statement of Financial Position.

Social Security Contribution Levy

Social Security Contribution Levy (SSCL) shall be paid by the Group on the liable turnover specified in second schedule of the social security contribution levy Act No. 25 of 2022, at the rate of 2.5% with effect from 1st October 2022.

2.3.4 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction, or production of an asset that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of that asset.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in statement of comprehensive income using the effective interest method.

The amounts of borrowing costs which are eligible for capitalisation are determined in accordance with LKAS 23 – “Borrowing Costs”.

2.3.5 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. Net realisable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and condition is accounted using the following cost formula :

Manufacturing 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 cost.

work-in-progress

At actual cost

Trading goods

At purchase cost on first in first out basis

Consumable and spares

At purchase cost on weighted average basis

Raw materials

At purchase cost on weighted average cost basis.

Goods in transit

At actual cost

2.3.6 Financial Instruments

Financial Assets

Initial Recognition and Measurement

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

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent Measurement

The Group classifies all financial assets in the measurement category of financial assets at amortised cost.

a) Financial assets at amortised cost

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

The Group's financial assets at amortised cost includes trade and other receivables, amounts due from related parties, short term investments, long term receivables and cash and balances with banks.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full.

Impairment of Financial Assets

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

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities within the scope of SLFRS 9 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

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

Accordingly Group financial liabilities have been classified as and loans and borrowings.

Subsequent Measurement

The measurement of financial liabilities depends on their classification as follows:

a) Loans and Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs those are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of comprehensive income.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

2.3.7 Property, plant and equipment

Property, plant and equipment is stated at cost or valuation, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met. When each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

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

Depreciation is calculated on a straight line basis over the useful life of the assets. The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

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

Free hold land and building is subsequently measured at fair value.

Valuations are performed every 3-5 years (or frequently enough) to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

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

2.3.8 Leases

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

- The contract involves the use of an identified asset. This may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- The Group has right to obtain substantially all of the economic benefits of asset throughout the period of use; and
- The Group has right to direct the use of the asset. The Group has this right when it has decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either;
 - The Group has right to operate the asset; or
 - The Group designated the asset in a way that predetermines how and for what purpose it will be used.

a) Group as the Lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease added to the carrying amount of the leased asset and recognised over the lease term on the same basis rental income. Contingent rents are recognised as revenue in the period in which they are earned.

b) Group as the Lessee

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

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment and are in the range of 1 to 5 years.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 2.3.12- Impairment of non-financial assets.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. (refer Note 17.2).

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.3.9 Investment properties

Properties held for capital appreciation and properties held to earn rental income have been classified as Investment Property. Investment Property is recognised if it is probable that future economic benefits that are associated with the Investment Property will flow to the Group and cost of the Investment Property can be reliably measured.

Initial measurement

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

Subsequent measurement

The Group applies the Fair Value Model for Investment Properties in accordance with Sri Lanka Accounting Standard 40 (LKAS 40), - "Investment Property". Accordingly, land and buildings classified as Investment Properties are stated at Fair Value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of comprehensive income in the period of derecognition. Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change.

2.3.10 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of total comprehensive income net of any reimbursement.

2.3.11 Retirement benefit obligations

(a) Defined Benefit Plan – Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by independent actuaries using Projected Unit Credit (PUC) method as recommended by LKAS 19 – "Employee benefits". The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. The group uses the yields of Treasury Bonds published by the Government of Sri Lanka.

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions about discount rate, expected rates of return

NOTES TO THE FINANCIAL STATEMENTS

on assets, future salary increases and mortality rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date. Interest expense and the current service cost related to the liability is recognised in profit or loss and actuarial gain or loss is recognised in other comprehensive income.

The Group is liable to pay gratuity in terms of the Payment of Gratuity Act No. 12 of 1983, according to which a liability to pay gratuity arises only on completion of 5 years of continued service

Accordingly, the employee benefit liability is based on the actuarial valuation as of 31 March 2026.

Funding Arrangements

The Gratuity liability is not externally funded.

(b) Defined Contribution Plans- Employees' Provident Fund and Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with respective statutes and regulations. These are recognised as an expense in the statement of income as incurred.

The Group contributes 12% and 3% of gross emoluments of the employees to Employees' Provident Fund and Employees' Trust Fund respectively.

2.3.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount an asset is considered impaired and is written down to its recoverable amount.

2.3.13 Revenue recognition

Revenue from contracts with customers

The Group is primarily involved in manufacturing and marketing of tiles and associated items, sanitaryware, packing material, and aluminium products in Sri Lanka and overseas as detailed in Note. 22. Revenue from contracts with customers is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group/Company is the principal in its revenue arrangements, as it typically controls the goods before transferring them to the customer.

a) Sale of goods - tiles and associated items, sanitaryware, packing material, aluminium products

Revenue from sales of goods is recognised at the point in time when

control of the goods is transferred to the customer, generally on delivery of the goods which include one performance obligation. Control transition point to recognise the revenue on export sales is determined based on the international commercial terms applicable for the respective transactions. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, which does not materially affect on the recognition of revenue.

(i) Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in SLFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

(ii) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

(iii) Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial instruments – initial recognition and subsequent measurement.

(iv) Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Other Sources of Revenue

(a) Interest

For all financial instruments measured at amortised cost and interest-bearing financial assets, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Interest income is included in finance income in the statement of total comprehensive income.

(b) Dividends

Dividend income is recognised when the shareholders' right to receive payment is established.

(c) **Rental income**

Rental income receivable under operating leases is recognised on a straight-line basis over the term of the lease.

(d) **Other income**

Other income is recognised on an accrual basis.

Net gains and losses of a revenue nature on the disposal of property, plant & equipment and other non-current assets including investments have been accounted for in the statement of total comprehensive income, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses. On disposal of re-valued property, amount remaining in revaluation reserve relating to that asset is transferred directly to retained earnings.

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

2.3.14 Segmental Reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segments of the Group are determined based on product or services supplied by Group.

Segment information is presented in respect of the Group's business and has been prepared in conformation with the accounting policies adopted for preparing and presenting the consolidated financial statements of the Group. The business segments are reported based on Group's management and internal reporting structure.

Inter segment pricing is determined at prices mutually agreed by the companies.

Segment result, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise of goodwill on consolidation.

The Group comprises the following main business segments:

Tiles and associated items

The manufacture and distribution of wall tiles, floor tiles and related products.

Aluminum products

The manufacture and distribution of aluminium extrusions and allied products through a network of dealers & distributors.

Packing materials

The manufacture and distribution of packing materials

Management considers that there is no suitable basis for allocating such assets and related liabilities to geographical segments. Accordingly, segment assets, segment liabilities and other segment information by geographical segment is not disclosed.

2.4 Cash and balances with banks

Cash and balances with banks are cash at bank and in hand, call deposits and short term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of Statement of Cash Flows, cash and balances with banks consist of cash in hand, cash at bank deposits in banks net of outstanding bank overdrafts. Investments with short maturities (i.e. three months or less from date of acquisition) are also treated as Cash and balances with banks. Bank overdrafts are disclosed under Interest Bearing Liabilities in the Statement of Financial Position.

STANDARDS ISSUED BUT NOT EFFECTIVE AS AT 31 MARCH 2026

The amended standards that are issued, but not yet effective up to the date of issuance of these financial statements are disclosed below. None of the above new or amended pronouncements are expected to have a material impact on the consolidated financial statements of the group in the foreseeable future. The group intends to adopt these amended standards, if applicable when they become effective.

SLFRS 17 Insurance Contracts

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

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

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026

SLFRS 18 Presentation and Disclosure in Financial Statements

SLFRS 18, which replaces LKAS 1, introduces significant enhancements to the way financial information is organised and communicated. The standard establishes new categories and subtotals in the statement of profit or loss to improve consistency and comparability across entities.

NOTES TO THE FINANCIAL STATEMENTS

It also requires entities to disclose management-defined performance measures (as specified in the standard), together with clear explanations and reconciliations. In addition, SLFRS 18 introduces strengthened requirements regarding the location, aggregation, and disaggregation of financial information. These changes are designed to ensure that financial statements present information more transparently and in a way that enhances users' understanding of an entity's financial performance and position.

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

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

SLFRS 19 Subsidiaries without public accountability: Disclosures

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

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

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

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

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

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

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

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

The impact of these amendments is currently being identified and evaluated.

3 PROPERTY, PLANT & EQUIPMENT

3.1 Net book value of assets

	Group		Company	
	2026 Rs'000	2025 Rs'000	2026 Rs'000	2025 Rs'000
At cost				
Plant and Machinery	12,225,990	10,293,078	6,120,212	4,131,623
Water Supply, Electricity Distribution Scheme	982,154	602,839	952,999	549,516
Tools, Implements, Furniture & Fittings and Electrical Appliances	793,667	584,177	144,999	143,587
Transport & Communication Equipment	234,520	186,296	57,864	58,135
	14,236,331	11,666,390	7,276,074	4,882,861
At Valuation				
Freehold Land	6,227,595	6,157,297	2,779,499	2,779,499
Buildings	7,071,770	6,340,247	2,616,932	2,274,869
	13,299,365	12,497,544	5,396,431	5,054,368
Capital Work in Progress	1,008,972	3,272,728	685	2,795,858
Net Book Value	28,544,668	27,436,661	12,673,190	12,733,087

3.2 GROUP

(a) Gross Carrying Amounts

	Balance as at 01.04.2025 Rs.'000	Additions Rs.'000	Disposals/ Transfers Rs.'000	Revaluations Rs.'000	Exchange differences Rs.'000	Assets held for sale Rs.'000	Balance as at 31.03.2026 Rs.'000
At Cost							
Plant and Machinery	17,832,931	3,071,328	(79,186)	-	(1,699)	(67,893)	20,755,481
Water Supply, Electricity Distribution Scheme	1,291,284	514,376	(6,958)	-	(211)	(8,601)	1,789,890
Tools, Implements, Furniture & Fittings and Electrical Appliances	1,807,558	425,805	(18,014)	-	(208)	(8,786)	2,206,355
Transport & Communication Equipment	576,272	90,583	(42,992)	-	-	-	623,863
	21,508,045	4,102,092	(147,150)	-	(2,118)	(85,280)	25,375,589

NOTES TO THE FINANCIAL STATEMENTS

	Balance as at 01.04.2025 Rs.'000	Additions Rs.'000	Disposals/ Transfers Rs.'000	Revaluations Rs.'000	Exchange differences Rs.'000	Assets held for sale Rs.'000	Balance as at 31.03.2026 Rs.'000
At Valuation							
Freehold Land	6,157,297	3,146	-	67,152	-	-	6,227,595
Buildings	6,718,047	559,328	-	353,344	(1,141)	(44,237)	7,585,341
	12,875,344	562,474	-	420,496	(1,141)	(44,237)	13,812,936
In the Course of Construction							
Capital Work In Progress- Buildings & Others	3,272,728	8,328,337	(10,592,093)	-	-	-	1,008,972
Total	37,656,117	12,992,903	(10,739,243)	420,496	(3,259)	(129,517)	40,197,497

(b) Depreciation

	Balance as at 01.04.2025 Rs.'000	Additions Rs.'000	Disposals/ Transfers Rs.'000	Revaluations Rs.'000	Exchange differences Rs.'000	Assets held for sale Rs.'000	Balance as at 31.03.2026 Rs.'000
At Cost							
Plant and Machinery	7,539,854	1,057,771	(48,342)	-	(229)	(19,563)	8,529,491
Water Supply, Electricity Distribution Scheme	688,445	131,534	(9,270)	-	(27)	(2,946)	807,736
Tools, Implements, Furniture & Fittings and Electrical Appliances	1,223,381	212,554	(18,406)	-	(50)	(4,791)	1,412,688
Transport & Communication Equipment	389,976	41,803	(42,436)	-	-	-	389,343
Total	9,841,656	1,443,662	(118,454)	-	(306)	(27,300)	11,139,258
At Valuation							
Buildings	377,800	155,029	-	-	(132)	(19,126)	513,571
	377,800	155,029	-	-	(132)	(19,126)	513,571
Total	10,219,456	1,598,691	(118,454)	-	(438)	(46,426)	11,652,829

(c) Net book value of assets	27,436,661	11,394,212	(10,620,789)	420,496	(2,821)	(83,091)	28,544,668
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- (d) Fixed assets include fully depreciated assets, the cost of which at the reporting date amounted to Rs. 4,772.94Mn (2025- Rs.4,700.8Mn).
- (e) During the financial year, the Group acquired property, plant & equipment to the aggregate value of Rs. 2,253.66 Mn (2025- Rs. 3,513.5 Mn). Cash payments amounting to Rs. 2,400.81 Mn (2025- Rs. 3,513.5 Mn).were made during the year for purchase of property, plant and equipment.
- (f) The following properties are revalued and recorded under freehold land and buildings. Fair Value measurement disclosure for revalued land based on un-observable inputs are as follows,
- (A) Quoted Price (unadjusted) in active markets for identical assets or liabilities (Level-1).
- (B) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices) (Level-2)
- (C) Input for the assets or liability that are not based on observable market data (that is, unobservable inputs) (Level-3).

Company	Location	Extent	Independent Valuer	Valuation Date	Valuation Details	Significant unobservable input : price per perch/ acre/range/ per sqft	Fair Value measurement (Level 3) Rs.000	
Lanka Walltiles PLC property details included under Note 3.3.d.								
1	Lanka Tiles PLC	Factory Premises, Jaltara, Ranala	28A-02R-32.69P	KPMG Real Estate & Valuation Services (Private) Limited	1 March 2024	Market based evidences	Rs. 50,000/- to 150,000/- per perch	642,035
		Factory Premises, Jaltara, Ranala	416,813 sqft	KPMG Real Estate & Valuation Services (Private) Limited	31 March 2024	Contractor's method	Rs 1,130/- to Rs. 6,190/- per sqft	1,630,640
		Land Adjacent to the Factory Premises, Jaltara, Ranala	08A-02R-08.56P	KPMG Real Estate & Valuation Services (Private) Limited	31 March 2024	Market based evidences	Rs. 126,000/- to 231,000/- per perch	222,692
		Land Adjacent to the Factory Premises, Jaltara, Ranala	25,604 sq	KPMG Real Estate & Valuation Services (Private) Limited	31 March 2024	Contractor's method	Rs 1,400/- to Rs. 5,000/- per sqft	49,655
		Lanka Tiles Warehouse, Samurdhi Mawatha Biyagama	02A-sqft-15.93P	KPMG Real Estate & Valuation Services (Private) Limited	31 March 2024	Market approach	Rs. 1,500,000/- per perch	503,895
		Lanka Tiles Warehouse, Samurdhi Mawatha Biyagama	48,531 sqft	KPMG Real Estate & Valuation Services (Private) Limited	31 March 2024	Contractor's method	Rs 1,900/- to Rs. 5,100/- per sqft	243,388
		Land at Nugegoda	00A-00R-32.03P	KPMG Real Estate & Valuation Services (Private) Limited	31 March 2024	Market approach	Rs. 9,000,000/- per perch	288,270
		Showroom, Nugegoda Building	15,385 sqft	KPMG Real Estate & Valuation Services (Private) Limited	31 March 2024	Market approach	Rs 15,000/- per sqft	230,775
2	Uni Dil Packing Limited	Land at Narampola road, Moragala, Deketana	A12-R03-P37.1	Mr. D.G.Newton	31 March 2026	Market based evidence	Rs.85,000/- per perch	182,663
		Building and land improvement at Narampola road, Moragala, Deketana	179,357 sq.ft	Mr. D.G.Newton	31 March 2026	Depreciated Replacement cost	Rs.750/- to Rs. 2,000/- per sq.ft	662,838

NOTES TO THE FINANCIAL STATEMENTS

Company	Location	Extent	Independent Valuer	Valuation Date	Valuation Details	Significant unobservable input : price per perch/ acre/range/ per sqft	Fair Value measurement (Level 3)	
							Rs.000	
3	Uni Dil Packaging Solutions Limited	Land at Narampola road, Moragala, Deketana	A2-R2-P35	Mr. D.G.Newton	31 March 2026	Market based evidence	Rs. 80,000/- per perch	43,500
		Building at Narampola road, Moragala, Deketana	32103 sq.ft	Mr. D.G.Newton	31 March 2026	Depreciated Replacement cost	Rs.1,750/- to Rs. 2,500/- per sq.ft	114,000
4	Swisstek (Ceylon) PLC	Factory Complex, Belummahara, Imbulgoda	984.5 Perches	Mr. D.G.Newton	31 March 2024	Market based evidence	Rs. 800,000/- per perch	787,600
		No: 288/26, Colombo Road, Belummahara, Imbulgoda	81.6 perches	Mr. D.G.Newton	31 March 2024	Market based evidence	Rs. 725,000/- per perch	59,131
		No:334/5, Colombo Road, Belummahara, Imbulgoda	20.0 Perches	Mr. D.G.Newton	31 March 2024	Market based evidence	Rs. 650,000/- per perch	12,831
		No: 177/6, New Kandy Rd., Weliveriya	85.0 Perches	Mr. D.G.Newton	31 March 2024	Market based evidence	Rs. 600,000/- per perch	51,000
		Land at Ratupaswela	2446.0 Perches	Mr. D.G.Newton	31 March 2024	Contractors Method	Rs. 100,000/- to 175,000/- per perch	387,533
		Land at Belummahara	0.95 Perches	Mr. D.G.Newton	31 March 2024	Contractors Method	Rs. 848,000/- per perch	814
		Factory Complex, Belummahara, Imbulgoda	62,530 sq.ft	Mr. D.G.Newton	31 March 2024	Contractors Method	Rs. 750/- to 4,500/- per sqft	226,422
		No: 177/6, New Kandy Rd., Weliveriya	27,170 Sq.ft.	Mr. D.G.Newton	31 March 2024	Contractors Method	Rs. 2,850/- to 3,250/- per sqft	82,286
		Factory Complex, Belummahara, Imbulgoda-Tiles Stores	27,285 sq.ft	Mr. D.G.Newton	31 March 2024	Income Approach	Rs. 4,378.96/- per sqft	119,480
		Factory Complex, Belummahara, Imbulgoda-Sales Center	4944 sq.ft	Mr. D.G.Newton	31 March 2024	Income Approach	Rs. 8,458.33/- per sqft	41,818
Factory Complex, Belummahara, Imbulgoda-Open shed	3,400 sq.ft	Mr. D.G.Newton	31 March 2024	Income Approach	Rs. 3,282.42/- per sqft	11,160		
Factory Complex, Belummahara, Imbulgoda-Warehouse	5,000 sq.ft	Mr. D.G.Newton	31 March 2024	Income Approach	Rs. 5,908.35/- per sqft	29,542		
5	Swisstek Aluminium Limited	76/7,Pahala Dompe,Dompe	A11-R1-P 22.8	Mr.A.A.M.Fathithu	31 March 2024	Market based evidence	Rs.50,000/- to Rs.150,000/- Per Perch	299,375
		76/7,Pahala Dompe,Dompe	171,861 Sq.ft	Mr.A.A.M.Fathithu	31 March 2024	Contractors Method	Rs.1250/- to Rs.7,500/- per sqft	802,406

Significant increases/ (decreases) in estimated price per perch or cost per sqft in isolation would result in a significantly higher/ (lower) fair value.

(g) The useful lives of the assets are estimated as follows ;

	2026 Years	2025 Years
Buildings	25-50	25-50
Plant and machinery	8-20	8-20
Tools, implements and furniture and fittings	2-10	2-10
Transport and Communication equipment	2-5	2-5
Computer Hardware & Software	3-15	3-15

3.3 COMPANY

(a) Gross Carrying Amounts

	Balance as at 01.04.2025 Rs.'000	Additions Rs.'000	Disposals/ Transfers Rs.'000	Balance as at 31.03.2026 Rs.'000
At Cost				
Plant and Machinery	6,093,347	2,358,173	-	8,451,520
Water Supply, Electricity Distribution Scheme	741,626	490,744	-	1,232,371
Tools, Implements, Furniture & Fittings and Electrical Appliances	450,417	59,158	(156)	509,418
Transport & Communication Equipment	175,035	8,428	(1,211)	182,251
	7,460,425	2,916,503	(1,368)	10,375,560

	Balance as at 01.04.2025 Rs.'000	Additions Rs.'000	Disposals/ Transfers Rs.'000	Balance as at 31.03.2026 Rs.'000
At Valuation				
Freehold Land	2,779,499	-	-	2,779,499
Building	2,335,517	415,050	-	2,750,567
	5,115,016	415,050	-	5,530,066

	Balance as at 01.04.2025 Rs.'000	Additions Rs.'000	Disposals/ Transfers Rs.'000	Balance as at 31.03.2026 Rs.'000
In the Course of Construction				
Capital Work In Progress Plant & Machinery and Building	2,795,858	7,085,384	(9,880,557)	685
	2,795,858	7,085,384	(9,880,557)	685
Total	15,371,299	10,416,937	(9,881,925)	15,906,311

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(b) Depreciation

	Balance as at 01.04.2025 Rs.'000	Additions Rs.'000	Disposals/ Transfers Rs.'000	Balance as at 31.03.2026 Rs.'000
At Cost				
Buildings	60,648	72,986	-	133,634
Plant and Machinery	1,961,724	369,583	-	2,331,307
Water Supply, Electricity Distribution Scheme	192,110	87,263	-	279,373
Tools, Implements, Furniture & Fittings and Electrical Appliances	306,830	58,076	(488)	364,419
Transport & Communication Equipment	116,900	9,269	(1,781)	124,388
Total	2,638,212	597,178	(2,269)	3,233,121
(c) Net Book Value of Assets	12,733,087	9,819,759	9,879,655	12,673,190

- (d) The fair value of freehold lands and buildings were determined by means of a revaluation during the financial year 2023/24 in reference to market based reference evidence and the details of the valuations are indicated below,

A reassessment of the fair valuation was obtained from the same independent professional valuer who determined that there would have been no substantial material change in the fair value between the last revaluation date and reporting date.

Location	Extent	Independent Valuer	Valuation Date	Valuation Details	Significant unobservable input : price per perch/ acre/range / per sq.ft	Fair Value measurement (Level 3) Rs.000
No. 215, Nawala Road, Narahenpita, Colombo 05	A1-R1-P2.1 36,170 Square feet building	KPMG Real Estate & Valuation Services (Private) Limited	31 March 2024	Market based evidence	Rs. 8,000,000/- per perch	1,616,800
		KPMG Real Estate & Valuation Services (Private) Limited	31 March 2024	Contractor's basis method valuation	Rs.3,000/-to Rs 7,000/- per square feet	219,378
Plan No 2205 Situated at Mawathgama and Galagedara Village	A23-R1-P24.16 313,012 Square Feet building	KPMG Real Estate & Valuation Services (Private) Limited	31 March 2024	Market based evidence	Rs. 300,000/- per perch	1,149,200
		KPMG Real Estate & Valuation Services (Private) Limited	31 March 2024	Contractor's basis method valuation	Rs.2,000/-to Rs 4,377/- per square feet	1,463,514

Significant increases/ (decreases) in estimated price per perch or cost per sqft in isolation would result in a significantly higher/ (lower) fair value.

- (e) During the financial year, the Company acquired property, plant and equipment to the aggregate value of Rs. 535.01 Mn (2025- Rs.2,071.6Mn). Cash payments amounting to Rs. 535.01 Mn (2025- Rs.2,071.6 Mn) were made during the year for the purchase of Property, Plant and Equipment.
- (f) Fixed assets include fully depreciated assets which are still in use of which the cost at the reporting date amounted to Rs. 1,538.86 Mn (2025- Rs.1,369Mn).
- (g) The company / group capitalised total of Rs. 212 Mn (2025- Rs. 616 Mn) as the borrowing cost in the proposed expansion project at the equal rate of the respective bank borrowings (10.5%- 11.5% range during the year) for the same.

3.4 Description of Valuation Techniques.

Market Approach

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

Cost Approach

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

Income Approach

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

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

Depreciated Replacement Cost Approach

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

- 3.5 The carrying amount of revalued assets of the Company would have been included in the Financial Statement had the assets been carried at cost less depreciation as follows;

	Group				Company			
	Cost	Accumulated Depreciation	Net Carrying Amount	Net Carrying Amount	Cost	Accumulated Depreciation	Net Carrying Amount	Net Carrying Amount
	2026 Rs.'000	2026 Rs.'000	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2026 Rs.'000	2026 Rs.'000	2025 Rs.'000
Freehold Land	2,369,948	-	2,369,948	2,366,802	473,428	-	473,428	473,428
Building	3,456,085	(887,827)	2,568,258	2,148,961	1,570,123	(349,171)	1,220,952	814,203
	5,826,033	(887,827)	4,938,206	4,515,763	2,043,551	(349,171)	1,694,380	1,287,631

NOTES TO THE FINANCIAL STATEMENTS

4 INVESTMENT PROPERTIES

	Group		Company	
	2026 Rs'000	2025 Rs'000	2026 Rs'000	2025 Rs'000
As at 01st April	815,687	815,687	-	-
Net fair value gain recognised	15,187	-	-	-
As at 31st March	830,874	815,687	-	-

The fair value of freehold lands and buildings were determined by means of an independent revaluation carried out by Chartered valuation surveyors during the financial year 2025/26 in reference to market based evidence and the details of the valuations are indicated below;

Company	Location	Extent	Valuation Date	Independent Valuer	Valuation Details	Significant unobservable input : price per perch/ acre/ sqft	Significant unobservable inputs (Level 3) Rs.000	
1	LWL Development (Pvt) Limited	Agalagedara Village, Divulapitiya, Gampaha	48A-03R-17.9P	31 March 2026	KPMG Real Estate & Valuation Services (Private) Limited	Market based evidence	Rs. 8,000,000/- per Acre	398,224
		Waradala Village, Divulapitiya, Gampaha	4A-01R-15.9P	31 March 2026	KPMG Real Estate & Valuation Services (Private) Limited	Market based evidence	Rs.5,000,000/- per Acre	21,800
	Agalagedara Village, Divulapitiya, Gampaha	00A-01R-05 P	31 March 2026	KPMG Real Estate & Valuation Services (Private) Limited	Market based evidence	Rs.130,000/- per Perch	6,500	
	Agalagedara Village, Divulapitiya, Gampaha	00A-00R-6.90 P	31 March 2026	KPMG Real Estate & Valuation Services (Private) Limited	Market based evidence	Rs.80,000/- per Perch	650	
2	Beyond Paradise Collection Limited	Agalagedara Village, Divulapitiya, Gampaha	48A-03R-17.9P	31 March 2026	KPMG Real Estate & Valuation Services (Private) Limited	Market based evidence	Rs. 8,000,000/- per Acre	398,224
		House	981.sq.ft	31 March 2026	KPMG Real Estate & Valuation Services (Private) Limited	Market based evidence	Rs.5800/- per sq.ft	5,476

5 INTANGIBLE ASSETS

5.1 Value of the intangible assets

	Group		Company	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Goodwill on business combination (Note 5.2)	19,570	199,858	-	-
Other intangible assets (Note 5.3)	210,748	239,241	27,485	29,806
	230,318	439,099	27,485	29,806

5.2 Goodwill on business combination

- (a) Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

	Group		Company	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
As at 01st April	199,858	199,858	-	-
De-recognition of goodwill	(180,288)	-	-	-
As at 31st March	19,570	199,858	-	-

- (b) Carrying amount of goodwill and allocation to each of the Cash Generating Unit

	Group		Company	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Lanka Tiles PLC	19,570	19,570	-	-
Valley View Ceramics LLC	-	180,288	-	-
	19,570	199,858	-	-

- (c) The key assumptions used to determine the recoverable amount for the cash generating unit, are as follows;

Discount rates

The discount rate used is the risk free rate (11.33%) , adjusted by the addition of an appropriate risk premium.

Inflation

The basis used to determine the value assigned to the budgeted cost inflation, is the inflation rate, based on projected economic conditions.

Growth rate

The Management has estimated 2% growth rate in the cash flow beyond the five-year period

NOTES TO THE FINANCIAL STATEMENTS

5.3 Other Intangible Assets

	Group		Company	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
As at 1 April	239,241	149,633	29,806	32,127
Additions	12,469	108,903	-	-
Amortisation charge	(23,148)	(19,295)	(2,321)	(2,321)
De-recognition on disposal of subsidiaries	(17,814)	-	-	-
As at 31 March	210,748	239,241	27,485	29,806
Cost	318,702	306,233	35,030	35,030
Accumulated amortisation	(90,140)	(66,992)	(7,545)	(5,224)
De-recognition on disposal of subsidiaries	(17,814)	-	-	-
Net book amount	210,748	239,241	27,485	29,806

6 INVESTMENTS IN SUBSIDIARIES

6.1 Company

	Number of Shares '000		Holding		Cost	Market Value	Cost	Market Value
	2026	2025	2026 %	2025 %	2026 Rs.'000	2026 Rs.'000	2025 Rs.'000	2025 Rs.'000
Subsidiary								
A) Quoted								
Lanka Tiles PLC	180,946	180,946	68.22	68.22	935,958	8,269,231	935,958	9,173,961
Swisstek (Ceylon) PLC	15,706	15,706	11.48	11.48	41,247	1,248,647	41,247	731,911
Total Quoted Investment in Subsidiary					977,205	9,517,878	977,205	9,905,872
B) Non-quoted								
Vallibel Plantation Management Limited	10,336	10,336	100	100	298,891	298,891	298,891	298,891
LWL Development (Pvt) Ltd	28,600	28,600	100	100	286,000	286,000	286,000	286,000
LW Plantation Investment Limited	5,689	5,689	100	100	56,888	56,888	56,888	56,888
Lankatiles USA Inc.,	26,000	26,000	100	100	77,051	77,051	77,051	77,051
Total Non-quoted Investments in Subsidiaries					718,830	718,830	718,830	718,830
Total Net Carrying Value of Investments in Subsidiaries					1,696,035		1,696,035	

6.2 Details of those companies in which Lanka Walltiles PLC, held a controlling interest, as at 31 March 2026 directly or indirectly (Group) are set out below:

Name of Company	Effective Percentage of share holding in subsidiaries			Principal activities of the company	Auditors	Principal place of Business	Country of Incorporation
	2026	2025	2025				
	Group						
	Company						
		2026	2025				
1) Lanka Tiles PLC	68.22	68.22	68.22	Manufacture of Ceramic & Porcelain floor tiles	M/s. Ernst & Young	No. 215, Nawala Road, Narahenpita, Colombo 05	Sri Lanka
2) Vallibel Plantation Management Ltd	100.00	100.00	100.00	Investment Holding	M/s KPMG	No. 215, Nawala Road, Narahenpita, Colombo 05	Sri Lanka
3) Uni-Dil Packaging Ltd	100.00	100.00	-	Manufacture and sale of cartons for packing	M/s KPMG	Narampola Road, Moragala, Dekatana.	Sri Lanka
4) Uni-Dil Packaging Solutions Ltd	100.00	100.00	-	Manufacture and sale of paper sacks	M/s KPMG	Narampola Road, Moragala, Dekatana.	Sri Lanka
5) Swisstek (Ceylon) PLC	44.09*	44.09*	11.48	Manufacture and sale of tile related products	M/s KPMG	No. 118A, Nawala Road, Narahenpita, Colombo 05	Sri Lanka
6) Swisstek Aluminium Ltd	25.90*	25.90*	-	Manufacture and sale of aluminium extrusions	M/s. Ernst & Young	No. 118 A, Nawala Road, Narahenpita, Colombo 05	Sri Lanka
7) LWL Development (Pvt) Limited	100.00	100.00	100.00	Property Holding Company	M/s. Ernst & Young	No. 215, Nawala Road, Narahenpita, Colombo 05	Sri Lanka
8) Beyond Paradise Collection Limited	68.22	68.22	-	Property Holding Company	M/s. Ernst & Young	Narahenpita, Colombo 05	Sri Lanka
9) Lanka Swisstek (Private) Limited	34.79*	34.79*	-	Aluminium Fabrication	M/s. K S Muralidhar	No. 196, A1, Bommasandra Industrial Area, Bangalore	India
10) LTL Development Ltd	68.22	68.22	-	Property Holding Company	M/s. Ernst & Young	No. 215, Nawala Road, Narahenpita, Colombo 05	Sri Lanka
11) Swisstek Development Ltd	44.09	44.09	-	Property Holding Company	M/s KPMG	No. 215, Nawala Road, Narahenpita, Colombo 05	Sri Lanka
12) LW Plantation Investment Ltd	100.00	100.00	100.00	Property Holding Company	M/s. Ernst & Young	No. 215, Nawala Road, Narahenpita, Colombo 05	Sri Lanka
13) Lankatiles USA Inc	100.00	100.00	100.00	Holding Company	Weaver (Reviewer)	5502, Windmier Circle, Dallas, USA	USA
14) Valley View Ceramics LLC	-	58.10	-	Distribution of Tiles in USA	Weaver (Reviewer)	35 W Frontage road, Suite 110, Denton	USA
15) Unidil Packaging Kenya Ltd	100.00	100.00	-	Holding Company	RSM Eastern Africa LLP	P.O Box 10643. G.P.O. Nairobi	Kenya
16) Perfect Packaging Ltd	100.00	100.00	-	Manufacture and sale of packing materials	RSM Eastern Africa LLP	P.O Box 10259. G.P.O. Nairobi	Kenya
17) Eco Pack Solutions Lanka Ltd	100.00**	-	-	Buying and selling of paper scraps	M/s KPMG	Narampola Road, Moragala, Dekatana.	Sri Lanka

*The company has a controlling interest in these investee companies without a majority of the voting rights on the bases that Lanka Walltiles PLC has power for the purpose of consolidation due to the fact that Lanka Walltiles Group hold majority of voting rights through a combination of direct and indirect shareholding.

**Uni-Dil Packaging Ltd invested 100% on Eco Pack Solutions Lanka Ltd for the purpose of buying and selling of paper scraps.

NOTES TO THE FINANCIAL STATEMENTS

6.3 Discontinued Operations

In March 2026, the Board of Directors of Lanka Walltiles PLC decided to wind up the operations of Valley View Ceramics LLC, a 58.10% owned subsidiary which operates in the United States of America as a part of the strategic reassessment of foreign operations. Accordingly, as at 31 March 2026, Valley View Ceramics LLC has been fully wound down, classified as a discontinued operation, and its results are no longer included in the segment reporting note.

Further, in November 2025, the Board of Directors of Lanka Tiles PLC decided to dispose of Lanka Swisstek (Pvt) Ltd, a 51% owned subsidiary. The disposal is expected to be completed within one year from the reporting date. Accordingly, as at 31 March 2026, Lanka Swisstek (Pvt) Ltd has been classified as assets held for sale and as a discontinued operation. Lanka Swisstek (Pvt) Ltd represented the Group's India operations up to 31 March 2026. Following its classification as a discontinued operation, its results are no longer included in the segment reporting note.

The results of the discontinued operations, which have been included in the profit for the year, were as follows.

	Valley View Ceramics LLC		Lanka Swisstek Pvt Ltd		Total	
	2026 Rs.000	2025 Rs.000	2026 Rs.000	2025 Rs.000	2026 Rs.000	2025 Rs.000
Revenue	128,269	626,775	207,623	37,609	335,892	664,384
Cost of Sales	(75,966)	(387,565)	(123,954)	(41,245)	(199,920)	(428,810)
Gross Profit	52,303	239,210	83,669	(3,636)	135,972	235,574
Other income	596	39,623	1,908	1,511	2,504	41,134
Distribution costs	(112,159)	(200,623)	(10,521)	(8,468)	(122,680)	(209,091)
Administrative expenses	(59,022)	(305,128)	(119,790)	(77,287)	(178,812)	(382,415)
Profit from operating activities	(118,282)	(226,918)	(44,734)	(87,880)	(163,016)	(314,798)
Finance cost	(12,348)	(33,375)	(14,346)	(6,637)	(26,694)	(40,012)
Finance income	14,088	4,564	-	-	14,088	4,564
Profit/(Loss) for the year	(116,542)	(255,729)	(59,080)	(94,517)	(175,622)	(350,246)
Profit/(Loss) on disposal	(7,361)	-	-	-	(7,361)	-
Profit/(Loss) for the year from discontinued operations net of Tax	(123,903)	(255,729)	(59,080)	(94,517)	(182,983)	(350,246)

The major classes of assets and liabilities of discontinued operations are being classified as held for sale as at the end of the period:

	Lanka Swisstek Pvt Ltd Rs.'000
ASSETS	
Property, Plant & Equipment	83,091
Inventories	125,940
Trade and Other Receivables	61,038
Cash and balances with banks	7,537
Assets Held for Sale	277,606
LIABILITIES	
Trade and Other Payables	148,754
Interest Bearing Liabilities	167,008
Liabilities directly associated with the assets held for sale	315,762
Net Assets directly associated with disposal group	(38,156)
Reserve of disposal group classified as held for sale	(5,609)

The net cash flows incurred by Lanka Swisstek Pvt Ltd for the period ended is as follows:

	Lanka Swisstek Pvt Ltd	
	2026 Rs.000	2025 Rs.000
Operating	(28,531)	(85,304)
Investing	(3,145)	(55,199)
Financing	30,900	71,613
Net cash (outflow)/inflow	(776)	(68,890)

6.4 Disposal of Subsidiary

Loss on Disposal of Valley View Ceramics LLC

	2026 Rs.000
Assets as at the disposed date	
Intangible Assets	17,814
Inventories	424,441
Trade and Other Receivables	187,342
Cash and balances with banks	3,793
Total Assets	633,390
Liabilities as at the disposed date	
Trade and Other Payables	270,092
Current Portion of Interest Bearing Liabilities	660,445
Total Liabilities	930,537
The carrying value of net liabilities disposed	
Goodwill on Acquisition	(180,288)
De-recognition of non-controlling interests	(124,220)
Loss on disposal of subsidiary	(7,361)

NOTES TO THE FINANCIAL STATEMENTS

7 INVESTMENTS IN ASSOCIATES

(a) Group

	Holding		Carrying Value		Cost	
	2026 %	2025 %	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Non-quoted Investments						
C P Holdings (Private) Limited	35.39%	35.39%	202,352	200,392	170,000	170,000

(b) Movement in Investments in Associates

	Carrying Value	
	2026 Rs.'000	2025 Rs.'000
As at 01st April	200,392	193,923
Share of net profit of associate	1,507	5,077
Share of other Comprehensive Income of associate	453	1,392
As at 31 March	202,352	200,392

The Group invested in CP Holdings (Pvt) Ltd through its subsidiary Companies namely LTL Development Limited, Swisstek Development Limited and LW Plantation Investment Limited at 16.67% each. Accordingly, the effective investment holding of CP Holding (Pvt) Ltd is 35.39% as at the reporting date.

(c) Summarised Statement of financial position

	2026 Rs.000	2025 Rs.000
Current Assets	30,337	30,831
Non Current Assets	429,877	422,928
Current liabilities	1,989	2,214
Non current liabilities	29,050	25,825
Net Assets	429,175	425,720

(d) Summarised Statement of Profit or Loss and Other Comprehensive Income

	2026 Rs.'000	2025 Rs.'000
Revenue	15,732	14,038
Gross Profit	4,965	5,324
Net Profit	4,261	14,347
Other Comprehensive Income	1,281	3,933
Total Comprehensive Income	5,542	18,280

(e) Detail of this Company in which Lanka Walltiles PLC, held as Associates as at 31 March 2026 directly or indirectly (Group) are set out below:

Name of Company	Principal activities of the company	Auditors	Principal place of Business	Country of Incorporation
CP Holdings Private Limited	Property Holding Company	M/s. Ernst & Young	No 23, Nawala Road , Narahenpita, Colombo 05	Sri Lanka

8 RIGHT OF USE ASSETS

8.1 Balance of right of use assets

	Group		Company	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Land	10,116	10,635	8,141	8,660
Building	128,541	142,791	-	13,668
	138,657	153,426	8,141	22,328

During the financial year 2013, the Company acquired a right to leasehold land to the value of Rs.14.60 Mn for a period of 30 years.

8.2 Group

Set below, are the carrying amounts of the Group's right of use assets and the movements during the period.

	Land Rs.'000	Building Rs.'000	Total Rs.'000
Right of Use Asset			
As at 1 April 2024	11,155	104,933	116,088
Additions	-	148,980	148,980
De-recognition	-	(9,450)	(9,450)
Less: Amortisation Expense	(520)	(101,672)	(102,192)
As at 31 March 2025	10,635	142,791	153,426
As at 1 April 2025	10,635	142,791	153,426
Additions	-	70,565	70,565
Less: Amortisation Expense	(519)	(84,815)	(85,334)
As at 31 March 2026	10,116	128,541	138,657

8.3 Company

Set below, are the carrying amounts of the company's right of use assets and the movements during the period.

	Land Rs.'000	Building Rs.'000	Total Rs.'000
As at 1 April 2024	9,180	45,426	54,606
Less: Amortisation Expense	(520)	(31,758)	(32,278)
As at 31 March 2025	8,660	13,668	22,328
As at 1 April 2025	8,660	13,668	22,328
Less: Amortisation Expense	(519)	(13,668)	(14,187)
As at 31 March 2026	8,141	-	8,141

NOTES TO THE FINANCIAL STATEMENTS

8.4 The following are the amounts recognised in profit or loss:

	Group		Company	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Amortisation expense of right-of-use assets	85,334	102,192	14,187	32,278
Interest expense on lease liabilities	13,334	24,003	762	9,151
Expense relating to short-term leases (included in cost of sales)	45,509	86,145	5,313	28,331
Total amount recognised in profit or loss	144,177	212,340	20,262	69,760

	Group		Company	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Lease Liability-Current (Note 17.2)	66,158	68,765	2,344	15,404
Lease Liability-Non Current (Note 17.2)				
Payable Within One to Five Years	42,807	77,779	2,969	13,218
	108,965	146,544	5,313	28,622

9 DEFERRED TAX

	Group		Company	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Deferred tax asset (Note 9.1)	159,355	145,569	-	-
Deferred tax liabilities (Note 9.2)	3,119,596	3,251,302	754,526	1,067,937

9.1 Deferred Tax Asset

(a)	Group	
	2026 Rs.'000	2025 Rs.'000
As at 01st April	145,569	185,169
Deferred tax (charge) / reversal	14,511	(78,572)
Deferred tax release on components of other comprehensive income	(725)	1,431
Deferred tax asset on the business acquisition	-	37,541
As at 31st March	159,355	145,569

(b) Deferred tax asset comprises of:

	Group	
	2026 Rs.'000	2025 Rs.'000
Deferred Tax Liability		
Capital Allowances	(294,329)	(211,095)
Revaluation Surplus	(63,762)	(114,960)
Deferred Tax Assets		
Retirement Benefit Liability	17,407	14,337
Carried Forward Tax Losses	419,438	443,041
Provision for Inventory, Debtors and others	80,602	14,246
	159,356	145,569

Deferred tax asset as at the reporting date have been tested for recoverability based on the estimated future taxable income of the company in line with approved business plans and budgets covering the period of six years and management is of the view that taxable losses can be set off in future. These tax losses under the Inland Revenue Act No. 24 of 2017 can be carried forward up to six years.

9.2 Deferred tax liabilities

(a)

	Group		Company	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
As at 01st April	3,251,302	3,378,079	1,067,937	1,253,991
Charge/(Reversal) Recognised in Profit or Loss				
- Arising on During the Year Movement	(286,030)	(98,111)	(330,661)	(169,543)
Charge/(Reversal) Recognised in Other Comprehensive Income				
- Arising on During the Year Movement	154,324	(28,666)	17,249	(16,511)
As at 31st March	3,119,596	3,251,302	754,526	1,067,937

(b) Deferred tax liability comprises of:

	Group		Company	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Deferred Tax Liability				
Capital Allowances	2,272,049	2,062,175	846,662	584,287
Revaluation surplus	1,969,732	1,792,386	947,528	947,528
Revaluation surplus on Investment Property	122,098	122,098	-	-
Lease Liability	3,015	873	1,594	1,888
Deferred Tax Assets				
Retirement Benefit Liability	(217,386)	(229,769)	(90,580)	(96,414)
Carried Forward Tax Losses	(912,752)	(335,629)	(912,752)	(335,629)
Provision for Obsolete and Slow Moving, Consumables and Spares and others	(117,160)	(160,832)	(37,926)	(33,723)
	3,119,596	3,251,302	754,526	1,067,937

NOTES TO THE FINANCIAL STATEMENTS

10 INVENTORIES

	Group		Company	
	2026 Rs '000	2025 Rs '000	2026 Rs '000	2025 Rs.'000
Raw materials	7,626,188	7,919,299	478,468	730,544
Work in progress	1,308,797	1,138,993	-	-
Finished Goods	10,571,548	10,532,750	4,602,274	3,281,884
Trading Stock	777,023	515,625	544,066	186,621
Consumables and spares	1,099,961	1,035,344	700,279	701,256
Allowances for slow moving stocks (Note 10.1)	(953,018)	(512,424)	(240,321)	(81,683)
Total	20,430,499	20,629,587	6,084,766	4,818,622

10.1 Allowances for slow moving stock

	Group		Company	
	2026 Rs '000	2025 Rs '000	2026 Rs '000	2025 Rs.'000
As at 01st April	512,424	481,077	81,683	65,961
Charge during the year	440,594	31,347	158,638	15,722
As at 31st March	953,018	512,424	240,321	81,683

11 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2026 Rs '000	2025 Rs '000	2026 Rs '000	2025 Rs.'000
Trade receivables	6,298,644	5,131,238	562,248	536,464
Less : Impairment of trade receivables (Note 11.1)	(253,652)	(212,995)	(27,257)	(26,908)
	6,044,992	4,918,243	534,991	509,556
Advance, prepayments and other receivables	2,386,352	2,742,351	296,550	429,072
Loans to company employees	12,948	13,315	12,948	13,315
Total	8,444,292	7,673,909	844,489	951,943

11.1 Impairment of trade receivables

	Group		Company	
	2026 Rs '000	2025 Rs '000	2026 Rs '000	2025 Rs.'000
As at 01st April	212,995	173,666	26,908	22,908
Provided during the year	40,657	42,214	349	4,000
Utilised/reversed during the year	-	(2,885)	-	-
As at 31st March	253,652	212,995	27,257	26,908

11.2 As at 31 March, the aging analysis of trade receivables are as follows:

Group	Neither past due nor impaired Rs.'000	< 3 Months Rs.'000	3- 12 Months Rs.'000	> 1 Year Rs.'000	Impaired Rs.'000	Total Rs.'000
2026	2,315,397	2,958,630	459,304	311,661	253,652	6,298,644
2025	2,999,177	1,434,215	348,871	135,980	212,995	5,131,238

Company	Neither past due nor impaired Rs.'000	< 3 Months Rs.'000	3- 12 Months Rs.'000	Past due but not impaired > 1 Year Rs.'000	Impaired Rs.'000	Total Rs.'000
2026	354,573	130,707	26,413	23,298	27,257	562,248
2025	166,200	187,077	116,189	40,090	26,908	536,464

12 AMOUNTS DUE FROM RELATED PARTIES

Company	Relationship	Group		Company	
		2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Lanka Ceramic PLC	Affiliated company	1,440	28	-	-
Swisstek Aluminium Limited	Subsidiary company	-	-	18,141	42,469
Rocell Bathware Limited	Affiliated company	3,853	4,320	-	-
LW Plantation Investment Limited	Subsidiary company	-	-	624	353
Royal Ceramics Lanka PLC	Parent company	57,078	85,781	-	-
Horana Plantation PLC	Affiliated company	2,721	569	-	-
Lanka Tiles USA Inc.	Subsidiary company	-	-	57,846	134,106
Lanka Swisstek (Pvt) Limited	Subsidiary company	-	-	9,374	23,409
Valley View Ceramics LLC	Subsidiary company	-	-	-	105,351
LTL Development Ltd	Subsidiary company	-	-	129	-
LWL Development (Pvt) Ltd	Subsidiary company	-	-	43	-
Beyond Paradise Collection Ltd	Subsidiary company	-	-	3,917	3,614
Total		65,092	90,698	90,074	309,302

13 SHORT TERM INVESTMENTS

	Group		Company	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Deposit of Tsunami donations	4,726	5,294	4,726	5,294
	4,726	5,294	4,726	5,294

NOTES TO THE FINANCIAL STATEMENTS

14 CASH AND BALANCES WITH BANKS

Components of Cash and balances with banks

	Group		Company	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Favourable Cash and balances with banks				
Cash & bank balances	2,067,478	1,878,493	79,798	88,648
Cash & bank balances attributable to discontinued operations	7,537	-	-	-
	2,075,015	1,878,493	79,798	88,648
Unfavourable Cash and balances with banks				
Bank overdrafts	(1,465,597)	(2,456,446)	(696,588)	(1,218,094)
Bank overdrafts attributable to discontinued operations	(66,295)	-	-	-
Total Cash and balances with banks for the purpose of cash flow statement	543,123	(577,954)	(616,790)	(1,129,446)

15 STATED CAPITAL

(a) Value of issued & fully paid shares

	Group		Company	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
As at 01st April	787,765	787,765	787,765	787,765
As at 31st March	787,765	787,765	787,765	787,765

(b) Volume of issued & fully paid shares

	Group		Company	
	2026 '000	2025 '000	2026 '000	2025 '000
As at 01st April	273,000	273,000	273,000	273,000
As at 31st March	273,000	273,000	273,000	273,000

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

16 RESERVES

	Group		Company	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Revaluation reserve (Note 16.1)	5,073,440	4,779,093	2,506,339	2,506,339
Total	5,073,440	4,779,093	2,506,339	2,506,339

16.1 Revaluation reserve

	Group		Company	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
On Property Plant & Equipment				
As at 01 April	4,779,093	4,779,093	2,506,339	2,506,339
Revaluation of freehold land and building net of deferred tax	294,347	-	-	-
As at 31 March	5,073,440	4,779,093	2,506,339	2,506,339

17 INTEREST BEARING LIABILITIES

	Group		Company	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Non Current				
Long term loans (Note 17.1)	4,619,150	6,659,866	2,469,230	3,563,766
Lease Liability (Note- 17.2)	42,807	77,779	2,969	13,218
Total	4,661,957	6,737,645	2,472,199	3,576,984
Current				
Long term loans (Note 17.1)	2,336,233	1,888,866	892,680	718,073
Lease Liability (Note- 17.2)	66,158	68,765	2,344	15,404
Short term loans (Note 17.3)	11,349,204	10,666,808	4,632,415	3,840,069
Bank overdrafts (Note 14)	1,465,597	2,456,446	696,588	1,218,094
Total	15,217,192	15,080,885	6,224,027	5,791,640

NOTES TO THE FINANCIAL STATEMENTS

17.1 Long term loans

(a) Long term loans movement

	Group		Company	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
As at 01st April	8,548,732	8,696,765	4,281,839	4,286,660
Loans obtained	671,100	899,051	-	160,000
Exchange gain/(loss)	-	(98)	-	-
Repayments	(2,264,449)	(1,046,987)	(919,929)	(164,821)
As at 31st March	6,955,383	8,548,732	3,361,910	4,281,839
Amount payable within 12 months	2,336,233	1,888,866	892,680	718,073
Amount payable after 12 months	4,619,150	6,659,866	2,469,230	3,563,766
Total	6,955,383	8,548,732	3,361,910	4,281,839

b) Details of long term loans of the Group

Financial Institution	Repayment terms	Principal Rs.'000	Interest rate per annum	Security	Balance as at 31.03.2026 Rs '000	Balance as at 31.03.2025 Rs '000
Lanka Walltiles PLC						
Commercial Bank of Ceylon PLC	72 monthly instalments (12 month Grace period)	800,000	11.00%	Polishing and Squaring Plant, Water Treatment and 3T and 5T Ball Mill and Fast Double-Firing Plant located on Lanka Walltiles PLC, Meepe, Padukka are mortgaged for Rs.800Mn.	519,860	679,640
Commercial Bank of Ceylon PLC	72 monthly instalments (12 month Grace period)	1,325,000	11.00%	“KAHATAGAHAHENA” land, and the plants	1,037,700	1,302,899
Commercial Bank of Ceylon PLC	72 monthly instalments (12 month Grace period)	1,635,000	11.00%	and machinery located thereon are mortgaged for	1,280,750	1,635,000
Commercial Bank of Ceylon PLC	72 monthly instalments (12 month Grace period)	540,000	11.00%	Rs.3,660Mn as collateral.	423,000	531,000
Commercial Bank of Ceylon PLC	72 monthly instalments (12 month Grace period)	160,000	AWPLR		100,600	133,300
Total					3,361,910	4,281,839
Lanka Tiles PLC						
DFCC Bank PLC	72 monthly instalments (12 month Grace period)	1,500,000	AWPLR+0.75%	Rs. 1.6 Bn security on Building, Plant and Machinery at Factory Premises, St James Estate, Jalthara, Ranala.	-	166,667
Total					-	166,667
Uni-Dil Packaging Limited						
Commercial Bank of Ceylon PLC	54 Monthly Installments	70,755	7.75%(fixed)	Solar Panel	7,862	23,585
Peoples Bank	36 Monthly Installments	100,000	AWPLR	Corporate gurantee from UDPS	11,040	44,400
Total					18,902	67,985

Financial Institution	Repayment terms	Principal Rs.'000	Interest rate per annum	Security	Balance as at 31.03.2026 Rs '000	Balance as at 31.03.2025 Rs '000
Uni-Dil Packaging Solution Limited						
Commercial Bank of Ceylon PLC	54 Monthly Installments	17,744	7.75%(fixed)	Solar Panel	2,610	6,558
Peoples Bank	36 Monthly Installments	100,000	AWPLR	Corporate Guarantee from UDP	11,040	44,400
Total					13,650	50,958
Uni Dil Packaging Kenya Limited						
Hatton National Bank PLC	54 Monthly Installments	USD 1,400,000	3M SOFR+4%	Corporate Guarantee of Uni Dil Packaging Limited & Uni Dil Packaging Solutions Ltd	205,491	356,551
Total					205,491	356,551
Perfect Packaging Limited						
Commercial Bank	60 Months Installements including 12 Months grace period	USD 500,000	1M SOFR+1.75%	Corporate Guarantee for USD 6,400,000 of Uni Dil Packaging Kenya Ltd	146,989	-
Commercial Bank	60 Monthly Installments	USD 600,000	1M SOFR+1.75%	Corporate Guarantee for USD 6,400,000 of Uni Dil Packaging Kenya Ltd	170,507	-
Total					317,496	-
Swisstek (Ceylon) PLC						
Bank of Ceylon	60 monthly instalments	382,500	AWPLR+1%	Mortgage over land and Buildings situated at Balummahara	289,167	369,167
Total					289,167	369,167
Swisstek Aluminium Limited						
Commercial Bank of Ceylon PLC	60 months with 6 months grace period	156,529	7.75%- Fixed	Solar Pannel	39,079	70,399
Commercial Bank of Ceylon PLC	41 equal monthly instalment with 6 months grace period	150,000	11.5%- Fixed	Clean	150,000	-
DFCC Bank PLC	12 M Grace period , 0%- for the first 06 month,start in from Dec-23	2,000,000	AWPLR+ 1%	Mortgage Bond for Rs. 1,500 Mn over stock and Debtors with an insurance policy over stocks assigned in favour of the Bank.	1,680,000	1,907,920
DFCC Bank PLC	48 Monthly Installments	25,515	0%	Mortgage Bond for Rs. 2,000 Mn over stock and Debtors with an insurance policy over stocks assigned in favour of the Bank.	10,632	17,011

NOTES TO THE FINANCIAL STATEMENTS

Financial Institution	Repayment terms	Principal Rs.'000	Interest rate per annum	Security	Balance as at 31.03.2026 Rs '000	Balance as at 31.03.2025 Rs '000
DFCC Bank PLC	48 Monthly installments , 03 Months grace period	74,809	10%- Fixed	Mortgage Bond for Rs. 1,500 Mn over stock and Debtors with an insurance policy over stocks assigned in favour of the Bank.	34,911	56,520
Seylan Bank PLC	48 Monthly installments with 6 Months Grace period	1,065,000	AWPLR+ 1.7%	MB No CBG/SM/19/009 for Rs.660 over stock & debtors	489,872	789,872
Nations Trust Bank PLC	34 Monthly Installments	489,000	AWPLR (repriced quarterly)	Primary Mortgage Bond over stocks and Book Debts of SAL for Rs. 600 Mn.	163,342	413,842
Union Bank of Colombo PLC	59 Monthly Installments	280,000	Fixed Rate- 11% - first 2 years, AWPLR+2% , 3 years	Clean	180,931	-
Total					2,748,767	3,255,564

17.2 Lease Liability

(a) Group

	Land	Building	Total
	Rs.'000	Rs.'000	Rs.'000
As at 1 April 2024	2,580	124,343	126,922
Additions	-	115,093	115,093
Interest Expense	259	23,744	24,003
Less: Payments	(1,200)	(118,274)	(119,474)
As at 31 March 2025	1,639	144,906	146,544
As at 1 April 2025	1,639	144,906	146,544
Additions	-	70,564	70,564
Interest Expense	140	13,194	13,334
Less: Payments	(1,200)	(120,278)	(121,478)
As at 31 March 2026	579	108,386	108,965

(b) Company

	Building	Total
	Rs.'000	Rs.'000
As at 1 April 2024	51,161	51,161
Interest Expense	9,151	9,151
Less: Payments	(31,690)	(31,690)
As at 31 March 2025	28,622	28,622
As at 1 April 2025	28,622	28,622
Interest Expense	762	762
Less: Payments	(24,071)	(24,071)
As at 31 March 2026	5,313	5,313

(c) Maturities of lease liability

	Group		Company	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Lease Liability-Current	66,158	68,765	2,344	15,404
Lease Liability-Non Current	42,807	77,779	2,969	13,218
	108,965	146,544	5,313	28,622

NOTES TO THE FINANCIAL STATEMENTS

17.3 Short term loans

Short term loans movement

	Group		Company	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Balance as at 01st April	10,666,808	5,988,209	3,840,069	1,644,527
Loans obtained	44,153,243	35,732,266	26,262,354	9,313,673
Repayment of Loans	(42,709,687)	(31,053,667)	(25,470,008)	(7,118,131)
Short- term interest bearing borrowings attributable to discontinued operations and non current assets held for sale	(761,161)	-	-	-
Balance as at 31st March	11,349,204	10,666,808	4,632,415	3,840,069

18 RETIREMENT BENEFIT LIABILITY

	Group		Company	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
(a) As at 01st April	880,383	700,485	321,381	261,315
Current service cost	90,922	63,294	22,318	16,026
Net interest on the net defined benefit liability (asset)	84,183	52,634	35,352	1,073
	1,055,488	816,413	379,051	278,414
Net Actuarial (Gain) / loss for the year	(97,546)	100,967	(57,496)	55,036
Payments made during the Year	(73,875)	(36,997)	(19,620)	(12,069)
As at 31st March	884,067	880,383	301,935	321,381

(b) Group

In order to illustrate the significance of the salary escalation rates and discount rates assumed in this valuation a sensitivity analysis for all employees of Lanka Walltiles PLC, Lanka Tiles PLC, Swisstek (Ceylon) PLC, Swisstek Aluminium Limited, Uni Dil packaging Ltd and Uni Dil packaging Solutions Ltd is as follows.

	2026 Rs.'000	2025 Rs.'000
Discount Rate Sensitivity		
Effect on DBO due to decrease in the discount rate by 1%	68,504	177,017
Effect on DBO due to increase in the discount rate by 1%	(61,214)	(196,439)
Salary Escalation Rate Sensitivity		
Effect on DBO due to decrease in the salary escalation rate by 1%	(63,236)	(196,382)
Effect on DBO due to increase in the salary escalation rate by 1%	70,332	176,215

(c) Lanka Walltiles PLC - Company

In order to illustrate the significance of the salary escalation rates and discount rates assumed in this valuation a sensitivity analysis for all employees in Lanka Walltiles PLC is as follows;

	2026 Rs.'000	2025 Rs.'000
Discount Rate Sensitivity		
Effect on DBO due to decrease in the discount rate by 1%	27,216	32,108
Effect on DBO due to increase in the discount rate by 1%	(23,652)	(37,480)
Salary Escalation Rate Sensitivity		
Effect on DBO due to decrease in the salary escalation rate by 1%	(24,158)	(36,559)
Effect on DBO due to increase in the salary escalation rate by 1%	27,298	31,948

(d) Distribution of Present value of defined benefit obligation

Group	Less than a year Rs.'000	Between 1-2 years Rs.'000	Between 2- 5 years Rs.'000	Over 5 years Rs.'000	Total Rs.'000
As at 31 March 2026	113,517	102,580	269,046	398,924	884,067
As at 31 March 2025	70,128	67,673	131,888	610,694	880,383

Distribution of Present value of defined benefit obligation

Company	Less than a year Rs.'000	Between 1-2 years Rs.'000	Between 2- 5 years Rs.'000	Over 5 years Rs.'000	Total Rs.'000
As at 31 March 2026	39,337	24,163	53,284	185,151	301,935
As at 31 March 2025	9,822	23,829	42,786	244,944	321,381

(e) The Group uses market yields (at the end of the reporting period) on treasury bonds issued by the Government of Sri Lanka (T-bonds) to determine the discount rate, as disclosed in its accounting policy (refer Note 2.3.11).

(f) Lanka Walltiles PLC

The defined benefit obligation as of 31 March 2026 was actuarially valued by Messrs. Actuarial and Management Consultants (Pvt) Ltd-qualified actuary.

The principal assumptions underlying the valuation are as follows;

	2026	2025
Discount rate (per annum)	10%	11%
Salary scale (per annum)		
- Executives	10%	15%
- Non Executives	10%	13%
Retirement Age	60 Years	60 Years
Staff Turnover ratio	8%	7%
Weighted Average duration of defined benefit obligation (Years)	9.20	12.00

NOTES TO THE FINANCIAL STATEMENTS

(g) Lanka Tiles PLC

The defined benefit liability of Lanka Tiles PLC was actuarially valued by Messrs. Actuarial and Management Consultants (Pvt) Ltd qualified actuary on 31 March 2026.

Principal Actuarial Assumptions are as follows

	2026	2025
Discount rate (per annum)	10.00%	11.00%
Future salary increases Executives	10.00%	15.00%
Non Executives	10.00%	12.50%
Retirement Age	60 Years	60 Years
Weighted Average duration of defined benefit obligation (Years)	6.80	9.70

(h) Uni Dil Packaging Ltd and Uni Dil Packaging Solution Ltd

Messrs. Actuarial and Management Consultants (Pvt) Ltd., actuaries carried out an actuarial valuation for Uni Dil Packaging Ltd and Uni Dil Packaging Solution Ltd of the defined benefit plan gratuity as at 31 March 2026.

	2026	2025
Discount rate (per annum)	10%	11%
Rate of salary increase	10%	11%
Staff turnover factor	10%	7%
Retirement age (Years)	60	60
Weighted Average duration of defined benefit obligation (Years) Uni Dil Packaging Ltd	8.90	7.20
Weighted Average duration of defined benefit obligation (Years) Uni Dil Packaging Solution Ltd	7.20	7.20

(i) Swisstek Ceylon PLC

Gratuity liability based on the actuarial valuation carried out by Messrs. Actuarial and Management (Pvt) Ltd on 31 March 2026.

Principal Actuarial Assumptions are as follows

	2026	2025
Discount rate (per annum)	10%	11%
Future salary increases Executives	15%	15%
Non Executives	15%	8%
Retirement age (Years)	60	60
Weighted Average duration of defined benefit obligation (Years)	10.1	9.6

(j) **Swisstek Aluminium Limited**

Gratuity liability based on the actuarial valuation carried out by Messrs. Actuarial and Management (Pvt) Ltd on 31 March 2026.

Principal Actuarial Assumptions are as follows

	2026	2025
Discount rate p.a	10%	11%
Future salary increases	10%	15%
Executives		
Non Executives	10%	22%
Retirement age (Years)	60	60
Weighted Average duration of defined benefit obligation (Years)	5.40	4.50

19 TRADE AND OTHER PAYABLES

	Group		Company	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Trade creditors	4,046,860	3,370,053	915,143	594,804
Sundry creditors including accrued expenses	2,332,335	1,799,101	48,278	195,786
Donations in respect of Tsunami fund	4,726	5,294	4,726	5,294
Total	6,383,921	5,174,449	968,147	795,884

20 CONTRACT LIABILITY

	Group		Company	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at 1st April	182,853	139,300	52,951	45,068
As at 31st March	267,202	182,853	102,410	52,951

The contract liability primarily relates to the advance consideration received from customers, for which revenue is recognised over time. This will be recognised as revenue when the company issues an invoice to the customer, which is expected to occur over the next year. The balance appeared in 31st March 2025 was fully recognised in the financial year 2025/26.

NOTES TO THE FINANCIAL STATEMENTS

21 AMOUNTS DUE TO RELATED PARTIES

Company	Relationship	Group		Company	
		2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Lanka Tiles PLC	Subsidiary Company	-	-	1,482,682	404,209
Swisstek (Ceylon) PLC	Subsidiary Company	-	-	515,976	11,218
LWL Development (Pvt) Limited	Subsidiary Company	-	-	-	4,841
Royal Ceramics Lanka PLC	Parent Company	113,108	2,848	112,593	120
Uni Dil Packing solution Limited	Subsidiary Company	-	-	324	13,243
Unidil Packaging Limited	Subsidiary Company	-	-	18,535	-
Lanka Ceramic PLC	Affiliated Company	104,609	74,880	62,926	56,237
Rocell Bathware Ltd	Affiliated Company	60,083	-	59,991	-
Vallibel One PLC	Ultimate Parent Company	160,476	155,428	539	9,918
Vallibel Plantation Management Limited	Subsidiary Company	-	-	832,494	760,797
Horana Plantation PLC	Affiliated Company	188	-	-	-
Total		438,464	233,156	3,086,060	1,260,584

22 REVENUE

22.1 Disaggregated revenue information

Set out below is the disaggregation of the Company's/ Group's revenue from contracts with customers:

	Group		Company	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Types of goods or service				
Sale of Tiles & Associated Items	22,905,401	20,421,870	6,609,685	5,206,950
Sale of Packing Materials	9,952,999	8,697,324	-	-
Sale of Aluminium Products	12,135,518	11,945,042	-	-
Total revenue from contract with customers	44,993,918	41,064,236	6,609,685	5,206,950
Geographical markets				
Local	38,147,777	34,032,872	5,899,326	4,244,457
Export	6,846,141	7,031,364	710,359	962,493
Total revenue from contract with customers	44,993,918	41,064,236	6,609,685	5,206,950
Timing of revenue recognition				
Goods transferred at a point in time	44,993,918	41,064,236	6,609,685	5,206,950
Total revenue from contract with customers	44,993,918	41,064,236	6,609,685	5,206,950

Segmental information is given in Note 34 to the financial statements.

22.2 Contract balances

	GROUP		COMPANY	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Trade receivables (Note 11)	8,444,292	7,673,909	844,489	951,943
Contract liability (Note 20)	267,202	182,853	102,410	52,951

23 OTHER INCOME

	GROUP		COMPANY	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Income from investments in related parties- Dividend	-	-	535,893	699,693
Rental income- Related parties	-	-	31,348	29,982
Disposal Gain/(Loss) on property, plant and equipment	(9,838)	(313)	1,155	(986)
Sundry Income /Service Income	319,770	401,516	147,446	12,675
Gain on Bargain Purchase	-	15,149	-	-
Change in fair value of investment property	15,187	-	-	-
Total	325,119	416,352	715,842	741,364

24 FINANCE COST

	GROUP		COMPANY	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Interest expense on overdrafts	173,605	164,092	109,228	85,529
Interest expense on bank loans	1,668,738	1,225,257	802,607	288,190
Finance charges on lease liabilities	13,333	24,003	762	9,151
Exchange loss/(gain)	(149,948)	(81,678)	(22,484)	(21,572)
Total	1,705,728	1,331,673	890,113	361,298

25 FINANCE INCOME

	GROUP		COMPANY	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Interest income	98,608	112,459	2,067	359
Total	98,608	112,459	2,067	359

NOTES TO THE FINANCIAL STATEMENTS

26 PROFIT BEFORE TAX

Is stated after Charging /(Crediting)

	GROUP		COMPANY	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Included in cost of sales				
Depreciation and Amortisation cost	1,379,698	1,098,002	538,042	337,476
Defined benefit plan costs- gratuity	63,312	27,545	14,776	11,523
Defined contribution plan costs- EPF & ETF	142,174	114,251	28,071	45,180
Other staff cost	2,262,231	2,912,412	632,101	665,390
Included in administration expenses				
Depreciation and Amortisation cost	116,745	64,989	15,022	12,095
Amortisation of Right of use Lease Asset	29,552	19,465	14,189	2,322
Defined benefit plan costs- gratuity	89,673	77,952	34,555	33,195
Defined contribution plan costs- EPF & ETF	62,316	43,084	18,986	8,503
Other staff cost	602,703	569,778	107,887	89,772
Audit Fee	8,558	8,439	2,505	2,140
Technical Fee	422,238	383,456	-	40,473
Social Security Contribution Levy	800,403	711,968	115,502	87,464
Included in distribution cost				
Depreciation and Amortisation cost	125,396	110,208	46,435	36,741
Defined benefit plan costs- gratuity	22,120	10,430	8,339	2,873
Defined contribution plan costs- EPF & ETF	51,055	38,677	11,244	9,478
Other staff cost	647,572	507,946	131,775	91,347
Allowance for doubtful Debts	40,657	39,329	349	4,000

27 INCOME TAX EXPENSES/ (REVERSAL)

27.1 The major components of income tax expense are as follows;

Year ended 31st March	GROUP		COMPANY	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
(a) Current income tax				
Current income tax charge	1,016,560	1,033,330	-	-
Under/(over) provision of current taxes in respect of prior years	(8,160)	15,239	-	1,174
	1,008,400	1,048,569	-	1,174
(b) Deferred income tax				
Deferred taxation (charge)/reversal	(300,542)	(19,538)	(330,661)	(169,543)
Income tax expense reported in the Income statement	707,858	1,029,031	(330,661)	(168,369)
(c) Deferred tax (reversal) /expense reported in the OCI				
	155,050	(30,097)	17,249	(16,511)
	862,908	998,934	(313,413)	(184,880)

27.2 Reconciliation between current tax expense and the product of accounting profit.

Year ended 31st March	GROUP		COMPANY	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Accounting profit before income tax	2,716,408	3,011,319	(559,212)	77,944
Income considered as separate source of income	98,608	(117,023)	2,067	(359)
Income exempt from tax	-	-	(535,894)	(699,693)
Non deductible expenses	1,730,283	3,838,482	688,478	440,132
Deductible expenses	(1,019,260)	(2,760,613)	(1,519,182)	(1,003,944)
Total statutory income	3,526,039	3,972,165	(1,923,743)	(1,185,920)
Taxable profit/(Loss)	3,526,039	3,972,165	(1,923,743)	(1,185,920)
Taxable Profit	5,449,782	5,158,086	-	-
Taxable Loss	(1,923,743)	(1,185,921)	(1,923,743)	(1,185,920)
Taxable profit/(Loss)	3,526,039	3,972,165	(1,923,743)	(1,185,920)
Current income tax expense				
Taxation-20%	135,050	40,289	-	-
Taxation-30%	881,510	993,041	-	-
	1,016,560	1,033,330	-	-

27.3 Movement of deferred tax expenses

Year ended 31st March	Group		Company	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Capital Allowances	360,157	329,980	262,375	163,928
Retirement Benefit Liability	(19,589)	36,027	(11,415)	(1,509)
Carried Forward Tax Losses	(620,571)	(325,229)	(577,123)	(335,629)
Lease Liability	2,142	1,686	(294)	1,888
Provision for Obsolete and Slow Moving, Consumables and Spares & Others	(22,682)	(22,926)	(4,205)	1,779
Deferred taxation charge/(reversal)	(300,542)	(19,538)	(330,661)	(169,543)
Deferred income tax (reversal)/expense reported in other comprehensive income				
Revaluation Surplus	126,148	-	-	-
Retirement Benefit Liability	28,902	(30,097)	17,249	(16,511)
	155,050	(30,097)	17,249	(16,511)
Effective Income Tax Rate	31.8%	39.8%	56.0%	237.2%

NOTES TO THE FINANCIAL STATEMENTS

27.4 Notes on income tax of Group companies

- (a) Lanka Walltiles PLC, Lanka Tiles PLC, Vallibel Plantation Management Ltd, Unidil Packaging Limited and Swisstek (Ceylon) PLC' s statutory tax rate of above companies are as follows;

	2026	2025
Local sales and other profits	30%	30%
Qualified export profit	30%	30%

- (b) The Company has a cumulative tax loss of Rs. 3,109,664,074/- (2025- Rs.1,185,921,074 /-) as at 31st March 2026 which can be carried forward up to the financial year of 2030/2031 based on year of loss incurred.

The deferred tax asset of Rs. 912,752,000/- (2025- Rs. 335,629,000/-) has been recognised as at 31 March 2026 based on its recoverability assessed by Management on the estimated future taxable profits within the six year of assessments based on the year of loss incurred.

- (c) Swisstek Aluminium Ltd

According to Board of Investment of Sri Lanka Law No. 04 of 1978, Swisstek Aluminium Ltd has entered into an agreement with BOI on 27th August 2009, where it was entitled to a tax exemption on its profits and income for a period of five years and it was thereafter liable to income tax on such profits and income at the rate of 20%.

28 EARNINGS PER SHARE

Earnings/(Loss) per share - basic

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

The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding without a corresponding change in the resources such as a bonus issue.

The following reflects the income and ordinary share data used in the basic earnings per share computations.

	GROUP		COMPANY	
	2026	2025	2026	2025
Amounts used as the numerator:				
Profit attributable to equity holders of the parent (Rs'000)				
- from continuing operations	758,261	1,116,879	(228,551)	246,313
- from discontinuing operations	(92,542)	(181,461)	-	-
Net profit for the year attributable to the equity holders of the parent	665,719	935,418	(228,551)	246,313

	GROUP		COMPANY	
	2026	2025	2026	2025
Number of ordinary shares used as the denominator:				
Weighted average number of ordinary shares in issue applicable to basic earnings/(Loss) per share ('000)	273,000	273,000	273,000	273,000
Basic earnings/(Loss) Share- Rs	2.44	3.43	(0.84)	0.90
Basic earnings/(Loss) Per Share From Continuing Operation- Rs	2.78	4.09	(0.84)	0.90

29 DIVIDENDS PAID

	GROUP		COMPANY	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Declared and paid during the year				
Equity dividends on ordinary shares :				
Final 2023/24	-	191,100	-	191,100
First Interim 2024/25	-	464,100	-	464,100
	-	655,200	-	655,200
Dividend Payout Ratio (%)	0%	40%	0%	266%

30 ASSETS PLEDGED

Following Assets have been pledged as security for liabilities, in addition to the items disclosed in Note 17.1.b to these financial statements

Lanka Tiles PLC

Bank overdrafts are secured primarily on inventories.

Lender	Facility	Limit - Rs.	Security
Sampath Bank PLC	Import demand loans- Sub Limit	250,000,000	Loan Agreements
	Overdraft	200,000,000	Rs. 270 Mn security Stock at 542/3, Samurdhi Mawatha, Biyagama and Rs. 280Mn Hypothecation Bond
Commercial Bank of Ceylon PLC	Import demand loans- Sub Limit	150,000,000	Loan Agreements
	Overdraft	100,000,000	Board Resolution
Seylan Bank PLC	Import demand loans- Sub Limit	200,000,000	Loan Agreements
	Overdraft	10,000,000	Mortgage over Rs.310 Mn Stock & Book Debt Located at Lanka Tiles PLC, No 542/3, Samurdhi Mawatha, Biyagama (Rs.214Mn) Factory Stock, St James Estate Jalthara, Ranala. (Rs.96Mn)
DFCC Bank PLC	Import demand loans- Sub Limit	550,000,000	Loan Agreements
	Overdraft	50,000,000	Board Resolution
Bank of Ceylon	Import demand loans- Sub Limit	200,000,000	Loan Agreements
	Overdraft	150,000,000	Rs. 100 Mn on Glaze and Packing Material Stock at Factory Premises, St James Estate, Jalthara, Ranala
HSBC	Overdraft	50,000,000	Board Resolution
Hatton National Bank PLC	Import demand loans- Sub Limit	800,000,000	Loan Agreements
	Overdraft	100,000,000	Overdraft Agreements
Union Bank of Colombo PLC	Import demand loans- Sub Limit	400,000,000	Loan Agreements
	Overdraft	100,000,000	Bond over stocks for Rs.550Mn located at Lanka Tiles Factory St. James Estates, Jalthara, Ranala.

NOTES TO THE FINANCIAL STATEMENTS

Uni Dil Packaging Limited

Lender	Facility	Limit - Rs.	Security
Hatton National Bank PLC	Import loan	2,495,000,000	Immovable property Inventories and debtors
DFCC Bank PLC	Import loan	1,250,000,000	Inventories and debtors
People's Bank	Import loan	400,000,000	Corporate Guarantee
Hatton National Bank PLC	Long term loan	USD 850,000	Corporate Guarantee for Uni Dil Packaging Kenya Ltd

Uni Dil Packaging Solutions Limited

Lender	Facility	Limit - Rs.	Security
Hatton National Bank PLC	Import Loan Overdraft	970,000,000 30,000,000	Primary Mortgage Bond over the Company's Stock-in-trade and Book Debts
DFCC Bank PLC	Import Loan Overdraft	100,000,000 20,000,000	Primary concurrent Mortgage Bond for Rs 120,000,000/- ranking equal and parri passu with mortgage bond no 2365.
People's Bank	Long Term Loan	300,000,000	Corporate Guarantee of Uni Dil Packaging Limited
Hatton National Bank PLC	Long Term Loan	USD 850,000	Corporate Guarantee of Uni Dil Packaging Kenya Limited

Lanka Walltiles PLC

Lender	Facility	Limit - Rs.	Security
Bank of Ceylon	Import Loan	500,000,000	Loan Agreement
	Overdraft	100,000,000	Clean
Commercial Bank of Ceylon PLC	Import Loans	450,000,000	Loan Agreement
	Overdraft	300,000,000	Board Resolution
DFCC Bank PLC	Import Loans- Sub limit	350,000,000	Loan Agreement
	Overdraft	200,000,000	Board Resolution
HSBC	Overdraft	100,000,000	Board Resolution
Sampath Bank PLC	Overdraft	60,000,000	Hypothecation bond over stocks and debts for Rs.200Mn
	Import Loan	50,000,000	Loan Agreement
Seylan Bank PLC	Overdraft	10,000,000	Bond over stocks for Rs.510Mn located at Lanka Walltiles Factory at Meepe Padukka
	Short Term Loan	500,000,000	Loan Agreement
Union Bank of Colombo PLC	Overdraft	100,000,000	Bond over stocks for Rs.550Mn located at 542/3, Samurdhi Mw, Biyagama
	Short Term Loan	400,000,000	Loan Agreement
Pan Asia Banking Corporation PLC	Import Loans- Sub Limit	200,000,000	Documents of title to goods under imports
	Overdraft- Sub Limit	100,000,000	Board Resolution

Swisstek Aluminum Limited

Lender	Facility	Limit - Rs.	Security
DFCC Bank PLC	Loan	2,000,000,000	Mortgage Bond for Rs. 1,500 Mn over stock and Debtors with an insurance policy over stocks assigned in favour of the Bank.
DFCC Bank PLC	Loan	75,000,000	Loan Agreement
DFCC Bank PLC	Loan	25,000,000	Loan Agreement
Seylan Bank PLC	Loan	1,065,000,000	MB No CBG/SM/19/009 for Rs.660 over stock & debtors
Nations Trust Bank PLC	Loan	489,000,000	Primary MB over Stocks and Book Debts of SAL for Rs. 600 MN.
Union Bank of Colombo PLC	Loan	280,000,000	Loan Agreement
Commercial Bank of Ceylon PLC	Loan	157,000,000	Solar Panel Equipment
Commercial Bank of Ceylon PLC	Loan	150,000,000	Loan Agreement
Commercial Bank of Ceylon PLC	Overdraft	100,000,000	Primary Mortgage Bond No. FCC/18/64 dated 13 September 2018, for Rs. 600 Mn over stock- In-Trade and Book Debts belonging to the company. & Additional MB for Rs.400 Mn.
Commercial Bank of Ceylon PLC	Bank Guarantee	100,000,000	Loan Agreement
Commercial Bank of Ceylon PLC	LC/ Import Loan / STL	875,000,000	Loan Agreement

31 RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows

31.1 COMPANY

	Transactions with the Parent and Ultimate Parent Company		Transactions with Subsidiaries and Affiliate Companies		Total	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Purchase of raw materials	(9,659)	(158)	(326,591)	(160,223)	(336,250)	(160,381)
Purchase of trading and other items	(109,376)	-	(1,145,938)	(762,372)	(1,255,314)	(762,372)
Sale of raw materials	-	-	45,298	33,692	45,298	33,692
Settlements/(Recoveries) by the Company	38,228	36,853	(224,283)	18,642	(186,055)	55,495
Rent received/(paid)	-	-	5,363	(14,202)	5,363	(14,202)
Expenses apportioned	-	-	(740,046)	1,458,521	(740,046)	1,458,521
Commission on sales	-	-	(17,421)	(12,871)	(17,421)	(12,871)
Expenses incurred and transferred	(22,352)	(1,669)	404,655	85,693	382,303	84,024
Technical Fees	-	(37,410)	-	-	-	(37,410)

The above subsidiaries and affiliates include following companies;

Company

- Lanka Tiles PLC
- Unidil Packaging Limited
- Vallibel Plantation Management Limited
- Horana Plantations PLC
- Swisstek Aluminum Limited
- Swisstek (Ceylon) PLC
- Rocell Bathware Limited
- LWL Development (Private) Limited
- Beyond Paradise Collection Limited
- Lanka Swisstek (Pvt) Limited
- LTL Development Limited
- Swisstek Development Limited
- Lanka Ceramics PLC
- LW Plantation Investment Limited
- Lankatiles USA Inc.
- Eco Pack Solutions Lanka Ltd

Terms and conditions with related parties

The 'Sales to' and 'Purchases from' related parties are made on commercial terms agreed with respective parties. Outstanding balances as at the year end are unsecured, interest free and settlement occur in cash with in short Period of time.

Technical fees paid to Royal Ceramic Lanka PLC and Vallibel One PLC are for services rendered in providing technical advice to improve manufacturing process of Lanka Walltiles PLC, Lanka Tiles PLC and Swisstek Aluminum Limited.

Credit cards collection & part of the settlement represents the sales proceeds of the subsidiaries received by the parent company 'and it will be settled by transferring of funds back to the relevant companies.

Commission on sales paid to Royal Ceramic Lanka PLC & Swisstek Ceylon PLC for the sales of tiles at their Owned location. Lanka Tiles PLC provided a loan to Lanka Walltiles PLC at an interest rate of AWPLR + 0.5% per annum.

Vallibel Plantation Management Limited provided a loan to Lanka Walltiles PLC at an interest rate of AWPLR + 0.5% per annum.

Related party rent is arranged at market price within the related companies

31.2 Group - Related Party Transactions

(a) Swisstek Aluminium Limited

Nature of Transaction	Transactions with the Parent and Ultimate Parent Company		Transactions with Subsidiaries and Affiliate Companies		Total	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Sale of goods	138,371	62,588	96,340	88,999	234,711	151,587
Purchase of goods	(9,842)	(6,980)	(12,889)	(191)	(22,731)	(7,171)
Expenses incurred by related party	(4,464)	(30)	(11,284)	(18,931)	(15,748)	(18,961)
Expenses reimbursements	6,717	-	-	1,277	6,717	1,277
Settlements made (Receipt)	(89,710)	(63,796)	-	(5,234)	(89,710)	(69,030)
Payments made (Paid)	-	7,167	16,368	477	16,368	7,644
Rent income	-	-	1,440	2,487	1,440	2,487
Rent Expense	-	(3,193)	-	-	-	(3,193)
Loan	-	-	-	(1,622)	-	(1,622)
Technical fees	(43,973)	-	-	-	(43,973)	-

NOTES TO THE FINANCIAL STATEMENTS

(b) Lanka Tiles PLC

Nature of Transaction	Transactions with the Parent and Ultimate Parent Company		Transactions with Subsidiaries and Affiliate Companies		Total	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Purchase of raw materials	(45,298)	(19,651)	(652,467)	753,864	(697,765)	734,213
Sale of Tiles/(Sales returns)	174,994	-	17,496	99,827	192,490	99,827
Sale of raw materials & spares	111,404	485,279	280	(297,348)	111,684	187,931
Settlements/(Recoveries) by the Company	830,868	887,161	770,568	(725,719)	1,601,436	161,442
Rent received/(paid)	(5,363)	656	(23,645)	18,138	(29,008)	18,794
Expenses apportioned	753,755	(1,453,919)	41,504	33,368	795,259	(1,420,551)
Commission on sales	-	-	(55,296)	59,588	(55,296)	59,588
Expenses incurred and transferred - Paid	(504,234)	(85,693)	(43,575)	41,577	(547,809)	(44,116)
Technical Fees	(240,476)	(230,362)	(26,827)	26,146	(267,303)	(204,216)

(c) Swistek (Ceylon) PLC

Nature of Transaction	Transactions with the Parent and Ultimate Parent Company		Transactions with Subsidiaries and Affiliate Companies		Total	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Sale of goods	912,645	2,310	544,240	1,174,920	1,456,885	1,177,230
Purchase of other items	-	-	(152,644)	(82,016)	(152,644)	(82,016)
Settlements/(Recoveries) by the Company	(438,032)	458	(692,059)	101,151	(1,130,091)	101,609
Rent received/(paid)	6,643	6,163	22,872	21,222	29,515	27,385
Commission on sales	15,236	12,871	63,047	72,889	78,283	85,760
Expenses incurred and transferred	(3,523)	(308)	(23,473)	(18,834)	(26,996)	(19,142)
Reimbursement	13,469	-	15,195	-	28,664	-
Interest on Trade Outstanding	15,911	-	109	-	16,020	-
Insurance Premium	-	-	-	(4,323)	-	(4,323)
Technical fees	(29,500)	-	-	-	(29,500)	-

(d) Uni Dil Packaging Ltd

	Transactions with the Parent and Ultimate Parent Company		Transactions with Subsidiaries and Affiliate Companies		Total	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Nature of Transaction						
Sale of raw materials	238,536	-	-	468,551	238,536	468,551
Dividend (received)/Paid	(255,750)	(309,739)	67,929	77,294	(187,821)	(232,445)
Purchase of raw materials	(1,461)	-	-	-	(1,461)	-
Purchase of other items	(1,491)	-	-	-	(1,491)	-
Settlements/(Recoveries) by the Company	(32,122)	-	-	(151,734)	(32,122)	(151,734)
Expenses incurred and transferred - Paid	-	-	-	173,789	-	173,789
Technical Fees	(131,836)	98,447	-	-	(131,836)	98,447

(e) Uni Dil Packaging Solutions Limited

	Transactions with the Parent and Ultimate Parent Company		Transactions with Subsidiaries and Affiliate Companies		Total	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Sale of raw materials	242,993	-	-	814,354	242,993	814,354
Purchase of raw materials	(238,138)	(451,986)	-	-	(238,138)	(451,986)
Purchase of other items	(595,940)	-	-	-	(595,940)	-
Dividend (received)/Paid	(73,457)	(90,934)	-	-	(73,457)	(90,934)
Settlements/(Recoveries) by the Company	(339,041)	-	-	(853,734)	(339,041)	(853,734)
Expenses incurred and Expenses apportioned	(54,101)	-	-	-	(54,101)	-
Transferred- Paid	-	117,216	-	-	-	117,216
Fund Transfer	-	155,348	-	-	-	155,348
Technical Fees	(27,912)	27,960	-	-	(27,912)	27,960

(f) Eco Pack Solutions Lanka Ltd

	Transactions with the Parent and Ultimate Parent Company		Transactions with Subsidiaries and Affiliate Companies		Total	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Dividend (Received)/Paid	(6,460)	-	-	-	(6,460)	-

(g) Transactions with key management personnel of the company

The key management personnel of the company are the members of its Board of Directors and that of its parent.

	GROUP		COMPANY	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Short Term Employment Benefits	120,201	253,788	24,535	58,112
Post Employment Benefits	1,750	-	1,750	-
	121,951	253,788	26,285	58,112

32 COMMITMENTS AND CONTINGENCIES

(a) Capital commitments

There were no significant capital commitments as at reporting date in the Company or Group.

(b) Contingencies

LANKA WALLTILES PLC

The contingent liability of Lanka Walltiles PLC as at 31 March 2026 relates to the following tax matters:

Corporate Income Tax assessments relating to the Years of Assessments 2007/08 and 2008/09. These matters are currently before the Supreme Court. The value of the assessment currently in dispute amounts to Rs.47Mn as at 31st March 2026.

Having discussed with legal and tax experts and based on the information available, the Directors are of the opinion that the ultimate resolution of these matters is not likely to have a material adverse effect on the Company. Accordingly, no provision has been made in these financial statements.

LANKA TILES PLC

The contingent liability of Lanka Tiles PLC as at 31 March 2026 relates to the following tax matters:

Corporate Income Tax assessments relating to the Years of Assessment 2012/13 to 2022/23. These matters are currently under appeal, including proceedings before the Court of Appeal, Tax Appeals Commission and administrative review by the Inland Revenue Department. The value of the assessment currently in dispute amounts to Rs.430Mn as at 31st March 2026.

Having discussed with legal and tax experts and based on the information available, the Directors are of the opinion that the ultimate resolution of these matters is not likely to have a material adverse effect on the Company. Accordingly, no provision has been made in these financial statements.

(c) Lease commitments

Lanka Tiles PLC is committed to pay Rs. 14,808,000/- as rent per annum for the use of land & buildings situated in Nawala.

33 EVENTS OCCURRING AFTER THE REPORTING PERIOD

There have been no material events occurring after the reporting date that require adjustment or disclosure in the financial statements.

	2026						2025					
	Tiles & associated items	Aluminium Products	Packing materials	Inter Segment Elimination	Adjustments	Total	Tiles & associated items	Aluminium Products	Packing materials	Inter Segment Elimination	Total	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Sales to External Customers	22,905,401	12,135,518	9,952,999	-	-	44,993,918	20,421,870	11,945,042	8,697,324	-	41,064,236	
Inter Segment Sales	-	59,291	215,665	(274,956)	-	-	1,335,637	-	132,608	(1,468,245)	-	
Total Revenue	22,905,401	12,194,809	10,168,664	(274,956)	-	44,993,918	21,757,507	11,945,042	8,829,932	(1,468,245)	41,064,236	
Gross Profit	7,527,136	2,769,045	2,033,293	-	-	12,329,474	6,285,832	2,401,889	1,919,637	-	10,607,360	
Other Income	18,684	91,315	215,120	-	-	325,119	102,718	50,932	262,702	-	416,352	
Distribution Costs	(3,645,925)	(865,309)	(391,075)	-	-	(4,902,308)	(2,949,043)	(798,203)	(373,428)	-	(4,120,673)	
Administrative Expenses	(1,862,398)	(735,236)	(832,630)	-	-	(3,430,264)	(1,597,295)	(471,354)	(608,931)	-	(2,677,583)	
Finance Cost	(1,002,413)	(450,214)	(253,102)	-	-	(1,705,728)	(642,292)	(514,623)	(174,758)	-	(1,331,673)	
Finance Income	48,270	381	49,957	-	-	98,608	112,046	413	-	-	112,459	
Share of net profit of associate	1,507	-	-	-	-	1,507	5,077	-	-	-	5,077	
Profit Before Tax	1,084,862	809,982	821,564	-	-	2,716,408	1,317,044	669,055	1,025,222	-	3,011,319	
Income Tax Expense	(174,682)	(173,725)	(249,216)	-	(110,234)	(707,858)	(591,824)	(156,546)	(280,661)	-	(1,029,031)	
Profit for the Year	910,180	636,256	572,348	-	(110,234)	2,008,550	725,219	512,509	744,561	-	1,982,288	
Segment Assets	44,961,105	10,074,908	9,538,764	(3,178,860)	-	61,395,917	44,654,193	9,373,356	8,273,800	(2,832,533)	59,468,815	
Segment Liabilities	18,028,095	7,733,044	5,884,635	-	-	31,645,776	18,898,212	7,651,199	5,209,910	(8,046)	31,751,274	
Other Segment Information												
Total cost incurred during the period to:												
Depreciation and amortisation	1,400,350	148,922	157,900	-	-	1,707,172	1,152,276	113,837	118,728	-	1,384,841	
Property, plant & equipment	1,105,082	265,011	1,030,715	-	-	2,400,808	2,946,165	168,531	398,849	-	3,513,545	
Trade debtors and inventory impairment	30,448	328,595	122,208	-	-	481,252	21,526	44,357	4,793	-	70,676	
Provision for retirement benefit	122,604	21,636	30,865	-	-	175,105	71,711	16,647	27,569	-	115,927	
Reconciliation of net profit for the year												
Segment net profit for the year	-	-	-	-	-	2,008,550	-	-	-	-	1,982,288	
Group net profit for the year	-	-	-	-	-	2,008,550	-	-	-	-	1,982,288	
Reconciliation of assets												
Segment Assets	-	-	-	-	-	64,574,775	-	-	-	-	62,301,349	
Inter- segment balance eliminations	-	-	-	-	-	(3,178,860)	-	-	-	-	(57,807)	
Investment in subsidiary elimination	-	-	-	-	-	61,395,917	-	-	-	-	59,468,815	
Reconciliation of liabilities												
Segment Liabilities	-	-	-	-	-	31,645,776	-	-	-	-	31,759,321	
Inter- segment balance eliminations	-	-	-	-	-	-	-	-	-	-	(8,046)	
	-	-	-	-	-	31,645,776	-	-	-	-	31,751,274	

35 MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below:

Name	Country of incorporation	2026 %	2025 %
Proportion of equity interest held by non-controlling interests:			
Lanka Tiles PLC	Sri Lanka	31.78%	31.78%
Swisstek (Ceylon) PLC	Sri Lanka	55.91%	55.91%
Swisstek Aluminium Limited	Sri Lanka	74.10%	74.10%
Beyond Paradise Collection Limited	Sri Lanka	31.78%	31.78%
Lanka Swisstek (Private) Limited	India	65.21%	65.21%
LTL Development Limited	Sri Lanka	31.78%	31.78%
Swisstek Development Limited	Sri Lanka	55.91%	55.91%
Valley View Ceramics LLC	USA	-	41.90%

Name	2026 Rs.'000	2025 Rs.'000
Accumulated Balances of Material Non - Controlling Interest		
Lanka Tiles PLC	4,501,764	4,397,028
Swisstek (Ceylon) PLC	1,306,087	1,147,701
Swisstek Aluminium Limited	1,631,537	1,157,923
Beyond Paradise Collection Limited	47,590	48,201
Lanka Swisstek (Private) Limited	(55,896)	(18,332)
LTL Development Limited	(363)	(299)
Swisstek Development Limited	(663)	(575)
Valley View Ceramics LLC	-	(279,883)
	7,430,056	6,451,764

Name	2026 Rs.'000	2025 Rs.'000
Comprehensive Income / (Expense) allocated to Material Non - Controlling Interest		
Lanka Tiles PLC	264,917	317,606
Swisstek (Ceylon) PLC	315,255	224,941
Swisstek Aluminium Limited	473,614	311,557
Beyond Paradise Collection Limited	(611)	(538)
Lanka Swisstek (Private) Limited	(37,564)	(61,634)
LTL Development Limited	(63)	(75)
Swisstek Development Limited	(87)	(204)
Valley View Ceramics LLC	155,663	(95,684)
	1,171,124	695,969

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of profit or loss for the year ended 31 March 2026

	Lanka Tiles PLC	Swisstek (Ceylon) PLC	Swisstek Aluminium Limited	Beyond Paradise Collection Limited	Lanka Swisstek (Private) Limited	LTL Development Limited	Swisstek Development Limited
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue	12,699,787	4,696,521	12,194,809	1,200	207,623	-	-
Cost of sales	(8,466,376)	(3,176,465)	(9,425,765)	-	(123,954)	-	-
Other Income	190,460	104,497	91,315	-	1,908	-	-
Distribution costs	(2,272,210)	(443,156)	(865,309)	-	(10,521)	-	-
Administrative Expenses	(1,135,356)	(281,938)	(735,236)	(8,119)	(119,791)	(199)	(156)
Finance costs	(112,803)	(109,512)	(450,214)	-	(14,347)	-	-
Profit before tax	1,013,215	836,595	809,982	220	(59,081)	(199)	(156)
Income tax	(216,325)	(266,499)	(173,725)	(2,142)	-	-	-
Profit for the year	796,890	570,096	636,256	(1,922)	(59,081)	(199)	(156)
Total comprehensive Income / (Loss)	833,601	639,155	812,228	(1,922)	(57,604)	(199)	(156)
Attributable to non-controlling Interest	264,918	315,255	473,614	(611)	(37,564)	(63)	(87)
Dividends paid to non-controlling Interest	160,180	114,242	-	-	-	-	-

Summarised statement of profit or loss for the year ended 31 March 2025

	Lanka Tiles PLC	Valley View Ceramics LLC	Swisstek (Ceylon) PLC	Swisstek Aluminium Limited	Beyond Paradise Collection Limited	Lanka Swisstek (Private) Limited	LTL Development Limited	Swisstek Development Limited
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue	13,130,450	626,776	3,382,152	11,945,042	-	37,609	-	-
Cost of sales	(8,832,732)	(387,565)	(2,348,961)	(9,543,153)	-	(41,245)	-	-
Other income	43,510	39,624	123,033	50,932	1,200	1,511	-	-
Distribution costs	(1,903,153)	(200,623)	(289,376)	(798,203)	-	(8,468)	-	-
Administrative Expenses	(1,017,731)	(305,129)	(189,167)	(473,485)	(2,894)	(77,287)	(237)	(365)
Finance costs	(62,107)	(28,811)	(107,176)	(514,210)	-	(6,637)	-	-
Profit before tax	1,358,237	(255,729)	570,504	666,924	-	(94,517)	-	-
Income tax	(442,559)	-	(164,829)	(156,546)	-	-	-	-
Profit for the year	915,679	(255,729)	405,675	510,378	(1,694)	(94,517)	(237)	(365)
Total comprehensive Income / (Loss)	893,405	(228,363)	402,944	504,655	(1,694)	(94,517)	(237)	(365)
Attributable to non-controlling Interest	317,606	(95,684)	311,557	(207,389)	(538)	(61,634)	(75)	(204)
Dividends paid to non-controlling Interest	202,332	-	110,957	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

Summarised statement of financial position as at 31 March 2026

	Lanka Tiles PLC Rs.'000	Swisstek (Ceylon) PLC Rs.'000	Swisstek Aluminium Limited Rs.'000	Beyond Paradise Collection Limited Rs.'000	Lanka Swisstek (Private) Limited Rs.'000	LTL Development Limited Rs.'000	Swisstek Development Limited Rs.'000
Current Assets	10,165,537	2,211,529	8,035,689	-	194,515	-	-
Non- Current Assets	9,023,336	2,955,847	2,039,219	490,773	83,091	56,667	56,667
Current Liabilities	2,850,821	1,790,367	6,003,659	7,305	315,762	724	647
Non- Current Liabilities	1,715,609	691,496	1,729,385	69,726	-	-	-
Total equity	14,622,443	2,685,516	2,341,864	413,742	(38,156)	55,944	56,020
Attributable to:							
Equity holders of parent	10,120,677	1,379,431	710,327	366,152	17,740	56,306	56,682
Non-controlling Interest	4,501,766	1,306,085	1,631,537	47,590	(55,896)	(363)	(663)

Summarised statement of financial position as at 31 March 2025

	Lanka Tiles PLC Rs.'000	Valley View Ceramics LLC Rs.'000	Swisstek (Ceylon) PLC Rs.'000	Swisstek Aluminium Limited Rs.'000	Beyond Paradise Collection Limited Rs.'000	Lanka Swisstek (Private) Limited Rs.'000	LTL Development Limited Rs.'000	Swisstek Development Limited Rs.'000
Current Assets	10,163,313	758,015	1,550,079	7,115,769	-	127,294	-	-
Non- Current Assets	9,960,109	17,162	2,958,614	2,018,160	488,278	112,133	56,667	56,667
Current Liabilities	3,279,709	1,443,157	1,301,403	4,878,199	5,029	219,979	524	491
Non- Current Liabilities	1,812,207	-	750,827	2,553,022	67,584	-	-	-
Total equity	15,031,506	(667,980)	2,456,463	1,702,707	415,664	19,448	56,143	56,176
Attributable to:								
Equity holders of parent	10,634,478	(388,097)	1,308,762	544,784	367,464	37,781	56,442	56,751
Non-controlling Interest	4,397,028	(279,883)	1,147,701	1,157,923	48,201	(18,332)	(299)	(575)

Summarised cash flow information for the year ended 31 March 2026

	Lanka Tiles PLC	Swisstek (Ceylon) PLC	Swisstek Aluminium Limited	Beyond Paradise Collection Limited	Lanka Swisstek (Private) Limited	LTL Development Limited	Swisstek Development Limited
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Net cash flows from/(used in) operating activities	1,365,734	179,792	1,229,707	-	(28,531)	-	-
Net cash flows from/(used in) investing activities	(326,645)	(127,218)	(261,030)	-	(3,145)	-	-
Net cash flows from/(used in) financing activities	(890,783)	(145,875)	(662,498)	-	30,900	-	-
Net increase / (decrease) in cash and balances with banks	148,306	(93,301)	306,179	-	(776)	-	-

Summarised cash flow information for the year ended 31 March 2025

	Lanka Tiles PLC	Valley View Ceramics LLC	Swisstek (Ceylon) PLC	Swisstek Aluminium Limited	Beyond Paradise Collection Limited	Lanka Swisstek (Private) Limited	LTL Development Limited	Swisstek Development Limited
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Net cash flows from/ (used in) operating activities	801,023	140,433	491,387	(493,429)	3,420	(85,304)	-	-
Net cash flows from/ (used in) investing activities	(584,204)	(17,044)	(358,348)	(181,123)	(3,420)	(55,199)	-	-
Net cash flows from/ (used in) financing activities	(339,366)	(156,972)	(42,238)	515,505	-	71,613	-	-
Net increase / (decrease) in cash and balances with banks	(122,547)	(33,583)	90,802	(159,048)	-	(68,890)	-	-

36 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES NOT CARRIED AT FAIR VALUE

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the Financial Statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

Group	Carrying Amount		Fair value	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Financial Assets				
Trade Receivables	6,298,644	5,131,238	6,298,644	5,131,238
Amounts due from related parties	65,092	90,698	65,092	90,698
Short term investments	4,726	5,294	4,726	5,294
Cash and balances with banks	2,067,478	1,878,493	2,067,478	1,878,493
Total	8,435,940	7,105,723	8,435,940	7,105,723
Financial Liabilities				
Trade Payables	4,046,860	3,370,053	4,046,860	3,370,053
Contract Liability	267,202	182,853	267,202	182,853
Loans and Borrowings- Current	15,217,192	15,080,885	15,217,192	15,080,885
Loans and Borrowings- Non Current	4,661,957	6,737,645	4,661,957	6,737,645
Total	24,193,211	25,371,436	24,193,211	25,371,436

Company	Carrying Amount		Fair value	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Financial Assets				
Trade Receivables	562,248	536,464	562,248	536,464
Amounts due from related parties	90,074	309,302	90,074	309,302
Short term investments	4,726	5,294	4,726	5,294
Cash and balances with banks	79,798	88,648	79,798	88,648
Total	736,846	939,708	736,846	939,708
Financial Liabilities				
Trade Payables	915,143	594,804	915,143	594,804
Contract Liability	102,410	52,951	102,410	52,951
Loans and Borrowings- Current	6,224,027	5,791,640	6,224,027	5,791,640
Loans and Borrowings- Non Current	2,472,199	3,576,984	2,472,199	3,576,984
Total	9,713,779	10,016,379	9,713,779	10,016,379

The following describes the methodologies and assumptions used to determine the fair values for those financial instruments which are not already recorded at fair value in the Financial Statements.

Assets for which Fair Value Approximates Carrying Value

For financial assets and financial liabilities that have a short term maturity (original maturities less than a year), it is assumed that the carrying amounts approximate their fair values.

Majority of the Interest-bearing loans and borrowings balances comprise floating rate instruments therefore fair value of the value due to banks approximate to the carrying value as at the reporting date.

Fixed Rate Financial Instruments

In fair valuing financial assets and financial liabilities with fixed rate, Average Weighted Primary Lending Rates published by the CBSL were used.

37 FINANCIAL RISK MANAGEMENT

The Group activities are exposed to variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Group overall financial risk management Programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. Financial risk management is carried out through risk reviews, internal control systems, insurance programs and adherence to the company financial risk management policies. The board of directors regularly reviews these risks and approves the risk management policies, which covers the management of these risks.

Market risk

Market risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of the changes in market prices.

- (i) Foreign currency exchange risk – risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.
- (ii) Cash flow interest rate risk – risk that future cash flows associated with a financial instrument will fluctuate due to the change in interest rates.

Foreign currency/ exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The group operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and Euro.

Foreign exchange risk arises mainly as a result of foreign exchange gains/losses on translation of US dollar- denominated loans granted, trade receivables, trade creditors and Euro- denominated trade creditors.

The Group companies exposed to foreign currency-denominated payments with local currency revenues are adversely impacted to undue fluctuations in exchange rates.

Foreign currency sensitivity	Change in Percentage	Change in profit before tax	
		Group Rs.'000	Company Rs.'000
2026	5%	175,492	3,314
	10%	350,984	6,628
	15%	526,476	9,942
	20%	701,967	13,256
	-10%	(350,984)	(6,628)
	-15%	(526,476)	(9,942)
	-20%	(701,967)	(13,256)
2025	5%	108,895	2,124
	10%	217,790	4,249
	15%	326,685	6,373
	20%	435,580	8,498
	-10%	(217,790)	(4,249)
	-15%	(326,685)	(6,373)
	-20%	(435,580)	(8,498)

NOTES TO THE FINANCIAL STATEMENTS

The Group interest rate risk arises from long-term borrowings issued at variable rates. The company manages its interest rate risk by actively monitoring the yield curve trend and interest rate movement for the various financial instruments.

The group borrowings comprise borrowings from financial institutions. The group interest rate risk objective is to manage an acceptable level of rate fluctuation on the interest expense. In order to achieve this objective, the group targets floating borrowings based on assessment of its existing exposure and desirable interest rate profile. The group analyses its interest rate exposure on a dynamic basis.

Interest rate sensitivity	Change in Percentage	Change in profit before tax	
		Group Rs.'000	Company Rs.'000
2026	6%	110,541	54,710
	4%	73,694	36,473
	2%	36,847	18,237
	-2%	(36,847)	(18,237)
	-4%	(73,694)	(36,473)
	-6%	(110,541)	(54,710)
2025	6%	85,693	22,423
	4%	57,129	14,949
	2%	28,564	7,474
	-2%	(28,564)	(7,474)
	-4%	(57,129)	(14,949)
	-6%	(85,693)	(22,423)

Credit risk

Credit risk arises from cash and balances with banks, as well as credit exposures to customers, including outstanding receivables. Trade receivables are mainly secured with bank guarantees given by customers in favour of the company. Individual credit limits are set based on the amount of bank guarantee. The utilisation of credit limits is regularly monitored.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient liquid funds to meet its financial obligations.

In the management of liquidity risk, the group monitor and maintain a level of cash and balances with banks deemed adequate by the management to finance the group operations and to mitigate the effects of fluctuations in cash flows. Due to the dynamic nature of the underlying business, the company aims at maintaining flexibility in funding by keeping both committed and uncommitted credit lines available.

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2026 based on contractual undiscounted (principal plus interest) payments

Group

At 31 March 2026	Less than 3 months Rs.'000	Between 3 months and 1 year Rs.'000	Between year 1 and 2 year Rs.'000	Between year 2 and year 5 Rs.'000	Over 5 years Rs.'000
Interest Bearing Loans and Borrowings	7,375,612	6,380,855	1,459,837	3,843,309	45,860
Trade and other payables	3,368,950	996,741	23,850	-	-
Amounts due to related parties	3,355,249	195,100	-	-	-
Lease Liability of Right of Use Assets	13,859	58,992	21,613	25,923	-
At 31 March 2025	Less than 3 months Rs.'000	Between 3 months and 1 year Rs.'000	Between year 1 and 2 year Rs.'000	Between year 2 and year 5 Rs.'000	Over 5 years Rs.'000
Interest Bearing Loans and Borrowings	7,117,941	6,608,280	1,144,280	3,352,759	-
Trade and other payables	5,174,449	-	-	-	-
Amounts due to related parties	233,156	-	-	-	-
Lease Liability of Right of Use Assets	11,962	76,728	78,305	-	-

Company

At 31 March 2026	Less than 3 months Rs.'000	Between 3 months and 1 year Rs.'000	Between year 1 and 2 year Rs.'000	Between year 2 and year 5 Rs.'000	Over 5 years Rs.'000
Interest Bearing Loans and Borrowings	5,309,004	20,000	-	3,361,910	-
Trade and other payables	818,842	83,386	12,916	-	-
Amounts due to related parties	3,086,060	-	-	-	-
Lease Liability of Right of Use Assets	-	2,344	2,969	-	-
At 31 March 2025	Less than 3 months Rs.'000	Between 3 months and 1 year Rs.'000	Between year 1 and 2 year Rs.'000	Between year 2 and year 5 Rs.'000	Over 5 years Rs.'000
Interest Bearing Loans and Borrowings	5,058,163	557,500	743,333	2,230,000	-
Trade and other payables	778,200	-	-	-	-
Amounts due to related parties	1,260,584	-	-	-	-
Lease Liability of Right of Use Assets	4,890	14,670	9,062	-	-

NOTES TO THE FINANCIAL STATEMENTS

Capital management risk

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the group may or may not make dividend payments to shareholders, return capital to shareholders or issue new shares or other instruments.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings by total equity Plus Total borrowings including non-current and current borrowings as shown in the statements of financial position. Total equity is calculated as 'Total equity' in the statements of financial position.

The gearing ratio as at 31 March is as follows:

	GROUP		COMPANY	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Borrowings	19,770,184	21,671,986	8,690,913	9,340,002
Total equity	29,750,141	27,717,541	7,598,840	7,787,144
Gearing ratio	40%	44%	53%	55%

INTEGRITY, PERFECTED

At Lanka Walltiles, our supplementary information forms the foundation that supports transparency, accountability, and long-term continuity across the Company. Through detailed disclosures, governance frameworks, policies, references, and supporting materials, we reinforce the integrity of our reporting while giving stakeholders a clear view of our operations and strategic direction. Carefully structured and continuously strengthened, this foundation enables informed decision-making and sustains confidence in the future we are building together.



SUPPLEMENTARY INFORMATION

GRI INDEX

Statement of use Lanka Walltiles PLC has reported in accordance with the GRI Standards for the period 1st April 2025 to 31st March 2026

GRI 1 used GRI 1: Foundation 2021

"Applicable GRI Sector Standard(s)" There is no applicable sector standard.

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
General disclosures						
GRI 2: General	2-1 Organisational details	7				
Disclosures 2021	2-2 Entities included in the organisation's sustainability reporting	6				
	2-3 Reporting period, frequency and contact point	4-6				
	2-4 Restatements of information	6				
	2-5 External assurance	156				
	2-6 Activities, value chain and other business relationships	38				
	2-7 Employees	76				
	2-8 Workers who are not employees	78				
	2-9 Governance structure and composition	76				
	2-10 Nomination and selection of the highest governance body	120				
	2-11 Chair of the highest governance body	119-136				
	2-12 Role of the highest governance body in overseeing the management of impacts	119-136				
	2-13 Delegation of responsibility for managing impacts	42				
	2-14 Role of the highest governance body in sustainability reporting	120				
	2-15 Conflicts of interest	126				
	2-16 Communication of critical concerns	20-22				
	2-17 Collective knowledge of the highest governance body	23-29				
	2-18 Evaluation of the performance of the highest governance body	16-18				
	2-19 Remuneration policies	137	GRI 2-19	Not Applicable	Not disclosed due to confidentiality concerns.	
	2-20 Process to determine remuneration	137				
	2-21 Annual total compensation ratio	137	GRI 2-21	Not Applicable	Not disclosed due to confidentiality concerns.	
	2-22 Statement on sustainable development strategy	32				
	2-23 Policy commitments	4-6				
	2-24 Embedding policy commitments	120-134				
	2-25 Processes to remediate negative impacts	20-42				
	2-26 Mechanisms for seeking advice and raising concerns	119-131				
	2-27 Compliance with laws and regulations	125-134				
	2-28 Membership associations	123				
	2-29 Approach to stakeholder engagement	38				
	2-30 Collective bargaining agreements	80				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	
Material topics					
GRI 3: Material	3-1 Process to determine material topics	40-41			
Topics 2021	3-2 List of material topics	40-81			
Economic performance					
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	12-36-84			
	201-2 Financial implications and other risks and opportunities due to climate change	45			
	201-3 Defined benefit plan obligations and other retirement plans	200			
	201-4 Financial assistance received from government		GRI 201-4	Not Applicable	No such assistance received from government.
Market presence					
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage		GRI 202-1	Not Applicable	Remuneration offered above minimum wage without considering gender.
	202-2 Proportion of senior management hired from the local community		GRI 202-2	Not Applicable	All managers hired from local community.
Indirect economic impacts					
GRI 3: Material Topics 2021	3-3 Management of material topics	40-41			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	90-96			
	203-2 Significant indirect economic impacts	45			
Procurement practices					
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	36			
Anti-corruption					
GRI 205: Anti- corruption 2016	205-1 Operations assessed for risks related to corruption	42			
	205-2 Communication and training about anti-corruption policies and procedures		GRI 205-2	Not Available	The group does not track this information at present.
	205-3 Confirmed incidents of corruption and actions taken		GRI 205-3	Not Applicable	Zero Incidents

GRI INDEX

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Tax138						
GRI 207: Tax 2019	207-1 Approach to tax	174-230				
	207-2 Tax governance, control, and risk management	174-230				
	207-3 Stakeholder engagement and management of concerns related to tax	40-41				
	207-4 Country-by-country reporting		GRI 207-4	Not Applicable	Operating only locally	
Materials						
GRI 301: Materials 2016	301-1 Materials used by weight or volume	100				
	301-2 Recycled input materials used	105				
Energy						
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	103				
	302-2 Energy consumption outside of the organisation		GRI 302-2	Not Available	The group does not track this information at present.	
	302-3 Energy intensity	100-106				
	302-4 Reduction of energy consumption	100-106				
	302-5 Reductions in energy requirements of products and services	100-106				
Water and effluents						
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	103				
	303-2 Management of water discharge- related impacts	106				
	303-3 Water withdrawal	103				
	303-4 Water discharge	106				
	303-5 Water consumption	103				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Emissions						
GRI 305:	305-1 Direct (Scope 1) GHG emissions	100-106				
Emissions 2016	305-2 Energy indirect (Scope 2) GHG emissions	100-106				
	305-3 Other indirect (Scope 3) GHG emissions	100-106				
	305-4 GHG emissions intensity	100-106				
	305-5 Reduction of GHG emissions	100-106				
	305-6 Emissions of ozone-depleting substances (ODS)		GRI 305-6	Not Available	The group does not track this information at present.	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		GRI 305-7	Not Available	The group does not track this information at present.	
	Waste					
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	100-106				
	306-2 Management of significant waste-related impacts	100-106				
	306-3 Waste generated	100-106				
	306-4 Waste diverted from disposal	100-106				
	306-5 Waste directed to disposal	100-106				
Employment						
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	76-82				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	76-82				
	401-3 Parental leave					
Occupational health and safety						
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	76				
	403-2 Hazard identification, risk assessment, and incident investigation	76				
	403-3 Occupational health services	81				
	403-4 Worker participation, consultation, and communication on occupational health and safety	81				
	403-5 Worker training on occupational health and safety	81				
	403-6 Promotion of worker health	81				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	81				
	403-8 Workers covered by an occupational health and safety management system	81				
	403-9 Work-related injuries	81				
	403-10 Work-related ill health	81				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Training and education						
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	80				
	404-2 Programs for upgrading employeeskills and transition assistance programs	80				
	404-3 Percentage of employees receiving regular performance and career development reviews	80				
Diversity and equal opportunity						
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	78				
	405-2 Ratio of basic salary and remuneration of women to men	78				
Non-discrimination						
GRI 406: Non- discrimination 2016	406-1 Incidents of discrimination and corrective actions taken		GRI 406-1	Not Applicable	No such incidents during the FY 2025/26	
Forced or compulsory labour						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour		GRI 409-1	Not Available	The group does not track this information at present.	
Local communities						
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	84-89				
	413-2 Operations with significant actual and potential negative impacts on local communities	84-89				
Supplier social assessment						
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	84-89				
	414-2 Negative social impacts in the supply chain and actions taken	84-89				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	
Customer health and safety					
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	84-89			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services		GRI 416-2	Not Applicable	No such incidents during the FY 2025/26
Marketing and labelling					
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	84-89			
	417-2 Incidents of non-compliance concerning product and service information and labelling	84-89	GRI 417-2	Not Applicable	No such incidents during the FY 2025/26
	417-3 Incidents of non-compliance concerning marketing communications	84-89	GRI 417-3	Not Applicable	No such incidents during the FY 2025/26
Customer privacy					
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		GRI 418-1	Not Applicable	No such incidents during the FY 2025/26

FIVE YEAR SUMMARY - STATEMENT OF PROFIT OR LOSS

Group	2026 Rs.'000	2025 Rs.'000	2024 Rs.'000	2023 Rs.'000	2022 Rs.'000
Continuing Operations					
Revenue	44,993,918	41,064,236	40,243,864	43,455,012	37,293,878
Cost of Sales	(32,664,444)	(30,456,876)	(26,806,890)	(26,950,988)	(24,257,006)
Gross Profit	12,329,474	10,607,360	13,436,974	16,504,024	13,036,872
Other Income	325,119	416,352	372,399	424,545	603,280
Distribution Costs	(4,902,308)	(4,120,673)	(4,193,958)	(4,314,613)	(3,358,056)
Administrative Expenses	(3,430,264)	(2,677,583)	(2,639,020)	(2,236,468)	(1,482,995)
Finance Cost	(1,705,728)	(1,331,673)	(1,785,240)	(3,369,159)	(332,838)
Finance Income	98,608	112,459	227,046	545,433	188,592
Share of net profit of associate	1,507	5,077	5,473	7,123	3,720
Profit / (Loss) Before Tax from Continuing Operations	2,716,408	3,011,319	5,423,674	7,560,985	8,658,576
Income Tax (Expense)/Reversal	(707,858)	(1,029,031)	(1,901,558)	(2,739,751)	(1,818,947)
Profit / (Loss) for the Year from Continuing Operations	2,008,550	1,982,288	3,522,116	4,821,234	6,839,628
Discontinued Operations					
Profit for the year from discontinued operations net of Tax	(182,983)	(350,246)	-	386,017	42,454
Profit for the Year	1,825,567	1,632,042	3,522,116	5,207,251	6,882,082
Profit attributable to:					
Equity holders of the parent	665,719	935,418	2,725,132	4,360,188	5,140,631
Non controlling interest	1,159,848	696,624	796,984	847,063	1,741,451
Profit for the year	1,825,567	1,632,042	3,522,116	5,207,251	6,882,082
Basic Earnings Per Share	2.44	3.43	9.98	15.65	18.75
Company					
	2026 Rs.'000	2025 Rs.'000	2024 Rs.'000	2023 Rs.'000	2022 Rs.'000
Revenue	6,609,685	5,206,950	7,407,574	9,297,171	8,058,545
Cost of Sales	(4,986,491)	(4,176,287)	(5,235,557)	(5,753,067)	(4,772,898)
Gross Profit	1,623,194	1,030,663	2,172,017	3,544,104	3,285,647
Other Income	715,842	741,364	1,313,163	1,936,885	1,690,070
Distribution Costs	(1,507,104)	(922,494)	(1,012,953)	(1,162,037)	(998,889)
Administrative Expenses	(503,098)	(410,650)	(476,446)	(427,514)	(289,316)
Finance Cost	(890,113)	(361,298)	(376,058)	(390,543)	(22,628)
Finance Income	2,067	359	610	7,942	5,594
Profit Before Tax	(559,212)	77,944	1,620,333	3,508,837	3,670,478
Income Tax (Expense)/Reversal	330,661	168,369	(76,539)	(560,326)	(587,498)
Profit for the Year	(228,551)	246,313	1,543,794	2,948,511	3,082,980
Profit attributable to:					
Equity holders of the parent	(228,551)	246,313	1,543,794	2,948,511	3,082,980
Profit for the year	(228,551)	246,313	1,543,794	2,948,511	3,082,980
Basic Earnings Per Share - Profit Attributable to Ordinary Equity Holders	(0.84)	0.90	5.65	10.80	11.29

FIVE YEAR SUMMARY - STATEMENT OF FINANCIAL POSITION

Group	2026 Rs.'000	2025 Rs.'000	2024 Rs.'000	2023 Rs.'000	2022 Rs.'000
ASSETS					
Non-current assets					
Property, plant and equipment	28,544,668	27,436,661	25,072,909	18,159,208	18,973,756
Consumable biological assets	-	-	-	-	595,643
Investment Property	830,874	815,687	815,687	815,687	813,619
Intangible assets	230,318	439,099	349,491	172,253	57,721
Investments in associates	202,352	200,392	193,923	186,300	177,920
Right of use assets	138,657	153,426	116,088	58,545	309,436
Deferred tax asset	159,355	145,569	185,169	146,833	-
	30,106,224	29,190,834	26,733,267	19,538,826	20,928,095
Current assets					
Inventories	20,430,499	20,629,587	17,711,617	14,896,538	8,388,233
Trade and other receivables	8,444,292	7,673,909	6,891,001	8,628,891	6,767,705
Contract Assets	-	-	30,033	32,343	29,342
Amounts due from related parties	65,092	90,698	75,584	85,827	52,533
Income tax receivable	-	-	-	-	17,586
Short term investments	4,726	5,294	4,963	4,454	4,008
Cash and cash equivalents	2,067,478	1,878,493	1,395,989	2,181,212	7,346,071
Total Assets	31,012,087	30,277,981	26,109,187	25,829,265	22,605,478
Assets Held for Sale	277,606	-	-	-	-
Total Assets	61,395,917	59,468,815	52,842,454	45,368,091	43,533,573
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Stated capital	787,765	787,765	787,765	787,765	787,765
Reserves	5,067,831	4,779,093	4,779,093	3,172,011	3,536,480
Retained earnings	16,464,489	15,698,921	15,577,401	14,672,498	13,492,885
Shareholders' funds	22,320,085	21,265,779	21,144,259	18,632,274	17,817,130
Non controlling interest	7,430,056	6,451,762	5,366,513	4,879,643	5,633,586
Total equity	29,750,141	27,717,541	26,510,772	23,511,917	23,450,716
Non-current liabilities					
Interest bearing liabilities	4,661,957	6,737,645	7,641,953	650,072	2,363,591
Deferred tax liabilities	3,119,596	3,251,302	3,378,079	2,836,942	1,996,380
Retirement benefit liability	884,067	880,383	700,485	513,536	912,379
Deferred income & Capital grants	-	-	-	-	113,324
	8,665,620	10,869,330	11,720,517	4,000,550	5,385,674
Current liabilities					
Trade and other payables	6,383,921	5,174,449	4,896,012	4,590,620	5,526,697
Contract liability	267,202	182,853	139,300	111,798	113,660
Income tax liabilities	357,615	210,601	945,128	528,371	778,669
Amounts due to related parties	438,464	233,156	244,959	403,762	121,365
Current portion of interest bearing liabilities	15,217,192	15,080,885	8,385,765	12,221,073	8,156,792
	22,664,394	20,881,944	14,611,164	17,855,624	14,697,183
Liabilities directly associated with the assets held for sale	315,762	-	-	-	-
Total equity and liabilities	61,395,917	59,468,815	52,842,454	45,368,091	43,533,573

FIVE YEAR SUMMARY - STATEMENT OF FINANCIAL POSITION

Company	2026 Rs.'000	2025 Rs.'000	2024 Rs.'000	2023 Rs.'000	2022 Rs.'000
ASSETS					
Non-current assets					
Property, plant and equipment	12,673,190	12,733,087	11,048,010	5,915,641	4,950,952
Intangible assets	27,485	29,806	32,127	34,449	-
Investments in subsidiaries	1,696,035	1,696,035	1,618,987	1,618,984	1,562,096
Right of use assets	8,141	22,328	54,606	20,189	45,658
	14,404,851	14,481,256	12,753,730	7,589,263	6,558,706
Current assets					
Inventories	6,084,766	4,818,622	3,923,894	3,549,810	1,479,947
Trade and other receivables	844,489	951,943	1,841,975	2,519,426	792,407
Amounts due from related parties	90,074	309,302	60,806	47,623	119,378
Short term investments	4,726	5,294	4,963	4,454	4,008
Cash and balances with banks	79,798	88,648	137,856	150,297	1,029,771
	7,103,853	6,173,809	5,969,494	6,271,610	3,425,511
Total assets	21,508,704	20,655,065	18,723,224	13,860,873	9,984,217
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Stated capital	787,765	787,765	787,765	787,765	787,765
Reserves	2,506,339	2,506,339	2,506,339	1,810,498	2,057,891
Retained earnings	4,304,736	4,493,040	4,940,452	4,768,769	4,620,515
Shareholders' funds	7,598,840	7,787,144	8,234,556	7,367,032	7,466,171
Total equity	7,598,840	7,787,144	8,234,556	7,367,032	7,466,171
Non-current liabilities					
Interest bearing liabilities	2,472,199	3,576,984	4,081,465	10,072	6,586
Deferred tax liabilities	754,526	1,067,937	1,253,991	1,022,841	628,461
Retirement benefit liability	301,935	321,381	261,315	163,799	123,617
	3,528,660	4,966,302	5,596,771	1,196,712	758,664
Current liabilities					
Trade and other payables	968,147	795,884	664,002	1,233,987	1,094,960
Contract liability	102,410	52,951	45,068	9,972	19,591
Income tax liabilities	560	560	137,230	89,944	338,039
Amounts due to related parties	3,086,060	1,260,584	1,661,437	1,529,278	20,784
Current portion of interest bearing liabilities	6,224,027	5,791,640	2,384,160	2,433,948	286,008
	10,381,204	7,901,619	4,891,897	5,297,129	1,759,382
Total equity and liabilities	21,508,704	20,655,065	18,723,224	13,860,873	9,984,217

SHAREHOLDER INFORMATION

MAJOR 25 SHAREHOLDERS OF THE COMPANY

	NAME	31-03-2026		31-03-2025	
		NO OF SHARES	(%)	NO OF SHARES	(%)
1	ROYAL CERAMICS LANKA PLC.	148,921,090	54.55	148,921,090	54.55
2	MR. A.A. PAGE	19,636,260	7.193	19,636,260	7.193
3	ARUNODHAYA INVESTMENTS (PRIVATE) LIMITED	6,313,345	2.313	6,313,345	2.313
4	ARUNODHAYA INDUSTRIES (PRIVATE) LIMITED	6,313,345	2.313	6,313,345	2.313
5	ARUNODHAYA (PRIVATE) LIMITED	6,313,345	2.313	6,313,345	2.313
6	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	6,115,349	2.24	6,115,349	2.24
7	MRS. A. SELLIAH	5,477,230	2.006	3,733,895	1.368
8	EMPLOYEES TRUST FUND BOARD	4,559,207	1.67	4,559,207	1.67
9	MR. K. ARAVINTHAN	3,343,335	1.225	1,680,000	0.615
10	ANDYSEL PRIVATE LIMITED	2,100,000	0.769	2,100,000	0.769
11	MR. R.C.D. DE SILVA	1,530,818	0.561	-	-
12	MR. K.A.S.R. NISSANKA	1,506,204	0.552	1,506,204	0.552
13	MR. S. VASUDEVAN	1,500,000	0.549	1,066,626	0.391
14	MRS. Y.W.S.R. YATANWALA	1,243,710	0.456	1,000,230	0.366
15	SRI LANKA INSURANCE CORPORATION LTD-GENERAL FUND	935,240	0.343	935,240	0.343
16	SEYLAN BANK PLC/PHANTOM INVESTMENTS (PVT) LTD	907,786	0.333	907,786	0.333
17	HATTON NATIONAL BANK PLC/ARUNASALAM SITHAMPALAM	851,875	0.312	851,875	0.312
18	MRS. FT. SHAFIE	750,000	0.275	600,000	0.22
19	MR. P.A.D. RUWAN UDAYANGANA PUSHPAKUMARA	704,350	0.258	529,779	0.194
20	MRS. S. VASUDEVAN & MR. S.VASUDEVAN	675,000	0.247	1,000,059	0.366
21	SANDWAVE LIMITED	667,225	0.244	-	-
22	ASSETLINE FINANCE LIMITED/BRITISH AMERICAN TECHNOLOGIES PVT LTD	625,000	0.229	625,000	0.229
23	J.B. COCOSHELL (PVT) LTD	561,560	0.206	-	-
24	MR. D.R. PONNAMPERUMA	536,700	0.197	-	-
25	MRS. K. PUSPARAJ	505,000	0.185	-	-
	SUB TOTAL	222,592,974	81.539	214,708,635	78.648
	OTHERS	50,407,026	18.461	58,291,365	21.352
	TOTAL	273,000,000	100.000	273,000,000	100.000

SHAREHOLDER INFORMATION

ANALYSIS OF SHAREHOLDERS AS AT 31ST MARCH 2026

From To	No of Holders	No of Shares	%
1-1,000	6,021	2,006,438	0.7350
1,001-10,000	8,170	14,921,636	5.4658
10,001-100,000	595	16,830,328	6.1650
100,001-1,000,000	86	24,368,360	8.9261
1,000,001 & Over	14	214,873,238	78.7081
Total	14,886	273,000,000	100.0000

CATEGORIES OF SHAREHOLDERS

Type	No. of share Holders	Holding	%
Local Individuals	14,484	76,770,209	28.1210
Local Institutions	340	195,021,622	71.4365
Foreign Individuals	60	415,944	0.1524
Foreign Institutions	2	792,225	0.2902
Total	14,886	273,000,000	100.000

DIRECTORS' & CEO'S SHAREHOLDING AS AT 31ST MARCH 2026

Name of Director	No. of shares	%
Mr A M Weerasinghe	-	-
Dr. S Selliah	-	-
Ms A M L Page	-	-
Mr.M.W.R.N Somarathne	-	-
Shares held in the following manner		
Mr.M.W.R.N Somarathne	40,000	0.015
Sampath bank PLC/ Mr.M.W.R.N Somarathne	60,000	0.022
Mr S R Jayaweera	-	-
Ms K A D Brindhiini Perera	-	-
Mrs. Y Bhaskaran	-	-
Mr. B D S Mendis	1,050	0.000
Mr. N M Pelpola	-	-
Mr. L P B Talwatte	-	-
Mr. H. Somashantha	-	-
Mr. K A D D Perera	-	-
Mr. S H Amarasekera	-	-
Mr. H M A Jayasinghe	1,050	0.000

SHARE PRICE FOR THE YEAR

Market price per share	As at 31/03/2026	As at 31/03/2025
Highest during the year	Rs. 58.00 (07-10-2025)	Rs. 62.00 (21-01-2025)
Lowest during the year	Rs. 43.00 (20-03-2026)	Rs. 45.00 (01-11-2024)
As at end of the year (closing price)	Rs. 46.00 (31-03-2026)	Rs. 50.50 (28-03-2025)
As at end of the year (last traded price)	Rs. 45.90 (31-03-2026)	Rs. 50.80 (28-03-2025)

	2026	2025
Number of Transactions during the year	21,914	23,304
Number of Shares traded during the year	34,206,286	29,005,724
Value of shares traded during the year (Rs.)	1,804,393,093.20	1,572,991,174.80

PUBLIC HOLDING

Public Holding

	As at 31/03/2026	As at 31/03/2025
· The Percentage of shares held by the public	28.4677%	29.107%
· No of public shareholders representing the above percentage-	14,871	15,227
· The float adjusted market capitalisation	Rs. 3,574,978,780.00	Rs. 4,044,576,861.50

The Float adjusted market capitalisation of the Company falls under Option 4 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.

STATEMENT OF VALUE ADDED

	2026 Rs.'000	%	2025 Rs.'000	%	2024 Rs.'000	%	2023 Rs.'000	%	2022 Rs.'000	%
Turnover	44,993,918		41,064,236		40,243,864		43,455,012		39,857,514	
Other Income	325,119		416,352		599,445		968,010		831,600	
Cost of material and services purchased	(35,655,392)		(31,483,646)		(28,419,526)		(25,243,619)		(27,258,990)	
Value Added	9,663,645		9,996,942		12,423,783		19,179,403		13,430,124	
To employees as remuneration	3,512,506	36	3,990,136	40	3,299,598	27	5,084,444	27	4,545,637	34
To providers funds as interest	1,842,346	19	1,428,223	14	1,579,777	13	3,703,767	19	473,901	4
To state as taxes	861,388	9	1,692,637	17	1,601,618	13	3,491,213	18	1,844,815	14
To shareholders as dividends	-	-	655,200	7	1,337,700	11	2,511,600	13	2,156,700	16
Depreciation	1,621,838	17	1,253,904	13	1,081,063	9	1,216,367	6	1,158,237	9
Reserves	1,825,567	19	976,842	9	3,524,028	28	3,172,012	17	3,250,834	24
Total	9,663,645	100	9,996,942	100	12,423,783	100	19,179,403	100	13,430,124	100

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Forty Ninth (49th) Annual General Meeting of Lanka Walltiles PLC will be held by electronic means on 30th June 2026 at 12.15 p.m. centered at No. 20, R A De Mel Mawatha, Colombo 3 for the following purposes:

1 Ordinary Business

- (i) To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and its subsidiaries and the Statement of Accounts for the year ended 31st March 2026 and the Report of the Auditors thereon.
- (ii) To re-elect Mr. Migel Wasam Rizvi Nandajith Somaratne, who retires by rotation in terms of Articles 103 and 104 of the Articles of Association, as a Director of the Company.
- (iii) To re-elect Mr. Sanjeewa Renuka Jayaweera, who retires by rotation in terms of Articles 103 and 104 of the Articles of Association, as a Director of the Company.
- (iv) To re-elect Ms. Kulappu Arachchige Donna Brindhiini Perera, who retires by rotation in terms of Articles 103 and 104 of the Articles of Association, as a Director of the Company.
- (v) To re-elect as a Director, Mr. Kulappu Arachchige Don Dhammika Perera, who was appointed to the Board since the last Annual General Meeting, in terms of Article 110 of the Articles of Association.
- (vi) To re-elect as a Director, Mr. Haresh Somashantha, who was appointed to the Board since the last Annual General Meeting, in terms of Article 110 of the Articles of Association.
- (vii) To re-elect as a Director, Mr. Shiran Harsha Amarasekera, who was appointed to the Board since the last Annual General Meeting, in terms of Article 110 of the Articles of Association.
- (viii) To re-elect as a Director, Mr. Hector Manil Anthony Jayesinghe, who was appointed to the Board since the last Annual General Meeting, in terms of Article 110 of the Articles of Association.
- (ix) To re-elect as a Director, Mr. Ratnayake Mudiyanseelage Mohan Joseph Ratnayake, who was appointed to the Board since the last Annual General Meeting, in terms of Article 110 of the Articles of Association.
- (x) To re-appoint Messrs Ernst & Young, Chartered Accountants, as the Auditors of the Company and to authorise the Directors to fix their remuneration.
- (xi) To authorise the Directors to determine donations for the financial year ending 31st March 2027 and up to the date of the next Annual General Meeting.

2. Special Business

- (i) To consider and if thought fit, to pass the following resolution as a Special Resolution:

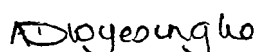
'IT IS HEREBY RESOLVED THAT the Articles of Association of the Company be amended:

- (1) by the substitution of the word "executors, administrators or heirs" in place of "executors or trustees" in line 2 of Article 15(iii) ;
- (2) by the inclusion of the words "or Executive Director" between the words "Officer" and "shall" in line 5 of Article 96 ;
- (3) by the inclusion of the words "or Chief Executive Officer or Executive Director" between the words "Director" and "shall" in line 6 of Article 103;
- (4) by the deletion of Article 145 in its entirety and the substitution therefor of the following new Article 145 ;

CONTRACTS

145. (1) A contract or other enforceable obligation may be entered into by the Company as follows:
- (a) an obligation which, if entered into by a natural person is required by law to be in writing signed by that person and be notarially attested, may be entered into on behalf of the Company in writing signed under the name of the Company by –
 - (i) two Directors of the Company, as authorised by a resolution of the Board and placing the Company Seal
 - (ii) any one Director and Secretary of the Company as authorised by a resolution of the Board and placing the Company Seal
 - (iii) any other person as authorised by a resolution of the Board
 - (iv) one or more Attorneys appointed by the Company, as set out in Article 136 hereof authorising to enter into such obligation, and be notarially executed;
 - (b) an obligation which, if entered into by a natural person is required by law to be in writing and signed by that person, may be entered into on behalf of the Company in writing signed by two Directors of the Company, as authorised by a Resolution of the Board by placing the Company Seal or by any one Director and Secretary of the Company as authorised by a resolution of the Board by placing the Company Seal or by a person authorised by a resolution of the Board, or one or more Attorneys authorised to enter into such obligation.
 - (c) an obligation which if entered into by a natural person is not required by law to be in writing, may be entered into on behalf of the Company in writing or orally by a Director or a person authorised by a resolution of the Board.
- (2) The provisions of Sub Article (1) of Article 145 shall apply to a contract or other obligation
- (a) whether or not that contract or obligation is entered into in Sri Lanka; and
 - (b) whether or not the law governing the contract or obligation is the law of Sri Lanka.
- (3) For the purpose of this Article, the Company may use a generally recognised abbreviation of any word in the name, unless it is misleading to do so.”
- (5) by the deletion of Article 183 in its entirety and the substitution therefor of the following new Article 183;
183. “Notwithstanding anything to the contrary contained in the Articles of Association of the Company, so long as the Company is listed on the Colombo Stock Exchange, the Company shall comply with the Rules of the Colombo Stock Exchange and the Central Depository System, which shall be in force from time to time.”

By order of the Board
Lanka Walltiles PLC



P W Corporate Secretarial (Pvt) Ltd
Secretaries
At Colombo
29 May 2026
Notes:

1. A shareholder is entitled to appoint a Proxy to attend, speak and vote at the meeting on his/her behalf.
2. A Proxy need not be a shareholder of the Company.
3. A Form of Proxy accompanies this Notice.
4. The completed Form of Proxy should be deposited at the Registered Office of the Company, No. 215, Nawala Road, Narahenpita, Colombo 05 by 12.15 p.m on 28 June 2026.
5. Since the Meeting will be held via electronic means, shareholders who wish to participate in the AGM either by themselves or through their Proxies, are requested to forward the duly completed and signed Registration Form as per the Guidelines for Registration made available to the Shareholders on the Company/CSE Websites, to the Registrars of the Company/ CSE Websites, to the Registrars of the Company, Corporate Solutions Unit, Central Depository Systems (Pvt) Limited, Ground Floor, M & M Centre, 341/5, Kotte Road, Rajagiriya or e-mailed to agm_egm_registrars@cds.lk by 12.15 p.m. on 28th June 2026.

FORM OF PROXY

I/We*

(NIC/Passport/Company Reg. No. of

being a shareholder / shareholders of LANKA WALLTILES PLC hereby appoint

(NIC/Passport No.) of

- | | |
|--|-----------------|
| or failing him/her*, | |
| Mr. Kulappu Arachchige Don Dhammika Perera | or failing him* |
| Mr. Amarakoon Mudiyansele Weerasinghe | or failing him* |
| Mr. Lakshitha Priyantha Bandara Talwatte | or failing him* |
| Mr. Shiran Harsha Amarasekera | or failing him* |
| Dr. Sivakumar Selliah | or failing him* |
| Ms. Anjalie Maryanne Letitia Page | or failing her* |
| Mr. Migel Wasam Rizvi Nandajith Somaratne | or failing him* |
| Mr. Sanjeewa Renuka Jayaweera | or failing him* |
| Ms. Kulappu Arachchige Donna Brindhiini Perera | or failing her* |
| Ms. Yogadinusha Bhaskaran | or failing her* |
| Mr. Balapuwaduge Dinesh Shamindra Mendis | or failing him* |
| Mr. Naomal Michael Pelpola | or failing him* |
| Mr. Haresh Somashantha | or failing him* |
| Mr. Hector Manil Anthony Jayasinghe | or failing him* |
| Mr. Ratnayake Mudiyansele Mohan Joseph Ratnayake | |

as my/our* proxy to represent and speak and vote as indicated hereunder for me/us* and on my/our* behalf at the Forty Ninth (49th) Annual General Meeting of the Company to be held on 30th June 2026 at 12.15 p.m. and at every poll which may be taken in consequence of the aforesaid Meeting and at any adjournment thereof.

1. Ordinary Business

	FOR	AGAINST
(i) To re-elect Mr. M W R N Somaratne as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(ii) To re-elect Mr. S R Jayaweera as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(iii) To re-elect Ms. K A D B Perera as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(iv) To re-elect Mr. K A D D Perera as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(v) To re-elect Mr. H Somashantha as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(vi) To re-elect Mr. S H Amarasekera as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(vii) To re-elect Mr. H M A Jayasinghe as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(viii) To re-elect Mr. R M M J Ratnayake as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(ix) To re-appoint Messrs Ernst & Young, Chartered Accountants, the retiring Auditors and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
(x) To authorise the Directors to determine donations for the year ending 31st March 2027 and up to the date of the next Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

2. Special Business

(i) To pass the Special Resolution as set out in item 2(i) of the Notice of Meeting	<input type="checkbox"/>	<input type="checkbox"/>
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In witness my/our* hands this day of Two Thousand and Twenty Six.

.....
Signature of Shareholder/s

*Please delete what is inapplicable.

Notes:

1. A proxy need not be a shareholder of the Company
2. Instructions as to completion appear overleaf.

INSTRUCTIONS AS TO COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.
2. The completed Proxy should be deposited at the Registered Office of the Company, No. 215, Nawala Road, Narahenpita, Colombo 05 by 12.15 p.m. on 28th June 2026.
3. The Proxy shall –
 - (a) In the case of an individual be signed by the shareholder or by his attorney, and if signed by an attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.
 - (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the Company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute. (as applicable)
4. Please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.

COPORATE INFORMATION

NAME OF THE COMPANY

Lanka Walltiles PLC

LEGAL FORM

Lanka Walltiles PLC is a public limited liability company which was incorporated under the Companies Ordinance No.51 of 1938 as a public company on 24th day of September 1975. Pursuant to the requirements of the new Companies Act No. 7 of 2007, the Company was re-registered on 24th July 2007 and bears registration number PQ 55."

DIRECTORS

Mr. K A D Dhammika Perera- Chairman
(Appointed w.e.f. 31.07.2025)

Mr.A M Weerasinghe (Re-designated as the Co-Chairman
w.e.f.31.07.2025)

Mr. L P B Talwatte- Managing Director

Mr. H Somashantha- Director Finance
(Appointed w.e.f.31.07.2025)

Mr. M W R N Somaratne- Director Manufacturing
Dr. S Selliah

Ms. A M L Page

Mr. J D N Kekulawala (Resigned w.e.f. 08.12.2025)

Mr. S R Jayaweera

Ms. K A D B Perera

Mr. B D S Mendis

Ms. Y Bhaskaran

Mr. N M Pelpola

Mr.S H Amarasekara (Appointed w.e.f.30.10.2025)

Mr. H M A Jayasinghe (Appointed w.e.f.24.12.2025)

Mr. R M M J Ratnayake (Appointed w.e.f.07.05.2026)

SECRETARIES

P W Corporate Secretarial (Pvt) Ltd

No. 3/17, Kynsey Road

Colombo 08

Telephone : + 94-11- 4640360-3

Facsimile : + 94-11- 4740588

E-mail : pwcs@pwcs.lk

PARENT COMPANY

Royal Ceramics Lanka PLC

No 20,R A De Mel Mawatha

Colombo 03

Telephone : + 94- 11- 4799400

Facsimile : + 94- 11- 4720077

Website : www.rocell.com

REGISTERED OFFICE

215, Nawala Road, Narahenpita, Colombo 05

Telephone : + 94-11- 2808050 / 2808001-3

Facsimile : + 94-11- 2806232

E-mail : info@lankatiles.com

Website : www.lankatiles.com

FACTORY

Meepe, Padukka

Telephone : + 94- 11- 4309809

Facsimile : + 94- 11- 2859168

E-mail : meepe_fac@lankatiles.com

BANKERS

Commercial Bank of Ceylon PLC

DFCC Bank PLC

Bank of Ceylon

Hatton National Bank PLC

Sampath Bank PLC

Seylan Bank PLC

Habib Bank Limited

Pan Asia Banking Corporation PLC

Union Bank of Colombo PLC

AUDITORS

EY

Chartered Accountants

109, Galle Road,

Colombo 03

Designed & produced by

emagewise



LANKA WALLTILES PLC
215, Nawala Road, Narahenpita, Colombo 05, Sri Lanka.
Tel: (+94-11) 4526700, e-mail: info@lankatiles.com