

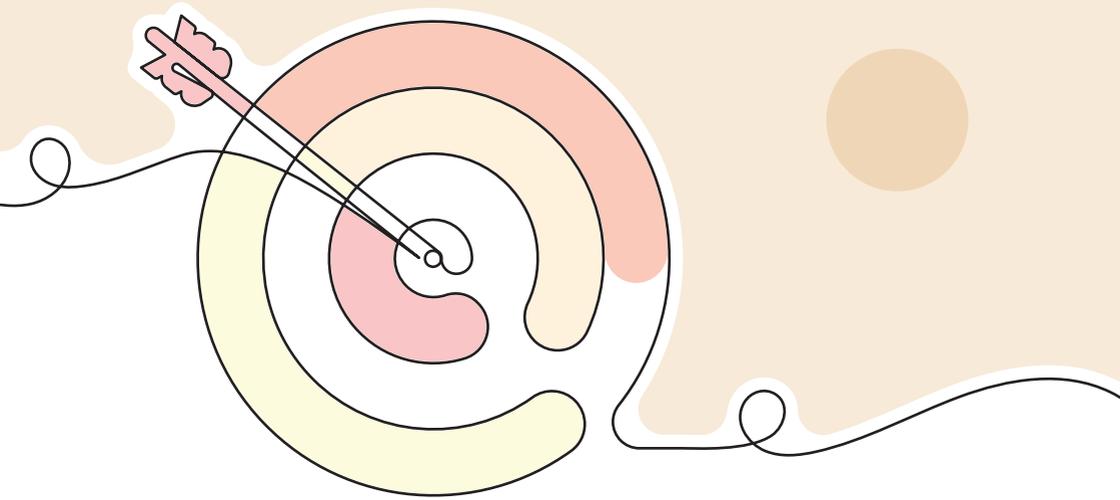
60+
YEARS



Industrial Asphalts (Ceylon) PLC

ANNUAL REPORT

2 0 2 5



FORESIGHT ★ AUDACITY



Industrial Asphalts (Ceylon) PLC – IAC- was established on 30 June 1964, a direct result of the country’s attempt at rapid industrialization. IAC saw sustained exponential growth in its core activities of bituminous products. This growth was disrupted during the dark days of 1983 when IAC fell victim to civil commotion, resulting in two of its operating plants being burned to the ground. Rising from the ashes, the Company unfortunately lost both its freehold properties to government acquisition for which partial compensation was received in the form of its perpetual lease property at Peliyagoda. Under new management, IAC is committed to following its bitumen roots but at the same time looking at emerging opportunities as an investment holding company. On its 60th anniversary, IAC continues to fend off wrong and be on the side of **RIGHTEOUSNESS**.



industrial asphalts (ceylon) PLC

TABLE OF CONTENTS

COMPANY OVERVIEW

Financial Highlights	03
Corporate Information	04

MANAGEMENT REPORTS

Executive Director's Report	05
Management Discussion & Analysis	06
Board of Directors	10
Enterprise Risk Management	13

GOVERNANCE REPORTS

Annual Report of the Board of Directors	17
Statement of Directors' Responsibility	23
Senior Independent Director's Report	24
Report of the Audit Committee	25
Report of the Remuneration Committee	30
Report of the Nominations and Governance Committee	32
Report of the Related Party Transactions Review Committee	36
Report of the Investment Committee	39
Corporate Governance	40

FINANCIAL STATEMENTS

Independent Auditors' Statement	57
Statement of Financial Position	61
Statement of Comprehensive Income	62
Statement of Changes in Equity	63
Statement of Cash Flows	64
Notes to the Financial Statements	65

SUPPLEMENTARY INFORMATION

Notes	93
Five Year Financial Summary	94
Shareholders Information	96
Notice of Annual General Meeting	98
Form of Proxy	100

FINANCIAL HIGHLIGHTS

	2024/25	2023/24 (Restated)	Change (%)
Operating Results and Ratios			
Revenue	62,926,169	29,255,062	115.09%
Results from Operating Activities	35,725,389	11,744,481	204.19%
Profit before Tax	37,291,169	25,680,326	45.21%
Profit after Tax	27,863,109	19,020,486	46.49%
Net Profit	27,863,109	19,020,486	46.49%
Total Comprehensive Income	26,342,659	18,839,656	39.83%
Statement of Financial Position			
Highlights and Ratios			
Total Assets	1,625,957,064	1,559,319,117	4.27%
Stated Capital	156,642,070	156,642,070	-
Retained Earnings	1,238,857,813	1,212,515,154	2.17%
Total Equity	1,410,641,182	1,384,298,523	1.90%
Total Liabilities	215,315,882	175,020,594	23.02%
Current Ratio (Times)	1.70	1.70	0.00
Debt to Equity Ratio (Times)	0.15	0.13	0.02
Investor Information and Ratios			
Earnings per Share - Rs.	0.01	0.01	0.00
Net Assets per Share - Rs.	0.38	0.37	0.01
Market Value per Share (end) - Rs.	0.40	0.30	0.10
Return on Equity (ROE) - %	2%	1%	1%
Number of shares issued	3,749,411,250	3,749,411,250	-
Market Capitalization	1,499,764,500	1,124,823,375	374,941,125
Float Adjusted Market Capitalization	772,354,361	581,789,308	190,565,053

* Certain comparative figures have been restated to conform to the classification and presentation as at 31st March 2025

CORPORATE INFORMATION

Name of Company

Industrial Asphalts (Ceylon) PLC

Legal Form

Quoted Public Company with limited liability listed on the Colombo Stock Exchange since 1978.

Date of Incorporation

30 June 1964

Date of Re-registration

1 August 2008

New Registration Number

PQ185

Registered Office

MMBL Pathfinder Office Complex
No.345/D, Negombo Road, Peliyagoda.
Tel : 011 3 771 739
Fax : 011 5 289 849
Email : info@iac.lk

Corporate Website

www.iac.lk

Board of Directors

Mr. G. Ramanan (Executive Director)
Mr. S. Marimuthu (Non-Executive, Senior Independent Director)
Mr. N.K. Dahanayake (Non-Executive Director)
Mr. R. Kishore Ignatius (Non-Executive Independent Director)
Mr. R. Raguneethan (Non-Executive Independent Director)

Board Sub-Committees

Board Audit Committee

Mr. R. Kishore Ignatius - Chairman
Mr. S. Marimuthu
Mr. N.K. Dahanayake

Investment Committee

Mr. S. Marimuthu - Chairman
Mr. R. Kishore Ignatius
Mr. N.K. Dahanayake

Nominations and Governance Committee

Mr. S. Marimuthu - Chairman
Mr. N.K. Dahanayake
Mr. R. Kishore Ignatius

Accounting year end

31 March

Auditors

B.R. De Silva & Co.
Chartered Accountants
No.22/4, Vijaya Kumaranatunga Mw.,
Colombo - 5

Bankers

Commercial Bank of Ceylon PLC
Bank of Ceylon
Hatton National Bank PLC

Company Secretaries

Ninecap Corporate Solutions (Pvt) Ltd.
No.55, Vinayalankara Mawatha,
Colombo 10

Registrars

Central Depository Systems (Pvt) Ltd.
Ground Floor, M & M Center,
341/5, Kotte Road,
Rajagiriya

Related Party Transactions Review Committee

Mr. R. Kishore Ignatius - Chairman
Mr. N.K. Dahanayake
Mr. S. Marimuthu

Remuneration Committee

Mr. S. Marimuthu - Chairman
Mr. N.K. Dahanayake
Mr. R. Kishore Ignatius

EXECUTIVE DIRECTOR'S REPORT

I would like to warmly welcome all our shareholders for the 61st Annual General Meeting of Industrial Asphalts (Ceylon) PLC (IAC).

The Company's financial performance and analysis of the same is given in the Management Discussion and Analysis Report of this Annual Report from pages 06 to 09

Company's Strategic Initiatives

The proposed Bitumen Terminal project continues to be plagued by delays in securing a suitable port-based location. Only two ports are suitable for the proposed project whilst we pursued Hambantota as the primary option, the port operator is currently focused on the oil refinery as such our proposal is being held up for the moment. All the required resources, including funding lines, have been secured, subject to IAC securing a suitable location inside a suitable port. The management continues to watch for any development on this front, the shareholders would be updated on any development.

Investment Property

The full potential of the investment property is being evaluated with the objective of unlocking the value in the investment. As mentioned in the 2024 review to the shareholders, there is increasing interest in the property given that Peliyagoda is being transformed into a commercial and residential suburb of Colombo. The Port City connectivity road from the Peliyagoda interchange has been completed awaiting final finishes for opening. As per the sources we have access to, the opening is likely during 2025. This naturally would bolster the value of the property.

Investment Environment.

The investment environment has turned positive as per our expectations detailed in the 2024 shareholder review.

Investment Philosophy of the Company

The public equities are expected to finally catch up with its intrinsic value, and this would result in

significant activity in the equity market. Given the deep expertise in equities, the Company would pursue a very aggressive investment strategy primarily in public equities.

(Sgd.)

G. Ramanan

Executive Director

MANAGEMENT DISCUSSION & ANALYSIS

IAC's Business Operations during FY 2024/25

Industrial Asphalts (Ceylon) PLC (IAC) continued to operate as an Investment Holding Company with interest in various ventures and investments including but not limited to the Bitumen space. The Company's investment activities during FY 2024/25 continued to be mainly focused on rental from investment property, investments in quoted equity market and investments in fixed income generating Government Securities. The Company's proposed Bitumen Terminal Project in Hambantota is being delayed due to the delay in allocating a suitable port-based location for the project by the Port Operator.

Sri Lanka's economic stabilization efforts reflected progress in 2024, recording a 5.0% GDP growth, following a period of economic downturn. Nevertheless, the operating environment of FY 2024/25 was tremendously challenging for Investment Holding Companies during the first half of FY 2024/25, as challenges persisted in the form of policy uncertainty, exchange rate fluctuations, and fluctuations in AWPLR. This affected the investment income of the Company from equity market investments during the first half of FY 2024/25. Towards the second half of FY 2024/25 the quoted equity market witnessed an upward movement with gradual inflation easing, Sri Lankan rupee strengthening and interest rates declining in the economy. As a result, IAC was able to capitalize on its equity market investments during the second half of FY 2024/25 which is reflected in the financial results for the period.

The Company continued to hold over 90% of its liquid investments in quoted equity market investments during the first half of FY 2024/25. Towards the last quarter of FY 2024/25 the Company increased its investments in fixed income securities, thereby reflecting a comparatively higher interest income for FY 2024/25. Overall, IAC was able to achieve comparatively higher investment income during the FY 2024/25 resulting from the economic turnaround.

Financial Results

Revenue

The overall revenue reflected an upward movement mainly due to the comparatively higher realized investment income from equity investments and fixed income Government Securities, reporting significant increase of 115% to Rs.62.9Mn as against Rs.29.2Mn the previous year. The main revenue source for the period under review has been the rent income derived from the Investment Property located at 28/1, New Nuge Road, Peliyagoda. The rental income for FY 2024/25 remained at the same level as comparative period, based on the terms of the lease agreement with Siam City Cement (Lanka) Limited.

Increasing the investment base from Rs.5Mn to Rs.93Mn towards the last quarter of FY 2024/25 resulted in an increase of interest income from fixed income Government Securities by 102% from Rs.0.9Mn to Rs.1.9Mn in FY 2024/25 compared to previous year. The Company received dividend income of Rs.2Mn in FY 2024/25 which reflected a slight increase of 14% from Rs.1.7Mn in FY 2023/24.

As per the Company's expectations, towards the second half of FY 2024/25, the macroeconomic context, including political stability, declining interest rates, improved foreign exchange stability, easing of inflation and GDP growth caused reviving of the quoted equity market. As a result, Company was able to capitalize on the equity market investments, thereby gaining realized profits of Rs.18.1Mn for FY 2024/25 compared against an investment loss of Rs.13.8Mn in the previous year. As at the balance sheet date the share prices slightly improved which resulted in an unrealized gain on financial assets at fair value through profit or loss amounting to Rs.16.5Mn compared to an unrealized gain of Rs.20.9Mn in FY 2023/24. The Management is of the view that the equity market sentiments would further improve amid sustained economic growth in the country.

MANAGEMENT DISCUSSION & ANALYSIS

	2024/25	2023/24 (Restated)	Change (%)
Revenue	62,926,169	29,255,062	115.09%
Results from Operating Activities	35,725,389	11,744,481	204.19%
Profit before Tax	37,291,169	25,680,326	45.21%
Net Profit	27,863,109	19,020,486	46.49%
Total Assets	1,625,957,064	1,559,319,117	4.27%
Investment Property	1,325,000,000	1,277,818,000	3.69%
Total Equity	1,410,641,182	1,384,298,523	1.90%
Total Liabilities	215,315,882	175,020,594	23.02%
Earnings per Share - Rs.	0.01	0.01	0.00
Net Assets per Share - Rs.	0.38	0.37	0.01

Fair Value Gain on Investment Property

The Company's primary value driver and the main asset is the investment property located at No.28/1, New Nuge Road, Peliyagoda. The Directors have adopted the fair value model for accounting for Investment Property. The fair value of Investment Property slightly increased by 4% to Rs.1,325Mn as of 31st March 2025 compared to Rs.1,277Mn in 2023/24. Accordingly, the company recorded a fair value gain of Rs.47.1Mn in 2024/25 resulting in an Operating Profit of Rs.35.7Mn for 31st March 2025.

Comparative Figures

In accordance with LKAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, the comparative figures have been adjusted to reflect the recognition of Right-of-Use (ROU) assets and related lease liabilities under SLFRS 16 – Leases. This restatement was necessary to ensure consistency in lease accounting and to correct prior misclassifications.

Administrative Expenses

IAC's administrative expenses mainly consist of personnel costs, outsourcing expenses, utilities expenses, business project expenses and other administrative expenses. The Company has outsourced most of its key functions as a cost-effective measure. FY 2024/25 saw a significant increase in administrative expenses by 52% from

Rs.49Mn in FY 2023/24 to Rs.74.5Mn in the financial year under review. Personnel expenses saw a drastic increase of 83% from Rs.26.2Mn in FY 2023/24 to Rs.47.9Mn in FY 2024/25 due to provision for past service costs under gratuity provision, relating to Key Management Personnel (KMPs). Further, the increase in expenses relating to proposed business projects and expenses relating to the 60th anniversary of the Company led to the significant increase in administrative expenses for the period under review.

Profitability

Relatively higher levels of revenue, backed by positive macroeconomic conditions in equity markets, improved the profit margins for FY 2024/25 despite higher administrative expenses and financing expenses for the period.

The Company's profit before tax saw a significant increase of 45.21% from Rs.25.6Mn in FY 2023/24 to Rs.37.2Mn in FY 2024/25.

The Company utilized the overdraft facility and used broker credit for equity investments during FY 2024/25. The comparatively higher interest expenses for the period were due to increased borrowings even though there was a reduction in policy rates gradually throughout FY 2024/25. As a result, interest expenses rose by 112% from Rs.7Mn in FY 2023/24 to Rs.15Mn for FY 2024/25.

MANAGEMENT DISCUSSION & ANALYSIS

The Company's deferred tax expenses increased by 42% from Rs.6.6Mn in FY 2023/24 to Rs.9.4Mn in FY 2024/25 due to the increase in deferred tax liabilities resulting from the revaluation gain of investment property. The Company's brought forward tax losses set-off the taxable business income and investment income during the year, which eliminated income tax expenses for the period under review. The brought forward tax losses balance for 31st March 2025 amounted to Rs.93.8Mn.

The Company recorded an overall profit after tax of Rs.27.8Mn in 2024/25 which reflected an increase of 46% compared to the profit after tax of Rs.19Mn in 2023/24.

Financial Capital

The Financial Capital of IAC comprises of its asset base, investments made by the Company, cash flows, equity and debt composition. These factors together generate value for the business and drive future revenue growth. The Company's financial capital strategy focuses on preserving liquidity, sustaining profitability and optimizing returns on capital employed.

Asset Base

As of 31st March 2025, the Company's total asset base expanded slightly to Rs.1,625Mn, up from Rs.1,559Mn in the prior year, a 4.27% increase. This growth was driven by an increase in investment property and enhanced liquid assets, with investment portfolio rising to Rs.252Mn from Rs.250Mn in the previous year, and the WHT receivables increasing up to Rs.9.2Mn up from Rs.5.1Mn in the prior year.

The main asset on the Balance Sheet of IAC is the Investment Property situated in Peliyagoda. During FY 2024/25 the property prices saw a very low-price movement similar to FY 2023/24, which resulted in a very low fair value improvement of 3.69% YoY.

While the Return on Assets (ROA) showed a slight improvement to 2% from 1%, this moderation

reflects strategic reinvestments aimed at future investment growth.

The Management's strategic business decision taken towards the last quarter of FY 2024/25 to shift over 35% of the investments in equity portfolio (from Rs.5.3Mn to Rs.93.5Mn) to fixed income Government Securities aims at maintaining a balanced portfolio of liquid assets based on the reviewed risk appetite.

The Management is of the view that the equity market would continue its positive momentum in FY 2025/26, which would drive future revenue growth for the Company. The Management of the Company together with the Investment Committee continuously monitor the changing economic factors and market movements and make strategic investment decisions that would generate maximum profitability to the Company.

Capital Structure

Managing the Company's capital by way of a methodical strategy is a cornerstone of the Company's consistent success. The goal of the Company's capital management is to secure robust capital to boost its business. Therefore, the Company systematically manages its capital structure and is conscious of the prevailing economic conditions.

At present the Company's capital structure remains healthy and underleveraged. The Company's total equity base slightly increased by 1.90% from Rs.1,384Mn in 2023/24 to Rs.1,410Mn in 2024/25 financial year. On the other hand, the Company's total liabilities increased slightly by 23% to Rs.215Mn in comparison to Rs.175Mn in 2023/24. The increase in total liabilities is mainly attributable to increase in retirement benefit obligations from Rs.1.4Mn to Rs.16.5Mn in FY 2024/25. In addition, the Company's deferred tax liability increased by 96% due to the liabilities arising from improvement in investment property valuations. The overall debt to equity ratio increased from 0.13 in FY 2023/24 to 0.15 as of 31st March 2025.

MANAGEMENT DISCUSSION & ANALYSIS

Financial Performance and Way Forward

	2024/25	2023/24 (Restated)	Change (%)
Earnings per Share - Rs.	0.01	0.01	0.00
Net Assets per Share - Rs.	0.38	0.37	0.01
Return on Assets (ROA) - %	2%	1%	1%
Return on Equity (ROE) - %	2%	1%	1%
Current Ratio (Times)	1.70	1.70	0.00
Debt to Equity Ratio (Times)	0.15	0.13	0.03

The Company's Return on Equity (ROE), which measures the profitability of the Company in relation to shareholders' equity, slightly improved to 2% for 2024/25 financial year when compared to 1% ROE in 2023/24. There was no change in the Earnings per share (EPS) for FY 2024/25 in comparison to FY 2023/24. There was hardly any change in performance ratios for FY 2024/25 due to the upward movement in the equity market coming into effect during the latter part of the last quarter of FY 2024/25. At present over 60% of the liquid investments of IAC are held in equity investments. Thus, the liquid assets of the Company are invested in balanced portfolios between equity investments and fixed income investments.

As an Investment Holding company IAC is continuously exploring new frontiers to take strategic stakes where the targeted ROIs on those investments would be in line with the internal expectations. With a healthy balance sheet, balanced capital structure, a growing asset base and a well-balanced investment portfolio, IAC is well positioned to pursue sustainable growth initiatives amid a challenging operating environment.

BOARD OF DIRECTORS

Mr. Govindasamy Ramanan

CFA | MBA (University of Chicago, Booth School of Business)

Executive Director

(Appointed to the Board on 30th May 2014)

Sub-committee Roles

Nil

Details of other directorships

Ninecap Corporate Solutions (Pvt) Ltd

Mr. Ramanan is an investor and entrepreneur who has wide expertise in financial markets, emerging technology, and corporate value creation. He draws from his stellar corporate life of more than 20 years at CXO level which propelled him to work closely with industry leaders to venture outside the confines of the corporate world to establish a pioneering private equity practice in Sri Lanka.

Mr. Ramanan is a CFA Charter Holder, a Chartered Management Accountant, and obtained his MBA from University of Chicago Booth School of Business.

Mr. Nanda Kumara Dahanayake

Non-Executive Director

(Appointed to the Board on 13th February 2020)

Sub-committee Roles

- Related Party Transactions Review Committee – Member
- Remuneration Committee – Member
- Board Audit Committee – Member
- Nominations and Governance Committee – Member

Details of other directorships

Nil

Mr. Dahanayake is an accomplished professional with vast experience in Bank Treasury Management and at present is a Management Committee Member and the General Secretary of the Bank of Ceylon Pensioners' Association. He worked as the Chief Executive Officer of the Primary Dealer subsidiary of NSB during the period 2006 to 2015 and as the CEO, he was instrumental in transforming the NSB Fund Management Company into a leading Primary Dealer from its very backward position. He has 25 years of experience in Bank Treasuries in the fields of Foreign Exchange, Money Market, Fixed Income Securities, managing FI portfolios and Treasury Back Office Operations. He has held positions of the Chief Dealer of Bank of Ceylon, the Head of Treasury/Chief Dealer at Nepal Bank of Ceylon and the Manager/Principal Dealer of Ceybank Securities Ltd., the Primary dealer arm of BOC. Mr. Dahanayake was instrumental in the setting up of the Treasury Division of Nepal Bank of Ceylon as its Head of Treasury.

Mr. Dahanayake has the Post Graduate Executive Diploma in Bank Management of the Institute of Bankers of Sri Lanka (2002) and has received the Prize for outstanding performance in International Banking & Treasury Management.

BOARD OF DIRECTORS

Mr. Rienzie Kishore Ignatius

Non-Executive Independent Director

(Appointed to the Board on 29th July 2021)

Sub-committee Roles

- Board Audit Committee – Chairman
- Related Party Transactions Review Committee – Chairman
- Remuneration Committee – Member
- Nominations and Governance Committee – Member

Positions held in other companies

Printcare PLC - Chief Risk Officer

Mr. Kishore Ignatius brings over 30 years of extensive experience in Financial Accounting, Management Accounting, Auditing, Risk, and Compliance. He has a proven track record in senior leadership roles across prominent private sector organizations in Sri Lanka, including John Keells Office Automation.

He previously served as the Chief Financial Officer of Printcare PLC, a company listed on the Colombo Stock Exchange (CSE), renowned for its commitment to high ethical standards and integrity. Printcare PLC serves as the holding entity of the Printcare Group of Companies.

Mr. Ignatius is a Fellow of the Chartered Institute of Management Accountants (UK) (FCMA) and a Chartered Global Management Accountant (CGMA – USA). He also holds a Master of Business Administration (MBA) from the Postgraduate Institute of Management, University of Sri Jayawardenepura, Sri Lanka.

Mr. Sivanandan Marimuthu

Non-Executive Senior Independent Director

(Appointed to the Board on 29th July 2021)

Sub-committee Roles

- Nominations and Governance Committee – Chairman
- Remuneration Committee – Chairman
- Board Audit Committee – Member
- Related Party Transactions Review Committee – Member

Details of other directorships

Pegasus Hotels of Ceylon PLC - Independent Non-Executive Director

Equity Two PLC – Independent Non-Executive Director

Equity One Ltd

Knightsbridge Technologies Pvt Ltd

Silverfalls (Pvt) Ltd

Mr. Sivanandan Marimuthu is a career banker with over 25 years of experience having served international banks in senior leadership capacities. He holds a Masters in Business Administration (MBA) from the University of Wollongong – Australia, a Bachelor of Commerce from Loyola College – Chennai and he is also a Management Accountant.

Mr. Sivanandan's experience in the banking sector is extensive, being a part of the country management team for Standard Chartered Bank Sri Lanka. He has contributed across all key functions such

BOARD OF DIRECTORS

as Retail Banking, Banking Operations, Operational Risk Management, Compliance and Assurance, Project Implementations, Administration and Audit. He also has headed the Country Audit and Operational Risk Function for Standard Chartered Bank and has conducted audits for the banking group in other country offices too.

Mr. Rajeepan Raguneethan

Non-Executive Independent Director

(Appointed to the Board on 30th September 2021)

Sub-committee Roles

Nil

Details of other directorships

Evercore Properties (Pvt) Ltd.

Raj Raguneethan (Raj) is a seasoned leader with over 30 years of experience in the Information Technology sector. He possesses a strong focus on driving business growth, implementing go-to-market strategies, and leading sales and solutions teams in the Business Applications, Digital Commerce, and Cloud Platform domains across the Asia Pacific and Japan (APJ) region.

Raj is deeply committed to advocating for customers and ensuring their success in their digital transformation efforts. He consistently fosters a winning growth mindset within his teams, resulting in a strong track record of scaling businesses and achieving remarkable results in the APJ market. With extensive experience in the Technology sector, Raj has gained a comprehensive understanding of business opportunities, challenges, and effective solutions.

In his most recent role, Raj served as the regional leader of Microsoft's Retail and Consumer Goods strategic and enterprise business for the Asia region. He was an integral part of Microsoft's extended leadership team in Asia and the worldwide retail and consumer goods leadership team. Prior to this role, Raj held the position of Business Applications(D365) leader for the Asia TZ region at Microsoft. During this tenure, he led the launch of Microsoft's Business Applications Dynamics-365 (D365) Service Cloud and Power Platform in the Asia region.

Before joining Microsoft, Raj served as the Senior Regional Director at Oracle, where he was part of the core leadership team responsible for the Oracle Commercial Applications Business in the APJ region. He played a key role in the development of a go-to-market strategy that led to the establishment of a new Commercial business in 2007. Prior to that, he led Oracle Supply Chain applications products for the Asia Pacific region, collaborating with the Oracle development and sales team to ensure the product direction met the current and future needs of global customers.

Raj holds a Post Graduate degree from the University of Macquarie, Sydney, and a Technology Degree from UK. He is also a member of the Singapore Institute of Directors. Currently, he is completing his Executive Director course from Singapore Management University (SMU).

Raj belongs to the global tech community and now coming back to his roots by leading the trend towards investing back in his homeland of Sri Lanka.

ENTERPRISE RISK MANAGEMENT

ENTERPRISE RISK MANAGEMENT PROCESS

At IAC, the focus of the risk management process is the identification and mitigation of risks impacting the Company and its business objectives. Moreover, the objective of our risk management is to add maximum sustainable value to all the activities of the organization. It marshals the understanding of the potential benefits and threats of all those factors which can affect the organization. Further it increases the probability of success and reduces both the probability of failure and uncertainty of achieving the organization's overall objectives. As the Company is exposed to a wider range of risks arising from a dynamic business environment which it operates, it must address the risks based on its risk appetite and risk tolerance.

RISK IDENTIFICATION

Systematically and continuously identify risks faced in meeting corporate objectives

Risk identification is the process of determining risks that could potentially prevent the Company from achieving its strategic objectives. The Board continuously evaluate the Risk profile of the Company. As the Company is exposed to a wider range of risks arising from a dynamic business environment which it operates, it must address the risks based on its risk appetite and risk tolerance.

Risk appetite is the level of risk the Company is willing to accept and has been set in the framework of collaboration between risk assessment processes and its ability to mitigate and control existing and emerging risks.

RISK ASSESSMENT

Assess the significance of risks to enable the development of Risk Responses

Once the risks have been identified, the **likelihood** of the risk occurring and the potential **impact** if the risk does occur are assessed using following risk matrix.

Impact	Major	Short Term Measures (Mitigate or Transfer)	Immediate Actions (Mitigate or Exploit)	Immediate Actions (Mitigate or Exploit)
	Moderate	Routine Procedures (Accept or Avoid)	Short Term Measures (Mitigate or Transfer)	Immediate Actions (Mitigate or Exploit)
	Minor	Routine Procedures (Accept)	Routine Procedures (Accept)	Short Term Measures (Mitigate or Transfer)
		Low	Medium	High
		Likelihood		

Risk Likelihood: An assessment of the likelihood of the risk occurring after taking into consideration of the key controls in place.

Risk Impact: An assessment of the potential financial or non-financial impact of the risk, if it were to materialize, after taking account of the controls in place.

ENTERPRISE RISK MANAGEMENT

RISK MANAGEMENT AND MONITORING

At IAC monitoring and review of the risk profile and the risk response plans are carried out as a continuous process. Such continuous monitoring provides assurance that the risks are being managed as expected and enables to assess whether the risk response plans remain relevant for the Company.

Risks monitoring consists of regular communication, regular review and audits of internal control systems and evaluation by key executives at appropriate levels of IAC.

While everyone at IAC is responsible for enterprise risk management in their respective areas, certain staff categories have specific responsibilities. The policy, design and framework for enterprise risk management is driven by the Board and managed by the Senior Management team.

The Board of Directors is responsible for the Company's corporate governance and to ensure

to maintain a sound risk management framework coupled with sound internal control systems within the organization. The Directors are responsible to the Shareholders for providing strategic direction to the Company and safeguarding the assets of the Company. Therefore, at IAC the responsibility for setting an effective risk management framework rests with the Board of Directors.

The Board has delegated authority to the Audit Committee to oversee the development and implementation of policies relevant for identification of risks and monitoring the effectiveness of procedures in place to mitigate such risks.

The following table in brief highlights the risks encountered by the Company the measures taken by the Company to manage potential risks.

	Risk Description	Risk Description	Implication	Risk mitigating Strategy
1	Macroeconomic and Political Risk	Risk arising from uncertain macroeconomic and political factors	<ul style="list-style-type: none"> Loss of Projects due to instability in macroeconomic and political environment Weakening of the local currency directly affects the budgetary control systems and profit margins 	<ul style="list-style-type: none"> Conducting feasibility studies to prevent potential risk of investing in new projects Strengthening the relationships with existing business partners to secure existing and potential projects Including contingency plans for projects

ENTERPRISE RISK MANAGEMENT

	Risk Description	Risk Description	Implication	Risk mitigating Strategy
2	Operational Risk	Risk of losses resulting from inadequate internal processes and systems	<ul style="list-style-type: none"> • Delay in overall Project deliverables • Could affect the project quality 	<ul style="list-style-type: none"> • Effective and efficient planning and implementation of Projects • Continuous project quality checks • Carrying out frequent Project progress review meetings to monitor whether the targets are met and to take necessary action if required
3	Compliance Risk	Risk arising from failure to comply with regulations imposed by various Regulatory Bodies	<ul style="list-style-type: none"> • Regulatory Bodies could impose penalties • May lead to reputational damage of the Company 	<ul style="list-style-type: none"> • Periodic evaluation and upgrade of regulations and policies • Seeking independent professional advise as necessary
4	Human Capital and Labour Risk	Risk of losses resulting from human errors, low productivity, weak internal control systems and fraud	<ul style="list-style-type: none"> • Weak systems and internal controls could affect the decision making process at the Management and Board Level 	<ul style="list-style-type: none"> • Continuous monitoring of adequacy and accuracy of internal control systems • Continuous training and development of employees • Involving external expertises to monitor the internal system assurance function on a periodic basis

ENTERPRISE RISK MANAGEMENT

	Risk Description	Risk Description	Implication	Risk mitigating Strategy
5	Finance Risk	Risk of poor Treasury Management could affect the profit margins of the Company	<ul style="list-style-type: none"> Return on surplus funds would be affected if funds are not invested with the most suitable financing institution and most interest yielding investment options Negative impact on cost of funding due to change in interest rates 	<ul style="list-style-type: none"> Ongoing monitoring of the Treasury Management function to ensure surplus funds yield the best return to the Company Continuous monitoring of interest rates and exchange rates; and negotiating with the existing financial institutions on the banking facilities when required Maintaining an appropriate combination of investments
6	IT Related Risk	Risk of failures in IT systems could affect the smooth functioning of day-to-day operations of the Company	<ul style="list-style-type: none"> Breakdown of daily operational functions. Inability to meet regulatory deadlines due to system breakdowns. Could affect the reputation and credibility of the Company 	<ul style="list-style-type: none"> Maintaining proper back-up systems to avoid data loss. Installation of proper software protection systems to ensure data security Maintaining a disaster recovery plan

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

For the financial year ended 31 March 2025

The Directors of Industrial Asphalts (Ceylon) PLC have pleasure in presenting their Annual Report on the affairs of the Company together with the Audited Financial Statements for the year ended 31 March 2025 and the Independent Auditor's Report which were approved by the Board on 23rd of June 2025.

The details set out herein provide information required by the Companies Act No. 7 of 2007, Listing Rules issued by the Colombo Stock Exchange and are guided by recommended best Accounting Practices.

Legal Status

Industrial Asphalts (Ceylon) PLC was incorporated on 30 June 1964 under the provisions of the Companies Ordinance (Cap 145) and re-registered under the Companies Act, No.7 of 2007. The Company was listed on the Main Board of the Colombo Stock Exchange on 1st January 1978.

Principal Activities

The principal activities of the Company are carrying out investment activities. Industrial Asphalts (Ceylon) PLC is an investment holding company with interest in various ventures and investments including but not limited to the Bitumen space. There were no changes in the principal activities of the Company during the Financial Year under review.

Changes to the Company Structure

There were no changes to the Company structure during the financial year under review.

Review of Operations

The Company reported a net profit after tax of Rs.27.8Mn for 2024/2025 Financial Year against a net profit after tax of Rs.19.02Mn (restated) for comparative period 2023/2024. A more comprehensive review of the operations of the Company during the financial year and the results

of those operations are contained in the Executive Director's Review and Management Discussion & Analysis on pages 5 to 9 of the Annual Report. These reports, together with the Audited Financial Statements reflect the state of affairs of the Company for the financial year under review.

Directors' Responsibility for Financial Reporting

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

The Directors' responsibility in relation to the Financial Statements is detailed under the Statement of Directors' responsibility on page 23 of the Annual Report.

Financial Statements

The Company prepared its Financial Statements according to the Sri Lanka Accounting Standards (SLFRS/ LKAS) issued by the Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No.7 of 2007 and the Listing Rules of the Colombo Stock Exchange. The Financial Statements of the Company, duly certified by the Financial Controller, were approved by the Board of Directors and signed by two (2) members of the Board and are given on pages 57 to 92 of the Annual Report.

Accounting Policies

All relevant applicable standards have been followed in presenting the Financial Statements for the year ended 31 March 2025. The significant accounting policies adopted in the preparation of the Financial Statements are given on pages 65 to 78 of the Annual Report. In accordance with LKAS 8—Accounting Policies, Changes in Accounting Estimates and Errors, figures pertaining to the previous period have been re-stated where necessary to conform to the presentation for the year under review.

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

Independent Auditor's Report

The Independent Auditor's Report on the Financial Statements of the Company is given on pages 57 to 60 of the Annual Report.

Going Concern

The Board of Directors has reviewed the Company's business plans and the financial position and is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly, the Financial Statements are prepared on the "Going Concern Concept".

Financial Results

Summarized results for the financial year under review is set out below.

Year ended 31 March	2025 Rs.'000	2024 (Restated) Rs.'000
Revenue	62,926	29,255
Results from operating activities	35,725	11,744
Net Finance Cost	(15,007)	(7,062)
Profit/(Loss) before Tax	37,291	25,680
Income Tax (expense)/ Reversal	(9,428)	(6,659)
Profit/ (Loss) from Discontinued Operations	-	-
Profit/(Loss) for the year	27,863	19,020

The Financial Statements of the Company are set out in pages 57 to 92 of the Annual Report.

Reserves

The movement of the reserves is given on page 63 under Statement of Changes in Equity.

Dividends

The Directors have not recommended the

declaration of dividend for the financial year ended 31st March 2025 (F/Y 2023/24 – Nil).

Corporate Donations

During the year under review, the Company made charitable donations amounting to Rs.117,500/-.

Taxation

The Company has adopted accounting policy of making provision for deferred taxation. The Company's liability to income tax has been computed in accordance with the provisions of the Inland Revenue Act No.24 of 2017 and Amendment Act No. 45 of 2022 passed in Parliament on 9th December 2022 for the financial year 2024/25. Details are given in Note 21 to the Financial Statements.

Investment Property

The Land and buildings of the Company are classified and accounted for as Investment Property. The Directors have adopted the fair value model for accounting for Investment Property. Extent, locations and valuations of the Company's Investment Properties are given in Note 2 to the Financial Statements.

Property, Plant & Equipment

Details of property, plant and equipment and their movement during the year are given in Note 1 to the Financial Statements.

Investments

Details of Company's investments in Government Securities, quoted investments and other investments are given in Notes 7 and 8 to the Financial Statements.

Events after the Reporting Date

No significant events have occurred after the reporting period that require adjustments or disclosure in the Financial Statements other than those mentioned in Note 24 to the Financial Statements.

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

Capital Commitments and Contingent Liabilities

There has been no capital commitments or contingent liabilities other than those disclosed in Note 23 to the Financial Statements.

Share Information

Stated Capital

The Stated Capital of the Company as at 31 March 2025 was Rs.156.6Mn consisting of 3,749,411,250 ordinary shares. Please refer Note 11 to the Financial Statements.

Share Information and Substantial Shareholdings

As at 31 March 2025, there were 5,343 registered Shareholders of the Company (5,706 Shareholders as at 31 March 2024).

Information on the distribution schedule of shareholders, twenty largest shareholders of the Company, float adjusted market capitalization, percentage of shares held by the public, number of public shareholders and under which option the Company complies with the Minimum Public Holding Requirement and; market value of shares, earnings, dividends, net assets per share and information on share trading as per the Section 7.6 of the Listing Rules of the Colombo Stock Exchange are presented under Shareholders Information on pages 96 to 97 of the Annual Report.

Board of Directors

The following were the Directors of the Company as at 31 March 2025.

1. Mr. G. Ramanan – Executive Director
2. Mr. S. Sivanandan – Senior Independent Director
3. Mr. N. K. Dahanayake – Non-Executive Director
4. Mr. R. Kishore Ignatius – Non-Executive Independent Director
5. Mr. R. Raguneethan – Non-Executive Independent Director

In terms of Section 9.8.3(ix) of the Listing Rules of the Colombo Stock Exchange, Director, Mr. N. K. Dahanayake who was a Non-Executive Independent Director of the Company was re-designated as a Non-Executive Director with effect from 6th September 2024, due to the age criteria determining the independence of a Director introduced in the new listing rules.

The Directors' profiles are given on pages 10 to 12 of this Annual Report.

Directors' Interest in Shares

Directors and their shareholding as at 31 March 2025 were as follows:

	No. of shares 31.03.2025	No. of shares 31.03.202
Mr. G. Ramanan	1,800,693,010	1,800,693,010
Mr. S. Sivanandan	7,700,000	6,305,547
Mr. N. K. Dahanayake	1,000,000	1,000,000
Mr. R. Kishore Ignatius	Nil	Nil
Mr. R. Raguneethan	7,017,338	Nil

The Directors or close family members do not have any material business relationship with other Directors of the Company.

Directors' Interest Register

As required by the Companies Act, No.7 of 2007, an Interests Register was maintained by the Company during the period under review. Directors have made declarations as provided for in Section 192 (2) of the Companies Act. The Interest Register is available for inspection as required under the Companies Act.

Directors' Interest in Contracts

Directors of the Company make necessary declarations of their interests in contracts which are duly recorded in the Directors' Interest Register. The Directors will have no direct or

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

indirect interest in any contracts or proposed contracts with the Company other than those disclosed in the Interest Register. During the Financial Year under review there were no such interested transactions that require disclosures.

Directors' Remuneration and Fees

Details of Directors' remuneration and fees are set out in Note 20 to the Financial Statements.

Retirement by Rotation and Re-election

Mr. R. Raguneethan the Independent Non-Executive Director will retire in terms of Article 90 of the Articles of Association of the Company and offers himself for re-election as a Director at the forthcoming AGM, on recommendation of the Nominations and Governance Committee and the Board of Directors.

Mr. N.K. Dahanayake the Independent Non-Executive Director who was over 70 years of age was appointed as a Director of the Company in terms of Section 210 of the Companies Act No.07 of 2007, at the AGM held on 22nd August 2024 for a period of one year commencing from the conclusion of the said AGM.

Notice has been given pursuant to Section 211 of the Companies Act No. 07 of 2007, of the intention to propose an ordinary resolution for re-election of Mr. N.K. Dahanayake for a further period of one year, who is over 70 years of age notwithstanding the age limit of 70 years stipulated by Section 210 of the Companies Act. The re-appointment of Mr. N.K. Dahanayake was recommended by the Nominations and Governance Committee and the Board of Directors.

Related Party Transactions

Non-recurrent Related Party Transactions

There were no non-recurrent Related Party Transactions of which the aggregate value exceeded 10% of the Equity or 5% of the Total Assets of the Company during the financial year ended 31st March 2025, which require specific disclosures in the Annual Report in terms of

section 9.14.8 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka.

Recurrent Related Party Transactions

There were no recurrent Related Party Transactions which in aggregate exceeded 10% of the Gross Revenue as per the latest Audited Financial Statements, which require specific disclosures in the Annual Report in terms of section 9.14.8 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka.

The Company's transactions with Related parties, as detailed in Note 25 to the Financial Statements, have complied with Section 9 of Colombo Stock Exchange Listing Rules and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka as declared by the Board of Directors.

Board Committees

The Board while assuming overall responsibility and accountability for the management of the Company, has established five (5) Board Sub-committees; Audit Committee, Related Party Transactions Review Committee, Remuneration Committee, Nominations and Governance Committee and the Investment Committee in order to monitor, review and enhance the accountability of key areas of business operations.

These Sub-Committees operate based on terms of reference set out by the Board.

The Sub-committee compositions and information pertaining to its functions are set out in respective Committee Reports.

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

Sub-committee Report	Page Reference
Audit Committee	25
Remuneration Committee	30
Related Party Transactions Review Committee	36
Nominations and Governance Committee	32
Investment Committee	39

Risk and Internal Control

The Board of Directors is satisfied that there exists an effective and comprehensive system of internal controls to monitor, control and manage the risks to which the Company is exposed, to carry out its business in an orderly manner, to safeguard its assets and to secure as far as possible the reliability and accuracy of records.

The Directors periodically review and evaluate the risks that are faced by the Company. Risk exposures and the steps taken by the Company to manage the risks are detailed under the 'Enterprise Risk Management' on page 13 of this Annual Report.

Corporate Governance

The Directors acknowledge their responsibility for the Company's corporate governance and the system of internal controls. The Directors are responsible to the Shareholders for providing strategic direction to the Company and safeguarding the assets of the Company. The Board is satisfied with the effectiveness of the system of internal control for the period up to the date of signing the Financial Statements.

The performance of the Company is evaluated at regular review meetings. These meetings provide an opportunity to ensure that progress is in line with agreed targets. Regular Board Meetings are held to further strengthen the review process and ensure compliance with all statutory and regulatory obligations.

The main corporate governance practices of the Company are set out on pages 40 to 55 of the Annual Report.

The Board has ensured that the Company has complied with the Corporate Governance Rules as per the Listing Rules of the Colombo Stock Exchange and would affirm the following:

- The Company has not engaged in any activity which contravenes the applicable laws and regulations.
- The Company has made all endeavors to ensure equitable treatment to Shareholders.
- The Internal Controls and Risk Management Framework is effective and consistently monitored.
- The Company operates on the assumption of being a going concern.

Statutory Payments and Compliance with Laws and Regulations

The Directors confirm that, to the best of their knowledge, all taxes and duties due to the Government and all contributions, levies and taxes payable in respect of the employees and all other known statutory dues as at the reporting date have been paid and/ or provided for in these Financial Statements.

Employee issues and Industrial Relations

There were no material issues relating to employees and Industrial relations during the financial year under review.

Equal Opportunities

The Company is committed to provide equal opportunities to all employees irrespective of their gender, marital status, age, religion, race or disability. It is the Company's policy to give full and fair consideration to persons, with respect to applications for employment, continued employment, training, career development and promotion, having regard for each individual's particular aptitudes and abilities.

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

Independent Auditors

The Company's Auditors during the period under review were Messrs B.R. De Silva & Co., Chartered Accountants. The fees paid to auditors are disclosed in Note 20 to the Financial Statements.

Based on the declaration from Messrs B.R. De Silva & Co., Chartered Accountants, and as far as the Directors are aware, the Auditors did not have any relationship or interest in the Company other than as disclosed in the above paragraph.

The retiring Auditors, Messrs B.R. De Silva & Co., Chartered Accountants have expressed their willingness to continue as External Auditors of the Company. In accordance with the Companies Act No. 7 of 2007, a resolution proposing the re-appointment of Messrs B.R. De Silva & Co., Chartered Accountants, as Auditors to the Company for the ensuing year will be submitted at the forthcoming Annual General Meeting.

Annual General Meeting

The 61st Annual General Meeting of the Company will be held on 31st July 2025 at 3.00 p.m. as a Virtual Meeting.

The notice convening the meeting and the agenda are given on page 98 of this Annual Report.

Acknowledgment of the contents of the Annual Report

As required by section 168 (1) (k) of the Companies Act No.07 of 2007, the Board of Directors hereby acknowledge the contents of this Annual Report.

This Annual Report is signed for and on behalf of the Board by:

(Sgd.)

G. Ramanan

Executive Director

(Sgd.)

S. Marimuthu

Director

Colombo

30th June 2025

(Sgd.)

Ninecap Corporate Solutions (Pvt) Ltd.

Secretaries

Colombo

30th June 2025

STATEMENT OF DIRECTORS' RESPONSIBILITY

Set out below are the responsibilities of the Directors in relation to the Financial Statements of the Company and this statement should be read in conjunction with the Auditors' Statement set out in the Auditors' Report on pages 57 to 60 of this Annual Report.

The Board of Directors are responsible for preparation of Financial Statements for each financial year and present Financial Statements to the Shareholders in accordance with the relevant provisions of the Companies Act No.7 of 2007 and other statutes which are applicable in preparation of Financial Statements. The Financial Statements comprise of the Statement of Financial Position as of 31 March 2025, the Statement of Comprehensive Income, Statement of Changes in Equity, Cash Flow Statement for the year ended and Notes thereto.

The Board of Directors confirm that the Financial Statements of the Company give a true and fair view of the Financial Position of the Company as at 31 March 2025 and Financial Performance of the Company for the year ended 31 March 2025.

The Financial Statements of the Company for the year ended 31 March 2025 incorporated in this Annual Report have been prepared in accordance with the Companies Act No.7 of 2007, Sri Lanka Financial Reporting Standards (SLFRSs and LKASs) and Listing Rules of the Colombo Stock Exchange.

The Directors are responsible to select suitable accounting policies which are applied in a consistent manner and appropriate estimates and judgements made to reflect the true substance and form of transactions.

As per section 148 of the Companies Act No.7 of 2007, the Directors are required to maintain sufficient accounting records to disclose, with reasonable accuracy, the financial position of the Company. The Directors have therefore caused the Company to maintain proper books of accounts and regular review financial reports at their meetings. The Board also reviews and approves all interim Financial Statements prior to

their release to the Colombo Stock Exchange and the public.

The Directors have taken reasonable measures to safeguard the assets of the Company and to prevent and detect frauds and other irregularities. In this regard, the Directors have laid down effective and comprehensive internal control systems.

The Auditors of the Company, Messrs B.R. De Silva & Co., Chartered Accountants, who were appointed in accordance with a resolution passed at the last Annual General Meeting were provided with all necessary information required by them in order to carry out their audit and to express an opinion which is contained on page 57 to 60 of this Annual Report.

Directors confirm that to the best of their knowledge all taxes, duties and levies payable by the Company and all contributions relating to the employees which were due and payable as of the reporting date, have been paid or where relevant, provided for.

Directors confirm that after considering the financial position, operating conditions and regulatory and other factors, the Directors have a reasonable expectation that the Company possesses adequate resources to continue in operation for the foreseeable future and that the Going Concern basis is the most appropriate in the preparation of these Financial Statements.

The Board of Directors is of the opinion that Board has discharged its responsibilities as set out above.

By order of the Board

(Sgd.)

Ninecap Corporate Solutions (Pvt) Ltd.

Secretaries

Colombo

30th June 2025

SENIOR INDEPENDENT DIRECTOR'S STATEMENT

The Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka, along with the Section 9.6.3 of the CSE Listing Rules, advises the appointment of a Senior Independent Director (SID) in the instances where the Chairperson and the Chief Executive Officer (CEO) roles are held by the same person, where the Chairperson is not an Independent Non-Executive Director, or where the Chairperson and CEO are close family members or related parties. Industrial Asphalts (Ceylon) PLC appointed a Senior Independent Director with effect from 15th July 2024, to further strengthen the governance framework given the presence of an Executive Director. The Senior Independent Director plays a vital role in improving the Board's effectiveness, accessing the Company's operations and ensuring transparency in governance matters.

Industrial Asphalts (Ceylon) PLC remains dedicated to the principles of good governance and consistently strives to uphold best practices. The Company ensures strict compliance with mandatory requirements while also voluntarily adhering to additional standards as and when required, to enhance value creation to its stakeholders.

As the Senior Independent Director, I am involved in governance discussions with the Executive Director as necessary, available to all Directors for confidential consultations regarding the Company's affairs when needed, and act as an additional point of contact for shareholders on governance related matters.

(Sgd.)

S. Marimuthu

Senior Independent Director

30th June 2025

REPORT OF THE AUDIT COMMITTEE

In terms of Section 9.13.5 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka, this report details the manner in which the Audit Committee discharged its duties and responsibilities during the financial year under review.

Introduction

The Audit Committee of Industrial Asphalts (Ceylon) PLC was established as a sub-committee of the Main Board in accordance with the Listing Rules of Colombo Stock Exchange and the Code of Best Practice on Corporate Governance jointly issued by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

The Audit Committee supports the Board in fulfilling its oversight responsibilities for financial reporting, internal controls and risk management processes, external audit and regulatory compliance requirements of the Company.

Terms of Reference

The Audit Committee has a Board approved Terms of Reference designed to delegate authority and establish the duties and responsibilities and the scope of work of the Committee.

Key functions and responsibilities of the Audit Committee

The Audit Committee reports to the Board.

Key function of the Audit Committee of Industrial Asphalts (Ceylon) PLC is to assist the Board in following aspects:

- To ensure preparation, fair presentation of financial statements and assure adequacy of disclosures in the financial statements

in accordance with the Sri Lanka Financial Reporting Standards (SLFRS/LKAS);

- To ensure compliance with financial reporting requirements and other information requirements stipulated in the Companies Act No. 07 of 2007, Listing Rules of the Colombo Stock Exchange, SEC Act and other relevant financial reporting related regulations and requirements;
- Review Company's processes to ensure adequacy and effectiveness of the Company's internal control systems and Risk Management framework to meet the requirements of the Sri Lanka Auditing Standards, SLFRS/LKAS and general best commercial practice;
- Establish procedures to identify, monitor and manage significant business and financial risks;
- Ensure independence, performance and the qualification of the Company's external auditors.
- To make recommendations to the Board pertaining to appointment, re-appointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors.

Accordingly, the Audit Committee carries out its responsibilities under various functional aspects such as financial reporting, internal controls and risk management, compliance, external audit, and regulatory reporting for the betterment of the Company and with a view of safeguarding the interests of the shareholders and all other stakeholders.

Composition of the Audit Committee

In accordance with Section 9.13.3(1)(a) of the Listing Rules of the Colombo Stock Exchange the composition of the Audit Committee of Industrial Asphalts (Ceylon) PLC as of the reporting date is as follows:

REPORT OF THE AUDIT COMMITTEE

Name of Director	Nature of Directorship	Committee Status	Date of appointment
Mr. R. Kishore Ignatius	Independent Non-executive Director	Chairman	23 August 2021
Mr. Sivanandan Marimuthu	Senior Independent Director	Member	23 August 2021
Mr. N.K. Dahanayake *	Non-executive Director	Member	6 September 2024

The Audit Committee composition comprise exclusively of Non-executive Directors and the majority on the Committee are independent.

The Company Secretary functions as the Secretary to the Audit Committee.

* Mr. N.K. Dahanayake who was a Non-Executive Independent Director of Industrial Asphalts (Ceylon) PLC was re-designated as a Non-Executive Director with effect from 6th September 2024.

Financial Acumen of the Committee

The Directors have the required financial knowledge and professional skills to carry out their functions effectively and efficiently. The Chairman of the Committee, Mr. R. Kishore Ignatius is a Fellow of the Chartered Institute of Management Accountants UK (FCMA) and the profiles of each committee member are given on pages 10 to 12.

Meetings of the Committee

The Audit Committee meets as often as required in addition to the regulated quarterly meetings as stipulated by the CSE Listing Rules. The quorum for the meetings requires the majority of those in attendance to be independent directors.

The Audit Committee held seven (7) meetings during the financial year ended 31st March 2025, including meetings on a quarterly basis prior to recommending the financial statements to be released to the market.

The Executive Director and the Financial Controller were present at these meetings on invitation.

The External Auditors attend meetings on invitation. Meeting agendas are prepared by the Company Secretary and provided to the members of the Committee in advance along with required previous meeting minutes.

The key findings and views of the Audit Committee were communicated to the Board of Directors by tabling the minutes of the meetings of the committee at the subsequent Board Meetings, and with clarifications and elaboration at Board Meetings as and when required.

In addition, the Chairman of the Committee attends the Annual General Meeting of the Company and responds to any questions from the shareholders on the activities of the Committee.

The attendance of the Committee members at the Audit Committee meetings held during the year ended 31st March 2025 are given below:

Name of Director	Attended/ Eligible to Attend
Mr. R. Kishore Ignatius (Chairman – Audit Committee)	7/7
Mr. S. Marimuthu	6/7
Mr. N.K. Dahanayake	3/3

Private meetings without the Executive Management

The Audit Committee holds private meetings with

REPORT OF THE AUDIT COMMITTEE

the External Auditor on an annual basis, without Management present, either at the Committee's direction or at the External Auditor's request.

Upon completion of the interim audit, the Committee held closed-door discussions with the external auditor, Messrs B.R. De Silva & Co., Chartered Accountants, to address any audit observations arising from the interim audit for the financial year 2024/25. Before the conclusion of the final audit for financial year 2024/25 the Committee met once again with the External Auditor to discuss all key audit matters and agree on their treatment.

Financial Reporting and Compliance

During the financial year ended 31st March 2025 the Audit Committee reviewed and discussed the Interim Financial Statements and Annual Financial Statements with the Management in order to ensure its compliance with statutory requirements of Sri Lanka Accounting Standards, Companies Act No.7 Of 2007, SEC Act and the Listing Rules of the Colombo Stock Exchange; and recommended to the Board of their approval prior to releasing the same to the Colombo Stock Exchange.

This review included:

- The evaluation of the appropriateness of the Accounting Standards and Accounting Policies adopted by the Company in preparation and presentation of the Financial Statements;
- Assessing the adequacy and validity of the significant estimates and judgement made by the Management on significant and complex accounting transactions and understanding their impact on the Financial Statements;
- Compliance with the relevant Accounting Standards and applicable regulatory requirements;
- Evaluating related party transactions to ensure all transactions and procedures

are carried out with integrity and within the specified rules.

- Discussion of Key Audit Matters in connection with the preparation of the Financial Statements;
- Assessing the follow-up actions taken by the Management to enhance the fair presentation of Financial Reports;
- Assessing the Company's ability to continue as a going concern in the foreseeable future.

In accordance with section 9.13.4(1) of the Listing Rules of the Colombo Stock Exchange, the Audit Committee has received assurance from the Executive Director and the Financial Controller that the Company's financial records have been maintained properly during the financial year ended 31st March 2025 and the financial statements give a true and fair view of the Company's operations and finances. Further, the Committee has received assurance from the KMPs on the adequacy and effectiveness of the Company's risk management and internal control systems.

The Audit Committee is responsible for compliance with applicable laws and regulations stipulated by various Regulators.

The Committee carries out following functions to ensure compliance with regulatory requirements:

- Reviews the effectiveness of the system established by the Management to monitor compliance with regulatory requirements
- Obtains and reviews regular updates on regulatory requirements applicable to the Company
- Addresses any non-compliances identified by the Management, External Auditors and ensures that necessary actions are taken to rectify such non-compliances

REPORT OF THE AUDIT COMMITTEE

- Reviews and evaluates letters received from Regulatory Bodies on non-compliances and improvements suggested, and follow up on actions taken by the Management to address such issues

The Audit Committee confirms compliance for the financial year under review, with Sri Lanka Accounting Standards issued by Institute of Chartered Accountants of Sri Lanka, Listing Rules of the Colombo Stock Exchange, Companies Act No.07 of 2007, SEC Act and other relevant financial reporting related regulations and requirements.

Internal Controls and Risk Management

The Audit Committee is responsible to review the adequacy and effectiveness of the internal controls and the risk management framework established within the organization to safeguard the assets of the Company. The Committee ensures that the risk management framework in place meets the requirements of the Sri Lanka Auditing Standards.

The Company's Risk Management Framework is detailed in this Annual Report on pages 13 to 16.

During the reporting period the Audit Committee reviewed the adequacy and the effectiveness of the Company's internal control system and the procedures relating to governance and risk management framework. Accordingly, the Audit Committee is satisfied that the Company's internal controls and the risk management framework in place provide a reasonable assurance that the financial position of the Company is adequately monitored, and the Company's assets are safeguarded.

External Audit

The Audit Committee is responsible for supervision of all matters associated with the appointment, terms, remuneration and performance of the External Auditors and for reviewing the scope and results of the audit. Hence, the Audit Committee is responsible for ensuring that the Company's external audit

function is maintained as per the Company's Audit Charter.

Messrs B.R. De Silva & Co., Chartered Accountants (approved by the SEC), acted as the Company's External Auditor for the financial year 2024/25.

The Audit Committee reviewed the Management Letter for the Financial Year ended 31st March 2024 which was received from the External Auditor for FY 2023/24, Messrs A.I. Macan Markar & Co., Chartered Accountants, with the Management during the year and has ensured that the Management has taken appropriate actions to resolve highlighted issues.

Before the conclusion of the audit the Committee met with the External Auditors to discuss all key audit matters and agree on their treatment.

The Audit Committee has received written assurance from the External Auditors that they have complied with ethical requirements in accordance with the Code of Ethics regarding independence throughout the conduct of the audit engagement.

In line with the policy on the engagement of the external auditor to supply non-audit services, the Company obtained one non-audit service during the financial year under review. The Audit Committee is satisfied that the independence of the External Auditors has not been impaired by any event or service that gives rise to a conflict of interest.

Having considered the engagement letter, the Audit Committee approved and recommended to the Board the audit fees for the current engagement.

Re-appointment of External Auditors

After evaluating and discussing the performance of the External Auditors with the Management of the Company, the Audit Committee has recommended to the Board of Directors

REPORT OF THE AUDIT COMMITTEE

that Messrs B.R. De Silva & Co., Chartered Accountants, be re-appointed as External Auditors for the financial year ending 31st March 2026 at a remuneration to be determined by the Board, subject to the approval of the Shareholders at the forthcoming Annual General Meeting.

Discharge of duties

During the financial year under review, the Audit Committee discharged its responsibilities effectively, including:

- Reviewing quarterly and annual financial statements
- Overseeing internal controls, risk management and regulatory compliance requirements
- Engaging with the External Auditor on the audit scope, approach and key audit matters

The Audit Committee is satisfied that it has effectively discharged its duties during the financial year ended 31st March 2025, and remains committed to assisting the Board in ensuring proper financial reporting, internal controls and good governance.

(Sgd.)

R. Kishore Ignatius

Chairman

Audit Committee

30th June 2025

REPORT OF THE REMUNERATION COMMITTEE

In terms of Section 9.12.8 of the Listing Rules of the Colombo Stock Exchange, this report details the manner in which the Remuneration Committee discharged its duties and responsibilities during the financial year under review.

Introduction

The Remuneration Committee of Industrial Asphalts (Ceylon) PLC was established as a sub-committee of the Main Board in accordance with the Listing Rules of Colombo Stock Exchange and the Code of Best Practice on Corporate Governance jointly issued by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

The Remuneration Committee supports the Board in fulfilling its oversight responsibilities for establishing a formal and transparent procedure for developing remuneration policy on all Directors and Key Management Personnels (KMPs) of the Company.

Terms of Reference

The Remuneration Committee has a Board approved Terms of Reference designed to delegate authority and establish the duties and responsibilities and the scope of work of the Committee.

Composition of the Remuneration Committee

In accordance with Section 9.12.6(1)(a) of the Listing Rules of the Colombo Stock Exchange the composition of the Remuneration Committee of Industrial Asphalts (Ceylon) PLC as of the reporting date is as follows:

* Mr. N.K. Dahanayake who was a Non-Executive Independent Director of Industrial Asphalts (Ceylon) PLC was re-designated as a Non-Executive Director with effect from 6th September 2024.

The Committee composition comprise exclusively of Non-Executive Directors and the majority on the Committee are independent. The Chairman of the Remuneration Committee is an Independent Non-Executive Director. The composition does not include the Executive Directors.

The Company Secretary functions as the Secretary to the Remuneration Committee.

Meetings of the Committee

The Remuneration Committee meets as and when required, at dates and times which are specified in advance.

When required, relevant Operational Officers attend meetings by invitation.

Role of the Committee

The Remuneration Committee reports to the Board through tabling the Committee proceedings and recommendations at successive Board Meetings.

The Remuneration Committee is responsible for reviewing and recommending the framework and policy for remuneration of Senior Management, Executive Directors and Non-executive Directors of the Company. It is ensured that the

Name of Director	Nature of Directorship	Committee Status	Date of appointment
Mr. Sivanandan Marimuthu	Senior Independent Director	Chairman	23 August 2021
Mr. N. K. Dahanayake *	Non-executive Director	Member	13 February 2020
Mr. R. Kishore Ignatius	Independent Non-executive Director	Member	6 September 2024

REPORT OF THE REMUNERATION COMMITTEE

remuneration at each level of management is competitive and based on performance they are rewarded in a fair manner.

The policy on remuneration is geared to attract and retain the best professional talent to the Company and to motivate and encourage them to perform at the highest possible level.

Evaluation of performance ensures equality and fairness without discrimination of gender, age, ethnicity, religion or any other consideration.

The Remuneration Policy ensures that a formal and transparent procedure is followed for fixing the remuneration packages of individual Directors. No Director is involved in deciding his own remuneration. The Remuneration Committee shall recommend to the Board for approval of the remuneration payable for Executive Directors and KMPs.

Where required the Remuneration Committee shall obtain the service of external consultant/ expertise to ascertain the relevance of remuneration levels applicable to Directors and KMPs.

The aggregated remuneration of the Board of Directors and the Key Management Personnels (KMPs) are disclosed in the notes to the Financial Statements.

(Sgd.)

S. Marimuthu

Chairman

Remuneration Committee

30th June 2025

REPORT OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

In terms of Section 9.11.6 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka, this report details the manner in which the Nominations and Governance Committee discharged its duties and responsibilities during the financial year under review.

Introduction

The Nominations and Governance Committee of Industrial Asphalts (Ceylon) PLC was established on 6th September 2024 as a sub-committee of the Main Board in accordance with the Listing Rules of Colombo Stock Exchange and the Code of Best Practice on Corporate Governance jointly issued by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

Composition of the Nominations and Governance Committee

In accordance with Section 9.11.4 of the Listing Rules of the Colombo Stock Exchange the composition of the Nominations and Governance Committee of Industrial Asphalts (Ceylon) PLC as of the reporting date is as follows:

Name of Director	Nature of Directorship	Committee Status	Date of appointment
Mr. Sivanandan Marimuthu	Senior Independent Director	Chairman	6 September 2024
Mr. N.K. Dahanayake *	Non-executive Director	Member	6 September 2024
Mr. R. Kishore Ignatius	Independent Non-executive Director	Member	6 September 2024

* Mr. N.K. Dahanayake who was a Non-Executive Independent Director of Industrial Asphalts (Ceylon) PLC was re-designated as a Non-Executive Director with effect from 6th September 2024.

The Committee composition comprise exclusively of Non-Executive Directors and the majority on the Committee are independent. The Chairman of the Nominations and Governance Committee is an Independent Non-Executive Director. The composition does not include the Executive Directors.

The Company Secretary functions as the Secretary to the Nominations and Governance Committee.

The Committee is responsible for ensuring that the Board is appropriately structured with individuals who possess the required competencies, experience and independence to guide the Company's long-term strategy. The Committee is also responsible for succession planning for Directors and oversight of the matters relating to corporate governance and best practices.

Terms of Reference

The Nominations and Governance Committee has a Board approved Terms of Reference designed to delegate authority and establish the duties and responsibilities and the scope of work of the Committee.

REPORT OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

Meetings

The Committee shall meet at least once a year, and at such other times as the members of the Committee shall require.

When required, the Executive Director and relevant Operational Officers attend the meetings by invitation.

Role of the Committee

The Nomination and Governance Committee reports to the Board through tabling the Committee proceedings and recommendations at successive Board Meetings.

Board Diversity

The Committee has set a process to regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) required of the Board compared to its current position and make recommendations to the Board with regard to any changes. This is to ensure that the Board and its Committees have the appropriate balance of skills, experience, diversity, knowledge and independence to enable them to discharge their respective responsibilities and duties effectively. As of the reporting date, the Board collectively comprises of individuals with expertise in Finance and Strategy, Auditing and Risk Management, Operations and IT Strategy, representing a mix of age groups and professional backgrounds.

Brief profiles of the Board of Directors are given on pages 10 to 12 of this Annual Report.

Process for Board Appointments/ Re-appointments/ Re-elections

The Committee has a formal documented policy for the nomination and appointment of new Directors and for re-election and re-appointment of the Directors to the Board and Sub-Committees.

When appointing Directors, the Committee considers key factors such as academic/professional qualifications, skills, experience and key attributes required for eligibility, taking into consideration the nature of the business operations of the Company and the industry specific requirements. Individuals who are proposed as Independent Non-Executive Directors are required to meet the independence requirements specified in the CSE Listing Rules. For Independent Directors, any factors affecting the independence and objectivity are reviewed. When recommending a Director for re-election/re-appointment, the Committee evaluates their ongoing time commitment, active participation in meetings and attendance.

In accordance with Article 90 of the Articles of Association of Industrial Asphalts (Ceylon) PLC, members comprising one third of the Board of Directors except the Managing Director or Joint Managing Director, are required to stand for retirement by rotation at least once in every three years. A retiring Director is eligible for re-election at the Annual General Meeting. Also, in terms of Section 210 and 211 of the Companies Act No.07 of 2007, Directors who are over 70 years of age must be re-appointed by the shareholders at the Annual General Meeting.

Details of Directors proposed for Re-election/ Re-appointment

According to the assessment, the Nominations and Governance Committee recommended the following Directors for re-election/ re-appointment at the forthcoming AGM.

REPORT OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

Name of Director	Role in Board Sub-Committees	First date of appointment	Last re-appointment date	Details of Directorships/ Positions (Last 3 years)	Relationship
Mr. R. Raguneethan	Nil	30 September 2021	N/A	Evercore Properties (Pvt) Ltd	None
Mr. N.K. Dahanayake	Board Audit Committee, Board Remuneration Committee, Board RPTR Committee, Board Nominations and Governance Committee – Member	13 February 2020	22 August 2024	Nil	None

There are no close family relationships between the Directors proposed for re-election/ re-appointment and other members of the Board, the Company, or any shareholder holding more than 10% of the Company's shares.

Processes adopted by the Company to inform the Independent Directors of major issues relating to the Company

As part of good governance practices, it is essential to keep independent Directors informed of any major issues concerning the Company. The Independent Directors are regularly updated through Board Meetings and timely communication through Board Papers and other relevant documentation. Also, the Independent Directors have direct access to the Management Team and the Company Secretary for clarification or additional information as required.

Director Induction and Training

The Board of Directors are given the opportunity to obtain an in-depth understanding of the Company's business, its strategies, risks and

processes, changes in laws and regulations relevant to the Company on a continuous basis; by involving the Directors in training and development. This enables the Directors to discharge their duties effectively. During the financial year the Directors were educated of the changes in Listing Rules, Corporate Governance regulations and other compliance requirements applicable for the Company.

Performance Evaluation

The Nominations and Governance Committee conducts periodic evaluation of the performance of the Board of Directors to ensure effective leadership and governance structure.

Independence of Directors

The Non-Executive Directors bring independent objective judgement to bear on Board decisions by constructively challenging management and helping to develop the Company's strategic objectives. The Non-Executive Directors independence is assessed upon appointment and annually. The Committee confirms that all

REPORT OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

Independent Non-Executive Directors meet the criteria set out in the Listing Rules of the Colombo Stock Exchange for determining independence.

Compliance with CSE Corporate Governance Requirements

The Committee confirms that the Company has complied with the Corporate Governance requirements stipulated in the Listing Rules of the Colombo Stock Exchange. There were no instances of non-compliance during the year under review.

(Sgd.)

S. Marimuthu

Chairman

Nominations and Governance Committee

30th June 2025

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

In terms of Section 9.14.8 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka, this report details the manner in which the Related Party Transactions Review Committee discharged its duties and responsibilities during the financial year under review.

Introduction

The Board established the Related Party Transactions Review Committee (RPTRC) as a Board Sub-Committee to ensure that the Company complies with the requirements of the Code of Best Practices on Related Party Transactions issued by Listing Rules of Colombo Stock Exchange and the Code of Best Practice on Corporate Governance jointly issued by the

Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

The Related Party Transactions Review Committee assists the Board in fulfilling its oversight responsibilities for ensuring that all related party transactions of the Company are carried out in a fair, transparent and independent manner, in the best interests of the Company and its shareholders.

Terms of Reference

The Related Party Transactions Review Committee has a Board approved Terms of Reference designed to delegate authority and establish the duties and responsibilities and the scope of work of the Committee.

Composition of the Related Party Transactions Review Committee

In accordance with Section 9.14.2(1) of the Listing Rules of the Colombo Stock Exchange the composition of the Related Party Transactions Review Committee of Industrial Asphalts (Ceylon) PLC as of the reporting date is as follows:

Name of Director	Nature of Directorship	Committee Status	Date of appointment
Mr. R. Kishore Ignatius	Independent Non-executive Director	Chairman	23 August 2021
Mr. N.K. Dahanayake *	Non-executive Director	Member	13 February 2020
Mr. Sivanandan Marimuthu	Senior Independent Director	Member	1 April 2024

* Mr. N.K. Dahanayake who was a Non-Executive Independent Director of Industrial Asphalts (Ceylon) PLC was re-designated as a Non-Executive Director with effect from 6th September 2024.

The Related Party Transactions Review Committee composition comprise exclusively of Non-executive Directors and the majority on the Committee are independent.

The Company Secretary functions as the Secretary to the RPTRC Committee.

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Meetings of the Committee

The Committee had four (4) meetings during the financial year ended 31 March 2025 to comply with Listing Rule No. 9.14.4(1) of the Colombo Stock Exchange.

The attendance of the Committee members at the RPTRC meetings held during the year ended 31st March 2025 are given below:

Name of Director	Attended/ Eligible to Attend
Mr. R. Kishore Ignatius (Chairman – RPTR Committee)	4/4
Mr. S. Marimuthu	4/4
Mr. N.K. Dahanayake	3/4

The Executive Director and other members of the Board attend meetings by invitation.

Policies and Procedures

The Committee has adopted the Board approved Related Party Transactions Policy in accordance with the rules pertaining to Related Party Transactions set out in Section 9.14 of the Listing Rules of the Colombo Stock Exchange. This policy is reviewed and updated on a regular basis to be in line with updates provided by the regulatory authorities.

The Related Party Transactions Policy provides guidance and direction on all Related Party Transactions.

The Policy objectives are as follows:

- To ensure proper review, approval and disclosure of Related Party Transactions in accordance with regulatory requirements.
- To ensure that the interests of shareholders as a whole are taken into account by the Company when entering into Related Party Transactions.

Related parties are identified in accordance with the criteria set out in the Sri Lanka Accounting Standards (LKAS 24) as well as the CSE Listing Rules. As per the Related Party Transactions Policy of the Company, the Company Secretary would identify and update the related parties list and communicate to the Board periodically. The Financial Controller would monitor the transactions of the Company with the identified related parties to determine transactions which would require shareholder/Board approval as well as immediate market disclosures.

The members of the Board of Directors of the Company have been identified as Key Management Personnel (KMP) to ensure good governance.

Functions of the Committee

The Related Party Transactions Review Committee reports to the Board.

The key function of the Committee is to ensure on behalf of the Board that all related party transactions of the Company are consistent with the Code of Best Practices on Related Party Transactions.

Except for transactions mentioned in Rule 9.14.10 of CSE Listing Rules pertaining to Related Party Transactions, all other Related Party Transactions are reviewed in advance by the RPTRC. If the transaction is expressed to be conditional on such review, prior to the completion of the transaction the approval of the Committee will be obtained.

The Committee shall update the Board of Directors on the Related Party Transactions of the Company on a quarterly basis.

Make recommendations to obtain shareholder approval for applicable related party transaction as per the provisions in the Code of Best Practice and Section 9.14 of CSE Listing Rules. Such approval shall be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Committee ensures that no Director of the Company shall participate in any discussion of a proposed related party transaction for which he or she is a related party, unless such Director is requested to do so by the Committee for the express purpose of providing information concerning the related party transaction to the Committee.

The Committee reviews the economic and commercial substance of both recurrent and non-recurrent related party transactions.

The Committee obtains appropriate professional, and expert advice from suitable qualified persons to carry out its functions as and when required.

The Committee shall make immediate market disclosures on applicable related party transactions as required by the CSE Listing Rules.

Further shall make appropriate disclosures on related party transactions in Annual Report as required by the CSE Listing Rules.

Activities during the Year

The RPTR Committee convened quarterly. The minutes of all meetings were documented and communicated to the Board of Directors at successive Board Meetings, for information purposes.

Details of Related Party Transactions entered into by the Company during the year ended 31st March 2025 are disclosed in Note 25 of Notes to the Financial Statements.

The Committee confirms that all applicable rules in the Code of Best Practice on Related Party Transactions and Section 9 of CSE Listing Rules have been complied with by the Company during the financial year ended 31st March 2025.

Declaration

A Declaration by the Board of Directors on compliance with the Rules pertaining to the

Related Party Transactions is included in the Annual Report of the Board of Directors on page 20 of this report.

(Sgd.)

R. Kishore Ignatius

Chairman

Related Party Transactions Review Committee

30th June 2025

REPORT OF THE INVESTMENT COMMITTEE

The Investment Committee of Industrial Asphalts (Ceylon) PLC was established as a sub-committee of the Main Board with the objective of evaluating prospective investments within the authority delegated by the Board.

Functions and responsibilities of the Investment Committee

The Investment Committee reports to the Board.

Key functions and responsibilities of the Investment Committee of Industrial Asphalts (Ceylon) PLC are as follows:

- The Investment Committee reviews prospective investments, the investment strategy of the Company to ensure it is within the Risk appetite of the Company
- The Committee will make their assessments and notify their recommendations to the Board on new investments and divestment of existing investments
- Reviews the adequacy and effectiveness of Treasury Management function of the Company
- Examines the annual investment plans formulated by the Company
- Reviews the effectiveness of Management Information System in place for investments of the Company

The Committee is authorized by the Board to act in accordance with its terms of reference and is authorized to obtain any information which is necessary to discharge its duties from employees of the Company.

Composition of the Investment Committee

As at 31st March 2025 the Investment Committee of Industrial Asphalts (Ceylon) PLC comprised of three (3) Non-executive Directors; Mr. Sivanandan Marimuthu (Chairman of the Committee),

Mr. R. Kishore Ignatius and Mr. Nanda Kumara Dahanayake, whose profiles are given on pages 10 to 12 of the Annual Report. The Chairman of the Committee is an Independent Director.

The Company Secretary functions as the Secretary to the Investment Committee.

Meetings of the Committee

The Investment Committee meets as and when necessary, at the call of any member of the Committee at dates and times which are specified in advance.

Executive Director, other members of the Board and Senior Management Personnel may attend the meetings on invitation.

The Committee is authorized by the Board to seek external independent professional advice at the Company's expense. The Committee may invite external parties with relevant professional experience to attend its meetings if it considers necessary.

Summary of Activities during the year

During the year the Investment Committee together with the Board of Directors comprehensively reviewed ongoing and new investments of the Company and expressed their opinion and recommendations to the Board for further action.

(Sgd.)

S. Marimuthu

Chairman

Investment Committee

30th June 2025

CORPORATE GOVERNANCE

The Board of Directors is committed to maintain the highest standards of corporate governance practiced in the interest of stakeholders while maintaining business integrity, appropriate ethical standards and professionalism in all its operations and activities. The Board ensures that the Company is in compliance with relevant statutory and regulatory requirements including requirements of the Companies Act No.7 of 2007, Listing Rules of Colombo Stock Exchange, requirements of Securities and Exchange Commission of Sri Lanka and other applicable laws and regulations. The Directors are responsible to establish sound internal control systems including comprehensive risk management framework, to safeguard the Company's assets, ensure accuracy and reliability of records and accountable for overall management of the Company.

This Corporate Governance Report includes summary of compliance with the Companies Act No. 07 of 2007, and sections 7.6 and 9 of the Listing Rules of the Colombo Stock Exchange during the FY24/25. It highlights the Board Governance during the financial year under review and subsequent to the reporting date.

Statement of Compliance with Corporate Governance Requirements

In terms of sections 7.6 and 9 of the Listing Rules of the Colombo Stock Exchange, Industrial Asphalts (Ceylon) PLC has complied with the relevant provisions under Corporate Governance Rules which are applicable to entities listed on the Main Board.

In compliance with Section 9.2.1 and 9.2.3 of the Listing Rules of the Colombo Stock Exchange, the Company confirms that the following policies have been established and are maintained in accordance with the said rules:

1. Policy on matters relating to the Board of Directors
2. Policy on Board Committees
3. Policy on Corporate Governance, Nominations and Re-election
4. Policy on Remuneration
5. Policy on Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities
6. Policy on Risk management and Internal controls
7. Policy on Relations with Shareholders and Investors
8. Policy on Environmental, Social and Governance Sustainability
9. Policy on Control and Management of Company Assets and Shareholder Investments
10. Policy on Corporate Disclosures
11. Policy on Whistleblowing
12. Policy on Anti-Bribery and Corruption

Shareholders could access the above policies by contacting the Company Secretaries of Industrial Asphalts (Ceylon) PLC via email address; info@iac.lk

In compliance with Section 9.1.3 of the Listing Rules of the Colombo Stock Exchange the Directors affirm that:

- The Board has established and maintains all required Board Policies while carrying out regular reviews to ensure that best practices are followed in its day-to-day operations.
- The Board has constituted all mandated Board Sub-Committees, namely, Audit Committee, Remuneration Committee, Nominations and Governance Committee, Related Party Transactions Review Committee. These Committees meet all regulatory requirements and function based on Board approved Terms of Reference.

CORPORATE GOVERNANCE

- The Company has adhered to regulated procedures for shareholder dealings and adoption of resolutions, maintaining transparency and accountability in shareholder communications.
- The Company has adhered to regulations relating to the Board composition.
- The Board has appointed a Senior Independent Director to the Board to further strengthen the governance framework given the presence of an Executive Director.
- The Board has ensured that all Directors continue to satisfy the 'Fit and Proper' Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange.
- Declarations of independence have been obtained from all Independent Directors for the financial year under review.
- All disclosure requirements relating to the Board of Directors, Board Sub-Committees and Corporate Governance Rules have been made in accordance with the CSE Listing Rules.
- The Board of Directors affirms that the Company has complied with Section 9 of the Listing Rules of the Colombo Stock Exchange on Related Party Transactions for the financial year ended 31st March 2025.

The Board of Directors remains committed to the principles of good governance and consistently strives to uphold best practices. The Company ensures strict compliance with mandatory requirements while also voluntarily adhering to additional standards as and when required, to enhance value creation to its stakeholders.

Governance Structure

Industrial Asphalts (Ceylon) PLC's Corporate Governance Structure is centred around the Board of Directors. The Board is supported by Board Sub-committees and the Management Team

headed by the Executive Director. Board Sub-committees are responsible for specific areas of governance and report directly to the Board. The Company Secretary ensures compliance with statutory and regulatory requirements and provides the Board with effective communication and guidance on Corporate Governance Best Practices.

The Board of Directors

Board Balance and Board Composition

The Board of Directors is responsible for the governance practices established within the Company and for overall value creation to the Company, to its shareholders and other stakeholders.

The Board balance is achieved through structure, composition and diversity.

The Board of Industrial Asphalts (Ceylon) PLC comprise of Directors with balanced skills, experience and industry expertise which enables to effectively discharge its duties. Appropriate Board size ensures accountability and promotes a healthy and constructive debate. As of 31 March 2025, the Board comprised of five (5) Directors, of whom one (1) is an Executive Director and the remaining four (4) are Non-Executive Directors, three (3) of whom are Independent Directors.

In accordance with best practices in Corporate Governance, the Board has appointed a Senior Independent Director (SID) to the Board with effect from 15th July 2024. The role of the Senior Independent Director and the Executive Director are distinctly separated. The Executive Director is responsible for the management of day-to-day operations of the Company and execution of the corporate strategy, while the Senior Independent Director plays a vital role in ensuring balanced governance. The SID facilitates transparent communication with all the stakeholders of the Company and ensures integrity of Board processes, thereby strengthening the Board's overall accountability and independence.

CORPORATE GOVERNANCE

Board Diversity

The Board diversity is achieved through age, gender, expertise, tenure, and independence which ensures effective governance structure.

Age Diversity

The Board members span various age groups, where younger members often offer dynamic insights in strategic decision making, while more seasoned individuals offer wisdom derived from years of industry expertise.

Expertise Diversity

The Board members possess expertise in financial management, auditing and risk management, technology and innovation, banking and business management, as well as organisational development. Expertise diversity enables the Board to provide comprehensive oversight and strategic guidance to address complex challenges and capitalise on business opportunities within the Company's risk appetite and long-term business strategy.

Gender Diversity

The Board acknowledges that gender diversity is essential for developing a culture of inclusivity and thus remains committed to enhancing gender diversity on the Board.

Independence

The independence of the Non-Executive Directors was determined according to the CSE Listing Rules. Each Non-Executive Director has submitted a declaration of independence/ non-independence for the year. The Board makes a determination annually as to the independence/ non-independence of each Non-Executive Director.

The Non-Executive Directors bring independent objective judgement to bear on Board decisions by constructively challenging management and helping to develop the Company's strategic objectives. By maintaining a balanced composition of independent Directors, the Board mitigate conflicts of interest, enhance transparency and promotes highest standards of integrity and ethical conduct.

In terms of section 9.7.3 and 9.7.4 of the CSE Listing Rules the Company obtained an annual declaration from the Directors confirming that they have met the Fit and Proper assessment criteria for the financial year under review.

The profiles of all the Directors detailing their areas of expertise are given on pages 10 to 12 of the Annual Report.

The Company has established policies to make immediate market disclosures with regard to changes in the directorate and composition of Board Sub-Committees in accordance with Section 9.10.2 and 9.10.3 of CSE Listing Rules.

Financial Acumen

The Board acknowledges financial acumen as a core competency essential for decision making and effective governance. Thus, the Board comprise of Directors with sufficient financial knowledge and professional skills to carry out their functions effectively and efficiently.

Board and Sub-Committee Meetings

The Board, the Audit Committee and the Related Party Transactions Review Committee meet at least once every quarter, whereas the other Sub-Committees convene at varying frequencies based on each Committee's requirements.

The Board met on four (4) occasions during the year under review. The Directors' attendance at the Board meetings held during the year ended 31st March 2025 are given below.

Name of Director	Attended/ Eligible to Attend
Mr. G. Ramanan	4/4
Mr. N. K. Dahanayake	4/4
Mr. R. Kishore Ignatius	4/4
Mr. S. Marimuthu	4/4
Mr. R. Raguneethan	4/4

CORPORATE GOVERNANCE

The Sub-Committee meetings attendance details are given in respective Sub-Committee reports in this Annual Report.

Board meetings are convened on a quarterly basis. The Board is provided with sufficient notice period and the Board Papers are presented in advance to ensure that the Directors are properly prepared for the Board Meetings. In addition to regular meetings, the Board of Directors convene as needed to discuss strategically important matters.

As per the Company's Articles of Association in some instances the Board also make urgent decisions by way of circular resolution, where all relevant information pertaining to the circular resolution are made available to the Directors to make the decisions. As a practise of good governance, all circular resolutions which are passed during a quarter are tabled and ratified at the subsequent meeting by the Board.

Board and Sub-committee meetings held by means of audio, or audio and visual communication are also allowed under the Articles of Association of the Company.

Board Minutes

Board Minutes are prepared by the Company Secretary. Minutes of the Board Meetings are circulated to all Directors in advance and adopted at the subsequent Board Meetings.

Timely Supply of Information

The Board of Directors are constantly updated and supplied with timely, accurate and comprehensive information in order to carry out their duties effectively.

Directors have access to following information.

- Board minutes and Board papers are circulated to the Directors beforehand
- Advise and services provided by the Company Secretary
- Advise and services provided by external experts and professionals if required

- Regular information update from the Management on the affairs of the Company, monthly organizational performance, updates on changes in regulatory requirements

Obtaining Independent Professional Advise and Continuous Training and Development

The Board is encouraged to seek independent professional advice, when necessary, at the Company's expense and also have access to the Company Secretary to obtain advice and services as required.

The Board of Directors are given the opportunity to obtain an in-depth understanding of the Company's business, its strategies, risks and processes, changes in laws and regulations relevant to the Company on a continuous basis; by involving the Directors in training and development. This enables the Directors to discharge their duties effectively.

Appointments to the Board

The appointment of Directors to the Board is decided by the Board in accordance with the Articles of Association of the Company and in compliance with rules of governance. All proposed new appointments will be recommended by the Nominations and Governance Committee based on a formal, accurate and transparent process. There were no new Director appointments during the financial year under review.

Information relating to change in Directorate is communicated to the Shareholders by way of appropriate announcements to the Colombo Stock Exchange.

Re-election of Directors

In accordance with the Articles of Association of the Company, members comprising one third of the Board of Directors except the Managing Director or Joint Managing Director, are required to stand for retirement by rotation at least once in every three years. A retiring Director is eligible for re-election at the Annual General Meeting.

CORPORATE GOVERNANCE

The Nominations and Governance Committee carries out a formal assessing process when recommending Directors for re-election.

Names of retiring Directors eligible for re-election at the upcoming Annual General Meeting are given in the Notice of the Annual General Meeting of the Company on page 98 of the Annual Report.

Company Secretary

The Company Secretary is appointed by the Board of Directors of the Company. The Company Secretary ensures that the Board, Sub-committee and Shareholder meetings are conducted in accordance with the Articles of Association of the Company and based on corporate governance rules. The Company Secretary liaises with the Colombo Stock Exchange on the Company's communications. It is the responsibility of the Company Secretary for making announcements with regard to AGMs and EGM to the shareholders and for accurate recording of proxy voting.

Delegation of Authority

The Board has delegated some of its functions to Board Sub-committees based on each committee's areas of responsibility and expertise. Each Sub-committee has a Board approved Terms of Reference, enabling the Committees to focus on their delegated areas of responsibility. All Sub-committees report to the Board of their recommendations and minutes of these meetings are tabled, discussed and ratified at the Board Meetings.

The Board has also delegated the authority to the Executive Director to facilitate the effective function of daily business affairs of the Company as per the set strategies, goals and objectives of the Board and to ensure high standards of governance. A team of Senior Management assists the Executive Director in carrying out the day-to-day functions of the Company.

The Board has discussions with the Executive Director on the short term, medium term, and long-term objectives of the Company. Additionally, the Board meets with Senior Management

regularly to review operational matters and disseminate the Board's plan for the future.

Board Committees

The Board has established five (5) Sub-Committees in order to monitor, review and enhance the accountability of key areas of business operations. Following are the Board Committees of the Company as of the reporting date.

1. Audit Committee
2. Remuneration Committee
3. Related Party Transactions Review Committee
4. Nominations and Governance Committee
5. Investment Committee

These Sub-Committees operate based on terms of reference set out by the Board.

Audit Committee

The composition of the Audit Committee and the Report of the Audit Committee is given on pages 25 to 29 of this Annual Report.

Remuneration Committee

The composition of the Remuneration Committee and the Report of the Remuneration Committee is given on pages 30 to 31 of this Annual Report.

Related Party Transactions Review Committee

The composition of the Related Party Transactions Review Committee and the Report of the RPTR Committee is given on pages 36 to 38 of this Annual Report.

Nominations and Governance Committee

The composition of the Nominations and Governance Committee and the Report of the Committee is given on the pages 32 to 35 of this Annual Report.

Investment Committee

The composition of the Investment Committee and the Report of the Investment Committee is given on page 39 of this Annual Report.

CORPORATE GOVERNANCE

Code of Conduct for Directors and employees

The Board has established an Internal Code of Business Conduct and Ethics for Directors and employees, which emphasizes on the following:

- Prohibiting Conflicts of Interest
- Protecting confidential and proprietary information
- Treating employees, business partners and competitors fairly
- Encouraging accurate, transparent, timely and understandable disclosure information
- Safeguarding and proper use of company assets
- Complying with applicable laws, rules and regulations
- Encouraging the reporting of any unlawful or unethical behaviour

Trading in Company Shares

The Board has established a SOP on dealing in the shares of the Company by Directors, employees and connected parties.

Any personnel possessing material non-public information about the Company must not engage in transactions involving Company securities until such information has been released to the public and thereafter under the consent of the Company Secretary to ensure that all rules and regulations pertaining to share trading by connected parties have been complied with.

Directors, employees and connected parties must also refrain from trading in shares of other connected party listed entities, on the basis of material confidential information obtained in the course of employment or service as a director.

Managing Conflict of Interest

All Directors and employees are required to avoid situations in which their personal, family or financial interests conflict or even appear to conflict with those of the Company. The Board

has established a SOP where the Company Secretary will notify the Board of the updated details of Board representations and related parties in order to avoid conflict of interest. Further, any Director who has an interest in a matter under discussion shall excuse themselves from the subject matter and refrain from voting on the subject matter, to avoid conflict of interest.

The details of Directorships of the Board of Directors is given in Director profiles of this Annual Report.

Anti Bribery and Corruption

As part of the Internal Code of Business Conduct and Ethics, under no circumstances may an employee offer or accept gifts, invitations, privileges or any other kind of incentives that may reward or influence a business decision.

Accountability

Financial Reporting

The Board of Directors is responsible for timely publication of Financial Statements annually and quarterly basis. These Financial Statements are prepared based on Sri Lanka Financial Reporting Standards (SLFRS/LKAS) and in compliance with the Listing Rules of Colombo Stock Exchange. Board ensures that these publications include all relevant financial and non-financial information that needs to be communicated to the shareholders.

Internal Controls

The Board of Directors is responsible for maintaining a sound internal control system within the organization to safeguard the Company's assets. The Board has delegated this responsibility to the Audit Committee and the responsibility of the Audit Committee with this regard is given on pages 25 to 29 of this Annual Report.

Investor Relations and Communication to shareholders

The Board of Directors policy is to disclose all relevant information to stakeholders, within the bounds of prudent commercial judgement.

CORPORATE GOVERNANCE

The Annual General Meeting (AGM) and other General Meetings are the main form of Company's communication with the shareholders. The Company ensures that the notice of the AGM along with the Annual Report containing the performance of the Company for the financial year under review are delivered to the shareholders at least 15 working days prior to the scheduled meeting.

The Company ensures that the Annual Report for each financial year will be provided to the shareholders within five (5) months of the completion of the financial year. Annual Reports shall be uploaded on the Company's corporate website and on the Colombo Stock Exchange website. Further, periodic Financial Statements shall be made available on the Colombo Stock Exchange website.

Information relating to Company's operations and information that is of importance to shareholders will be disclosed through Corporate Disclosures uploaded on the Colombo Stock Exchange website.

The Company Secretary is designated for Shareholder communications at any time through contact details provided on the Corporate Information page of this Annual Report.

Material Transactions

The Board of Directors ensures that all proposed material transactions are disclosed to the shareholders on a timely manner, and that the Company complies with all disclosure requirements as specified in the Listing Rules and necessary shareholder approvals are obtained for the transactions which require shareholder approval as per the Companies Act and Listing Rules.

Annual Report of the Board of Directors

The Annual Report of the Board of Directors on the Affairs of the Company for 31 March 2025 is given on pages 17 to 22 of this Annual Report.

Disclosures

The tables given below provide the relevant details and disclosures mandated by the Companies Act No.7 of 2007 and the Listing Rules of the Colombo Stock Exchange.

Appendix 1 : Annual Report Disclosures mandated by the Companies Act No.7 of 2007 –

Rule No.	Requirement	Compliance Status	Details
168 (1) (a)	The nature of the business of the Company together with any change thereof during the accounting period	Compliant	Page 17
168 (1) (b)	Signed Financial Statements of the Company for the accounting period completed	Compliant	Page 57 to 92
168 (1) (c)	Auditor's Report on Financial Statements of the Company	Compliant	Page 57 to 60
168 (1) (d)	Accounting Policies and any changes therein	Compliant	Page 65 to 78
168 (1) (e)	Particulars of the entries made in the interest register during the accounting period	Compliant	Page 19
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Compliant	Page 87
168 (1) (g)	Corporate Donations made by the Company during the accounting period	Compliant	Page 18

CORPORATE GOVERNANCE

Rule No.	Requirement	Compliance Status	Details
168 (1) (h)	Information on the Directorate of the Company during and at the end of the accounting period	Compliant	Page 19 and; Page 10 to 12
168 (1) (i)	Amount paid/ payable to the External Auditors as audit fees and fees for other services rendered during the accounting period	Compliant	Page 87
168 (1) (j)	Auditor's relationship or any interest in the Company	Compliant	Page 22
168 (1) (k)	Acknowledgement of the contents of this Report and Signatures on behalf of the Board	Compliant	Page 22

Appendix 2 : The summary of compliance with the Corporate Governance requirements under the Section 7.6 of the Listing Rules of the Colombo Stock Exchange

Rule No.	Requirement	Compliance Status	Details
Contents of Annual Report			
(i)	Names of persons who during the financial year were Directors of the Entity	Compliant	Page 10 to 12 – Board of Directors
(ii)	Principal activities of the Entity and its Subsidiaries during the year and any changes therein	Compliant	Page 17 - Annual Report of the Board of Directors
(iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares denominated in LKR or any other class of shares denominated in foreign currency and the percentage of such shares held	Compliant	Page 96 to 97 - Shareholders Information
(iv)	(a) In respect of a Local Entity which has its LKR denominated Shares listed on the Exchange, such Entity shall disclose the float adjusted market capitalization, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement, in respect of voting ordinary shares. The public holding percentage (%) in respect of non-voting ordinary Shares (where applicable). Provided however, this Rule shall not be applicable to Entities whose Securities are listed on the Empower Board in the Alternate Market Segment.	Compliant	Page 96 to 97 - Shareholders Information

CORPORATE GOVERNANCE

Rule No.	Requirement	Compliance Status	Details
	(b) In respect of a Local Entity which has its Foreign Currency denominated Shares listed on the Exchange, such Entity shall disclose the public holding percentage (%) and the number of public shareholders.	Not Applicable	
(v)	A statement of each director's holding and Chief Executive Officer's holding in each class of shares of the Entity denominated in LKR and in Foreign Currency (as applicable).	Compliant	Page 19 – Annual Report of the Board of Directors
(vi)	Information pertaining to material foreseeable risk factors of the Entity	Compliant	Page 13 to 16 -Enterprise Risk Management
(vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Compliant	Page 21 – Annual Report of the Board of Directors
(viii)	Extents, locations, valuations and the number of buildings of the Entity's Land Holdings and Investment Properties	Compliant	Page 79 to 80 - Notes to the Financial Statements
(ix)	Number of shares representing the Entity's stated capital	Compliant	Page 84 - Notes to the Financial Statements
(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Compliant	Page 96 - Shareholders Information
(xi)	Financial Ratios and market price information	Compliant	Notes to the Financial Statements, Shareholders Information and Five-Year Financial Summary
(xii)	Significant changes in the Entity's or its Subsidiaries' fixed assets and the market value of land, if the value differs substantially from the book value	Compliant	Page 79 – Notes to the Financial Statements
(xiii)	If during the Financial Year the Entity has raised funds through an Initial Public Offering and/or a further issue of Securities (as applicable);	Not applicable	During the year under review, there were no public issues, rights issues or private placements
(xiv)	Employee Share Option Schemes and Employee Share Purchase Schemes	Compliant	The Company does not have Employee Share Option Schemes or Employee Share Purchase Schemes

CORPORATE GOVERNANCE

Rule No.	Requirement	Compliance Status	Details
(xv)	Disclosures pertaining to Corporate Governance Practices in terms of Section 9 of the Listing Rules	Compliant	Please refer Appendix 3
(xvi)	Related Party Transactions exceeding 10% of the Equity or 5% of the total assets of the Entity as per Audited Financial Statements, whichever is lower. Details of investments in a Related Party and/or amounts due from a Related Party to be set out separately.	Compliant	Page 36 & 38 - Report of the Related Party Transactions Review Committee
(xvii)	Additional disclosures to be disclosed as per Section 7 of CSE Listing Rules, in the event a Listed Entity has its Foreign Currency denominated Securities listed on the Exchange	Compliant	The Company does not have Foreign Currency denominated Securities listed on the CSE

Appendix 3 : The summary of compliance with the Corporate Governance requirements under the Section 9 of the Listing Rules of the Colombo Stock Exchange

Rule No.	Requirement	Compliance Status	Details
9.1 Corporate Governance Rules			
9.1.3	Extent of Compliance with Corporate Governance Rules	Compliant	Page 40 – Corporate Governance
9.2 Policies			
9.2.1	Availability of Policies	Compliant	Specified set of Policies established and maintained by the Company. Details available on Company Website
9.2.2	Waivers and exemptions from compliance with the Code of business conduct and ethics	Not Applicable	No waivers or exemptions from compliance with the Code
9.2.3	Disclosures in the Annual Report on Policies	Compliant	Page 40 – Corporate Governance
9.2.4	Requesting of Policies by Shareholders	Compliant	Page 40 – Corporate Governance

CORPORATE GOVERNANCE

Rule No.	Requirement	Compliance Status	Details
9.3 Board Committees			
9.3.1	Establishment of Board Committees a. Nominations and Governance Committee b. Remuneration Committee c. Audit Committee d. Related Party Transactions Review Committee	Compliant	Page 44 – Annual Report of the Board of Directors – Board Committees
9.3.2	Composition, Responsibilities and Disclosures	Compliant	Please refer Sub-committee Reports for details
9.3.3	Chairperson of Board Committees	Compliant	Please refer Sub-committee Reports for details
9.4 Adherence to principles of democracy in the adoption of meeting procedures and the conduct of General Meetings with Shareholders			
9.4.1	Maintain records of all resolutions and information pertaining to its adoption	Compliant	The Company Secretary maintains records of all resolutions and requisite information.
9.4.2 a - c	Communication and relations with Shareholders and Investors	Compliant	Page 45 – Corporate Governance – Investor Relations and Communication to shareholders
9.4.2 d	Holding general meetings virtually/ hybrid means	Compliant	The Company will adhere to the guidelines issued by CSE on conducting virtual/hybrid shareholder meetings when convening meetings virtually
9.5 Policy on matters relating to the Board of Directors			
9.5.1	Formal governing policy on matters relating to the Board of Directors	Compliant	Page 41 – Corporate Governance – The Board of Directors
9.5.2	Disclosures in the Annual Report relating to 9.5.1	Compliant	The Company has fully complied with the requirements in the policy.

CORPORATE GOVERNANCE

Rule No.	Requirement	Compliance Status	Details
9.6 Chairperson and CEO			
9.6.1	The Chairperson of every Listed Entity shall be a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed by such Entity in terms of Rule 9.6.3	Compliant	SID has been appointed Page 41 – Corporate Governance – The Board of Directors
9.6.2	Where the Chairperson of a Listed Entity is an Executive Director and/ or the positions of the Chairperson and CEO are held by the same individual, such Entity shall make a Market Announcement.	Compliant	SID has been appointed with effect from 15th July 2024. Market announcement has been made as per the rules
9.6.3 a - c	Listed Entity shall appoint an Independent Director as the SID if the Chairperson is an Executive Director	Compliant	SID has been appointed with effect from 15th July 2024. Market announcement has been made as per the rules
9.6.3 e	The SID shall make a signed explanatory disclosure in the Annual Report demonstrating the effectiveness of the duties of the SID	Compliant	Page 24 – Senior Independent Director’s Report
9.6.4	Entity shall set out the rationale for appointment of SID in the Annual Report	Compliant	Page 41 – Corporate Governance – The Board of Directors
9.7 Fitness of Directors and CEO			
9.7.1	Listed Entities shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons as required in terms of the Listing Rules	Compliant	The Board Nominations and Governance Committee has been delegated with the authority to ensure that the Directors and the CEO meet the fitness and propriety criteria under the Listing Rules
9.7.2	Listed Entities shall ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper as required in terms of these Rules before such nominations are placed before the shareholders’ meeting or appointments are made.	Compliant	The Nomination and Governance evaluate the fit and proper of the proposed director in terms of the Listing Rules before recommending the same for the approval of the Board

CORPORATE GOVERNANCE

Rule No.	Requirement	Compliance Status	Details
9.7.3 and 9.7.4	Annual Declaration from Directors on Fit and Proper Assessment Criteria	Compliant	the Company obtained an annual declaration from the Directors confirming that they have met the Fit and Proper assessment criteria for the financial year under review
9.7.5	Disclosures in the Annual Report	Compliant	Page 42 – Corporate Governance – The Board of Directors
9.8 Board Composition			
9.8.1	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors.	Complaint	The Board comprised of five (5) Directors as of the reporting date
9.8.2	Minimum number of Independent Directors, (Min: 2 or 1/3 of total number, whichever is higher)	Complaint	The Board comprised of three (3) Independent Directors as of the reporting date
9.8.3	Criteria for determining independence	Complaint	As of reporting date the Company has met the criteria for determining independence
9.8.5 a - b	Declaration	Complaint	Page 42 – Corporate Governance – The Board of Directors
9.9 Alternate Directors			
9.9 a – e	Appointment of Alternate Director	To be complied as and when required	No Alternate Directors were appointed to the Board throughout the reporting period
9.10 Disclosures relating to Directors			
9.10.1	Policy on maximum number of Directorships	Compliant	Policy on matters relating to the Directors established and maintained
9.10.2	Appointment of new Directors	Not Applicable	No new Director appointments during the reporting period

CORPORATE GOVERNANCE

Rule No.	Requirement	Compliance Status	Details
9.10.3	Changes to composition	Complaint	Any changes to composition of Board Committees were duly disclosed
9.10.4	Annual Report Disclosures a. Name, qualifications and profile b. Nature of expertise in relevant functional areas c. Material business relationships d. Nature of directorship e. total number and names of other directorships f. Attendance at Board meetings g. Sub-committee memberships h. Attendance at sub-committee meetings i. TOR and powers of SID	Complaint	Refer to: Page 10 to 12 – Board of Directors Profiles Page 41 – Corporate Governance – The Board of Directors Page 25 to 39 – Sub-Committee Reports Page 24 – Senior Independent Director’s Report
9.11 Nominations and Governance Committee			
9.11.1-5	Listed Entities shall have a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11	Compliant	Page 32 to 35 – Nominations and Governance Committee
9.11.6	Disclosures in the Annual Report	Compliant	Page 32 to 35 – Nominations and Governance Committee
9.12 Remuneration Committee			
9.12.2	Availability of Remuneration Committee	Complaint	Company has established the Remuneration Committee
9.12.3 and 9.12.4	Remuneration Policy – Executive directors/ non-executive directors	Complaint	Page 30 to 31 – Remuneration Committee
9.12.5	Terms of Reference	Complaint	Page 30 to 31 – Remuneration Committee
9.12.6 (1)	Composition	Complaint	Page 30 to 31 – Remuneration Committee

CORPORATE GOVERNANCE

Rule No.	Requirement	Compliance Status	Details
9.12.6 (2)	Chairperson of Remuneration Committee	Complaint	Page 30 to 31 – Remuneration Committee
9.12.7	Functions	Complaint	Page 30 to 31 – Remuneration Committee
9.12.8	Disclosures in the Annual Report	Complaint	Page 30 to 31 – Remuneration Committee
9.13 Audit Committee			
9.13.1	Audit and Risk functions	Complaint	Both the risk and audit functions are performed by the Board Audit Committee.
9.13.2	Terms of Reference	Complaint	Page 25 to 29 – Audit Committee
9.13.3 (1) to (6)	Composition	Complaint	Page 25 to 29 – Audit Committee
9.13.4	Functions	Complaint	Page 25 to 29 – Audit Committee
9.13.5	Disclosures in the Annual Report	Complaint	Page 25 to 29 – Audit Committee
9.14 Related Party Transactions Review Committee			
9.14.1	Availability of Related Party Transactions Review Committee (RPTRC)	Complaint	Company has established the RPTRC
9.14.2	Composition	Complaint	Page 36 to 38 – Related Party Transactions Review Committee
9.14.3	Functions	Complaint	Page 36 to 38 – Related Party Transactions Review Committee
9.14.4 (1)	Quarterly Meetings	Complaint	Page 36 to 38 – Related Party Transactions Review Committee
9.14.4 (2)	Access to knowledge or expertise to assess all aspects of proposed related party transactions	Complaint	Page 36 to 38 – Related Party Transactions Review Committee
9.14.4 (3)	Approval by Board of Directors	Complaint	Page 36 to 38 – Related Party Transactions Review Committee

CORPORATE GOVERNANCE

Rule No.	Requirement	Compliance Status	Details
9.14.4 (4)	Conflict of interest	Complaint	Page 36 to 38 – Related Party Transactions Review Committee
9.14.5	Review of related party transactions by Related Party Transactions Review Committee	Complaint	Page 36 to 38 – Related Party Transactions Review Committee
9.14.6	Shareholder Approval	To be complied as and when required	Page 36 to 38 – Related Party Transactions Review Committee
9.14.7 (1)	Immediate Disclosures	To be complied as and when required	Page 36 to 38 – Related Party Transactions Review Committee
9.14.8	Disclosures in the Annual Report	Complaint	Page 36 to 38 – Related Party Transactions Review Committee
9.14.9	Acquisitions and disposal of assets from related parties	To be complied as and when required	Page 36 to 38 – Related Party Transactions Review Committee
9.17 Additional Disclosures			
9.17	Additional Disclosures in Annual Report	Complaint	Page 17 to 22 – Annual Report of the Board of Directors –

FINANCIAL STATEMENTS

Independent Auditor's Report	57
Statement of Financial Position	61
Statement of Comprehensive Income	62
Statement of Changes in Equity	63
Statement of Cash Flows	64
Notes to the Financial Statements	65

INDEPENDENT AUDITOR'S REPORT

B.R.DE SILVA & CO.

Chartered Accountants

A member of
Nexia
International

TO THE SHAREHOLDERS OF INDUSTRIAL ASPHALTS (CEYLON) PLC REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **Industrial Asphalts (Ceylon) PLC** ("the Company"), which comprise the statement of financial position as at **31st March 2025** and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31st March 2025, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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.

Partners - N.S.C.De Silva FCA, FCMA (UK), L.C.Piyasena FCA, L.L.S.Wickremasinghe FCA,
S.M.S.S.Bandara MBA, FCA, D.S.De Silva LLLB, Attorney - at -Law ACA, ACMA (UK)

Partner (Kandy) W.L.L. Perera FCA.

22 / 4 ,
Vijaya Kumaranatunga Mw.,
Colombo 05,
Sri Lanka.
Telephone : +94 112 513 420 - 22
 +94 114 510 268
Fax : +94 114 512 404
E-mail : brds@eureka.lk
Web : www.brdesilva.com

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter Valuation of Investment Property	How our Audit addressed the key audit matter
<p>Refer to Note 2 in the financial statements.</p> <p>Management has estimated the fair value of Company's investment properties to be Rs. 1,325 million as at 31st March 2025. An Independent external valuer's service had been obtained in order to support management's estimates and judgements.</p> <p>The fair valuation of investment property was dependent on certain key assumptions that require significant management judgement, including capitalization rate and fair market rent. We have focused in this area due to the significant management judgement and the magnitude of the value of investment property reported in the financial statements.</p>	<p>The procedures we performed in relation to management's fair valuation of investment properties included the following: -</p> <ul style="list-style-type: none"> • We evaluated the independent external valuers' competence, capabilities and objectivity. We assessed the methodologies and the appropriateness of the key assumptions used by the professional valuer by applying our knowledge of the property industry. We used independent and publicly available information on real estate of similar property and locations; and • We checked on a sample basis, the accuracy and relevance of the input data used. We checked the completeness and accuracy of the investment properties by agreeing those assets and their book values to the general ledger and asset register. <p>We found the key assumptions were supported by the available evidence. The fair market rents were supported by recent renewals and capitalization rates were in line with our expectations.</p>

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

INDEPENDENT AUDITOR'S REPORT

- We draw attention We were appointed as auditors of the Company for the first time for the financial year ended 31st March 2025. The financial statements for the year ended 31st March 2024 were audited by the predecessor auditors who expressed an unmodified opinion on those financial statements on 31st March 2024. Our opinion on the financial statements for the year ended 31st March 2025 is not modified in respect of this matter.

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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

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

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

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 it 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 FCA 391.



B. R. DE SILVA & CO.

CHARTERED ACCOUNTANTS

Colombo.

26th June 2025

LCP/SE/ap/25/

STATEMENT OF FINANCIAL POSITION

AS AT 31ST MARCH

	NOTE	2025 Rs	2024 (Restated)	2024 (Before Restate) Rs
ASSETS				
Non-Current Assets				
Property, Plant & Equipment	1	3,519,899	2,840,994	2,840,994
Investment Property	2	1,325,000,000	1,277,818,000	1,277,818,000
Right Of Use Asset	3	506,643	1,519,929	-
		1,329,026,542	1,282,178,923	1,280,658,994
Intangible Assets	4	-	-	-
Deferred Tax Asset	5	33,959,360	21,081,198	20,844,925
		1,362,985,902	1,303,260,121	1,301,503,919
Current Assets				
Deposits & Prepayments	6	1,404,027	485,703	1,295,703
Financial Assets at Fair Value through Profit or Loss	7	158,637,744	244,891,248	244,891,248
Other Financial Assets	8	93,583,129	5,338,367	5,338,367
WHT Recoverable	9	9,215,952	5,143,851	5,143,851
Cash & Cash Equivalents	10	130,310	199,827	199,827
		262,971,162	256,058,996	256,868,996
TOTAL ASSETS		1,625,957,064	1,559,319,117	1,558,372,915
EQUITY & LIABILITIES				
Capital & Reserves				
Stated Capital	11	156,642,070	156,642,070	156,642,070
General Reserve	12	15,141,299	15,141,299	15,141,299
Retained Profit/(Loss)		1,238,857,813	1,212,515,154	1,212,301,304
		1,410,641,182	1,384,298,523	1,384,084,673
Non-Current Liabilities				
Deferred Tax Liability	5	44,223,178	22,568,577	22,568,577
Retirement Benefit Obligations	13	16,500,375	1,436,781	1,436,781
Lease Liability	14	-	260,054	-
		60,723,553	24,265,412	24,005,358
Current Liabilities				
Payable on Equity Investments		45,572,818	45,117,367	45,117,368
Lease Liability	14	260,054	472,299	-
Accrued Expenses	15	5,822,731	1,049,005	1,049,005
Lease Rental Received in Advance	16	35,400,000	35,400,000	35,400,000
Unclaimed Dividends		1,684,775	1,684,775	1,684,775
Bank Overdraft	10	65,851,951	67,031,736	67,031,736
		154,592,329	150,755,182	150,282,884
TOTAL EQUITY & LIABILITIES		1,625,957,064	1,559,319,117	1,558,372,915

The Accounting Policies and Notes from pages 65 to 92 form an integral part of these Financial Statements.

I certify that these Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.

Sgd.

S.Fernando

Financial Controller

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Signed for and on behalf of the Board by:-

Sgd.

R. Kishore Ignatius

Director

Sgd.

S. Marimuthu

Director

23rd June 2025

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH

	NOTE	2025 Rs	2024 (Restated)	2024 (Before Restate) Rs
Revenue	17	62,926,169	29,255,062	29,255,062
Other Income	18	125,000	-	-
Administrative Expenses		(74,507,780)	(49,015,581)	(49,080,586)
Surplus on Revaluation of Investment Property	2	47,182,000	31,505,000	31,505,000
Results from Operating Activities		35,725,389	11,744,481	11,679,476
Unrealized Gain/ (Loss) on Financial Asset at FVTPL		16,573,138	20,998,775	20,998,775
Finance Cost	19	(15,007,358)	(7,062,930)	(6,997,625)
Net Finance Income/(Charges)		(15,007,358)	(7,062,930)	(6,997,625)
Profit/(Loss) Before Taxation		37,291,169	25,680,326	25,680,626
Income Tax (Expenses)/Reversal	21	(9,428,060)	(6,659,840)	(6,818,614)
NET PROFIT/(LOSS) FOR THE YEAR		27,863,109	19,020,486	18,862,012
Other comprehensive income/(expenses) for the year				
Items that will not be reclassified to profit or loss				
Actuarial gain/(loss) on defined benefit plans	13	(2,172,071)	(258,328)	(258,328)
Tax effects on Other Comprehensive Income		651,621	77,498	-
Other comprehensive income / (expenses) for the period, net of tax		(1,520,450)	(180,830)	(258,328)
Total comprehensive income/(expenses) for the period		26,342,659	18,839,656	18,603,684
Profit attributable to:				
Equity Holders		27,863,109	19,020,486	18,862,012
Total comprehensive income attributable to:				
Equity Holders		26,342,659	18,839,656	18,603,684
Earnings per share – Continuing Operations				
Diluted & Basic Earnings/(Loss) per Ordinary Share (Rs)	22	0.01	0.01	0.01

The Accounting Policies and Notes from pages 65 to 92 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF CHANGE IN EQUITY

FOR THE YEAR ENDED 31ST MARCH

	Stated Capital		General Reserve		Retained Earnings (Restated)		Retained Earnings (Before Restate)		TOTAL (Before Restate)	
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Balance as at 1st April 2023	156,642,070	15,141,299	1,193,675,498	1,193,697,621	1,365,458,867	1,365,480,990				
Net Profit/(Loss) for the period	-	-	19,020,486	18,862,012	19,020,486	18,862,012				
Other comprehensive income/(expenses) net of tax										
Actuarial gain/(loss) on defined benefit plans	-	-	(258,328)	(258,328)	(258,328)	(258,328)				
Tax effects on Other Comprehensive Income	-	-	77,498	-	77,498	-				
Total Comprehensive Income/(Expenses) for the period	-	-	18,839,656	18,603,684	18,839,656	18,603,684				
Transactions with Equity Holders										
Dividend to Equity Holders	-	-	-	-	-	-				
Shares issued during the year	-	-	-	-	-	-				
Balance as at 31st March 2024	156,642,070	15,141,299	1,212,515,154	1,212,301,305	1,384,298,523	1,384,084,674				
Net Profit/(Loss) for the period	-	-	27,863,109	-	27,863,109	-				
Other comprehensive income/(expenses) net of tax										
Actuarial gain/(loss) on defined benefit plans	-	-	(2,172,071)	-	(2,172,071)	-				
Tax effects on Other Comprehensive Income	-	-	651,621	-	651,621	-				
Total Comprehensive Income/(Expenses) for the period	-	-	26,342,659	-	26,342,659	-				
Transactions with Equity Holders										
Dividend to Equity Holders	-	-	-	-	-	-				
Shares issued during the year	-	-	-	-	-	-				
Balance as at 31st March 2025	156,642,070	15,141,299	1,238,857,813	1,212,301,305	1,410,641,182	1,410,641,182				

The Accounting Policies and Notes from pages 65 to 92 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH

	NOTE	2025 Rs	2024 (Restated) Rs	2024 (Before Restate) Rs
Profit/(Loss) before Taxation for the period		37,291,169	25,680,326	25,680,626
Adjustments for				
Provision for Depreciation	1	5,608,155	6,156,948	6,156,948
Right Of Use Asset Depreception	3	1,013,286	924,995	-
Surplus on revaluation of Investment Property	2	(47,182,000)	(31,505,000)	(31,505,000)
Unrealized (Gain) / Loss on Financial Asset at FVTPL		(16,573,138)	(20,998,775)	(20,998,775)
Fixed Asset Disposal (Gain) / Loss	15	(125,000)	-	-
Finance Cost	19	15,007,358	7,062,930	6,997,625
Provision for Gratuity	13	12,979,023	497,520	497,520
Operating Profit before Working Capital Changes		8,018,853	(12,181,056)	(13,171,056)
(Increase)/Decrease in Receivable on Equity Investments		-	3,216,537	3,216,537
(Increase)/Decrease in Deposits & Prepayments	6	(918,326)	421,228	(388,772)
Increase/(Decrease) in Dividend Payables		-	-	-
Increase/(Decrease) in Payable on Equity Investments		455,453	12,988,291	12,988,291
Increase/(Decrease) in Accrued Expenses	15	4,773,726	(34,495)	(34,494)
		12,329,706	4,410,505	2,610,506
Interest Paid	19	(15,007,358)	(7,062,930)	(6,997,625)
Gratuity paid		(87,500)	-	-
WHT Paid	9	(4,072,101)	(4,028,565)	(4,028,565)
Cash inflow/(outflow) from Operating Activities		(6,837,253)	(6,680,990)	(8,415,684)
Cash Flows from Investment Activities				
Purchase of Property, Plant & Equipment	1	(6,287,059)	(2,141,073)	(2,141,073)
Investment in Quoted Companies	7	102,826,641	(83,292,652)	(83,292,652)
Investment in Other Financial Assets	8	(88,244,762)	26,811,915	26,811,916
Sales Proceeds from Property, Plant & Equipment		125,000	-	-
Cash inflow/(outflow) from Investment Activities		8,419,820	(58,621,810)	(58,621,809)
Cash Flows from Financing Activities				
Repayment of lease liability	14	(472,299)	(1,734,694)	-
Cash inflow/(outflow) from Financing Activities		(472,299)	(1,734,694)	-
Net Change in Cash & Cash Equivalents		1,110,268	(67,037,494)	(67,037,493)
Cash & Cash Equivalents				
At the beginning		(66,831,909)	205,585	205,586
Net change in Cash & Cash Equivalents as above		1,110,268	(67,037,494)	(67,037,494)
At the end (Note below)		(65,721,641)	(66,831,909)	(66,831,909)
Cash & Cash Equivalents				
Cash at Bank & in Hand		130,310	199,827	199,827
Bank Overdraft		(65,851,951)	(67,031,736)	(67,031,736)
As at 31st March	10	(65,721,641)	(66,831,909)	(66,831,909)

The Accounting Policies and Notes from pages 65 to 92 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2025

1. REPORTING ENTITY

1.1 Corporate Information

Industrial Asphalts (Ceylon) PLC is a Public Limited Liability Company incorporated and domiciled in Sri Lanka. The registered office and the principal place of the business are located at MMBL Pathfinder Office Complex, No. 345/D, Negombo Road, Peliyagoda.

1.2 Principal activities & Nature of Operations

During the year, the principal activities of the Company were carrying out investment activities. The Company is an Investment Holding Company with interest in various ventures and investments included but not limited to the Bitumen space.

1.3 Number of Employees

The staff strength of the Company as at 31st March 2025 was 6 (2024 – 5 staff).

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Financial Statements comprising the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows together with Notes to the Financial Statements are prepared and presented in accordance with Sri Lanka Financial Reporting Standards (SLFRSs) and Sri Lanka Accounting Standards (LKASs), (hereafter "SLFRS") laid down by the Institute of Chartered Accountants of Sri Lanka (ICASL). The presentation of the Financial Statements is in compliance with the requirements of the Companies Act No. 07 of 2007.

The Financial Statements were authorised for issue by the Board of Directors on 23rd June 2025.

2.2 Basis of Measurement

The financial statements have been prepared on a fair value basis for investment property and financial assets held for

investment purposes, in accordance with LKAS 40 and SLFRS 9 respectively. Other assets and liabilities are measured on a historical cost basis, unless otherwise stated in the relevant accounting policies.

2.3 Functional Currency & Presentation Currency

The financial statements are presented in Sri Lankan Rupees, unless otherwise indicated.

2.4 Presentation of Financial Statements

The assets and liabilities of the Company presented in the Financial Statements are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern. No adjustments have been made for inflationary factors affecting the Financial Statements.

2.5 Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by Sri Lanka Accounting Standards LKAS 1 Presentation of Financial Statements.

2.6 Off Setting

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognized amount and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the Statement of Comprehensive Income unless required to be permitted by the Accounting Standards or interpretation, and specifically disclosed in the Accounting Policies of the company.

2.7 Material Accounting Judgment, Estimate and Assumption

The preparation of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2025

in conformity with Sri Lanka Accounting Standards require management to make judgements, estimates and assumptions that affect the application of accounting policies, and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the Financial Statements is included in the respective notes.

2.7.1 Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. The Management have considered the potential downsides that the COVID-19 pandemic could bring to the business operations of the Company, in making this assessment. Furthermore, Board is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the Company. Therefore, the Financial Statements continue to be prepared on the going concern basis.

2.7.2 Employee Benefit Liability

The cost as well as the present value of defined benefit plans - gratuity is determined using Actuarial Valuations. The Actuarial Valuation involves making assumptions about discount rates, future salary increases and other important related data. Due to the long-term nature of employee benefits, such estimates are subject to significant

uncertainty. Further details of assumptions together with an analysis of their sensitivity as carried out by the management in relation to the above key assumptions are given in Note 13.

2.7.3 Useful Life-time of the Property, Plant and Equipment

The Company review the residual values, useful lives and methods of depreciation of Property, Plant and Equipment at each reporting date. Judgment of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

2.7.4 Allowance for Doubtful Debts

Company reviews at each reporting date all receivables to assess whether an allowance should be recorded in the Statement of Profit or Loss. Management uses judgment in estimating such allowance considering the duration of outstanding and any other factors management is aware of that indicates uncertainty in recoverability.

3. MATERIAL ACCOUNTING POLICIES

3.1 FINANCIAL INSTRUMENTS

3.1.1 Financial assets

(a) Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. This assessment is referred to as the solely payments of principal and interest (SPPI) test and is performed at an instrument level. The business model determines whether cash flows will result from collecting contractual

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2025

cash flows, selling the financial assets, or both. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price.

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

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

(b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories

- Financial assets at amortized cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses
- Assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

(c) Debt instruments

» Financial assets at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at

amortized cost. The Company measures financial assets at amortized 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 amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired

» Financial assets at fair value through OCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI.

The company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2025

gains and losses which are recognized in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/ (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line items in the income statement.

(d) Equity Instruments

» Financial assets designated at fair value through OCI

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under SLFRS 9 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

» Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily

required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

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

(e) Derecognition

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

(f) Impairment of financial assets

From 1 April 2018, the company assesses on a forward looking basis the expect-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2025

ed credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. 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.

3.1.2 Financial liabilities

(a) Initial recognition and measurement

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

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, carried at amortized cost. This includes directly attributable transaction costs.

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

(b) Subsequent measurement

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

» Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by SLFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

(c) Loans and borrowings

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

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

(d) Derecognition

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

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2025

the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3.2 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring fair value of an asset or liability, the Company uses observable market data as far as possible.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows,

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

The fair value measurement is based on the presumption that the transaction to sell

the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
Or
- In the absence of a principal market, in the most advantageous market for the asset or liability
Or
the principal or the most advantageous market must be accessible by the Company.

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. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company 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.

3.3 Taxation

3.3.1 Income Tax

Provision for the income tax liability is made on the basis of the profit for the year as adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and the subsequent amendments.

Current income tax assets and liabilities for the current and prior periods consist of amounts expected to be recovered from or paid to the Commissioner General of Inland Revenue. The tax rates and tax laws used

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2025

to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

3.3.2 Deferred Taxation

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

Deferred tax liabilities are recognised for all taxable temporary differences: except where the deferred 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 and

Deferred tax assets is recognized 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 utilized.

Industrial Asphalts (Ceylon) PLC reviews the carrying amount of deferred tax assets at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Company measures Deferred tax assets and liabilities at the tax rates that are expected to be applied to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Company recognizes in equity the deferred tax relating to items recognized directly in equity, and not in the income statement.

3.4 Events Occurring After the Reporting Date

All material events after the reporting date have been considered and where appropriate, adjustments or disclosures have been made in respective notes to the financial statements.

3.5 Property, Plant & Equipment

Items of property, plant and equipment except for land and buildings are stated at costs less accumulated depreciation and impairment. Such cost includes expenditure that is directly attributable to the acquisition of the asset and cost of replacing part of the asset when that cost is incurred, if the recognition criteria are met.

Land and buildings are stated at fair value less depreciation and impairment charged subsequent to the date of the revaluation.

Land and buildings of the Company are revalued at once in every 3-5 years on a roll over basis to ensure that the carrying amounts do not differ materially from the fair values at the reporting date.

On revaluation of an asset, any increase in the carrying amount is recognised to the revaluation reserve included in the equity section of the statement of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss, in which case the increase is recognized in profit or loss. We recognize a revaluation deficit in profit or loss, except that a deficit directly offsetting a previous surplus on the same asset is directly offset against the surplus in the asset revaluation reserve.

Subsequent Cost

These are costs that are recognized in the carrying amount of an item if it is probable that the future economic benefits embodied within that part will flow to the company and it can be measured.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2025

Restoration Cost

Expenditure incurred on replacement repairs or maintenance of Property, Plants Equipment in order to restore or maintain the future economic benefits expected from the originally assessed standard of performance is recognized as an expense when incurred.

Reclassification to Investment Property

When the use of a property changes based on commencement of an operating lease to another party, for a transfer from inventories to investment property, the property is measured at fair value and reclassified accordingly. Any difference between the fair value of the property at that date and its previous carrying amount shall be recognized in profit or loss.

De-recognition

Company derecognizes an item of property, plant and equipment 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 derecognized.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the reducing balance method over their estimated useful lives. Depreciation is generally recognized in profit or loss, unless the amount is included in the carrying amount of another asset. We do not depreciate land.

Class of Asset	% per Annum
Plant & Machinery	10%
Office, Computer Equipment	25%
Motor Vehicles	25%
Building	2%
Other Equipment	25%

Company now determines the depreciation charge separately for each significant part of an item of property, plant and equipment and begins to depreciate when it is available for use, rather than adopting a method whereby property, plant and equipment are depreciated fully in the year of disposal with no such charge being accounted for in the year of purchase.

3.6 Investment Properties

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

Basis of Recognition and Measurement

Investment Properties are measured initially at cost. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions as at the reporting date. Gains or losses arising from changes in the fair values of investment properties are recognized in statement of profit or loss in the year in which they arise.

De-recognition

Investment Properties are derecognized 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. Any gains or losses on the

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2025

retirement or disposal of an investment property are recognized in the statement of profit or loss in the year of retirement or disposal.

Transfer to Investment Property

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

Determining Fair Value

Formal valuations are carried out annually by a qualified valuer. External and independent valuers, having appropriate recognized professional qualifications and recent experience in the location and category of property being valued, values the Investment Property.

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

Disclosures

(a) A reconciliation between the carrying amounts of investment property at the beginning and end of the period, showing the following: -

- Additions, disclosing separately those additions resulting from acquisitions and those resulting from subsequent expenditure recognized in the carrying amount of an asset
- Additions resulting from acquisition through business combinations
- Assets classified as held for sale or included in a disposal group classified as

held for sale in accordance with SLFRS 5 (non-current assets held for sale) and other disposals

- Net gains or losses from fair value adjustments
- The net exchange differences arising on the translation of the financial statements into a different presentation currency, and on translation of a foreign operation into the presentation currency of the reporting entity
- Other changes

(b) The amounts recognized in profit or loss for,

- Rental income from investment property
- Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the period
- Direct operating expenses (including repairs and maintenance) arising from investment property that did not generate rental income during the period
- The cumulative change in fair value recognized in profit or loss on a sale of investment property from a pool of assets in which the cost model is used into a pool in which the fair value model is used

(c) Details of investment properties

- Location and extent
- Valuation techniques used in measuring fair value and significant unobservable inputs
- Valuation details – value details, effective date of valuation

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2025

3.7 Intangible Assets

Basis of Recognition

An Intangible Asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with LKAS 38 'Intangible Assets'. Accordingly, these assets are stated in the Statement of Financial Position at cost, less accumulated amortization and accumulated impairment losses, if any.

Subsequent Expenditure

Subsequent expenditure on Intangible Assets is capitalized only when it increases the future economic benefits embodied in these assets. All other expenditure is charged to the Income Statement when incurred.

Useful Economic Lives, Amortization and Impairment

The useful lives of Intangible Assets are assessed to be either finite or indefinite. The company does not possess intangible assets with indefinite useful lives. Useful economic lives, amortization and impairment of finite and indefinite intangible assets are described below:

Intangible Assets with Finite Lives and Amortization

Intangible Assets with finite lives are amortized over the useful economic lives. The amortization period and the amortization method for an intangible asset with finite useful life are reviewed at least at each Balance Sheet date. Changes in the expected useful life or the expected pattern of consumption of future economic benefit embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the Income Statement as an expense.

Computer Software

All computer software costs incurred, licensed for use by the Company, which are not integrally related to associated hardware, which can be clearly identified, reliably measured and it is probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category of intangible assets and carried at cost, less accumulated amortization and accumulated impairment losses, if any.

Amortization of Intangible Assets

Intangible assets are amortized using the straight line method to write down the cost over its estimated useful economic lives. Effective rates are as follows: -

Class of Asset	% per Annum
Software	50%

The unamortized balances of intangible assets with finite lives are reviewed for impairment whenever there is an indication for impairment and recognized as expenses in the Income Statement to the extent that they are no longer probable of being recovered from the expected future benefits.

De-recognition of Intangible Assets

Intangible assets are derecognized on disposal or when no future economic benefits are expected from its use. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Income Statement.

3.8 Leases

Right of use assets

The Company recognizes right of use assets when the underlying asset is available for use. Right of use assets are measured at cost, less any accumulated

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2025

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 recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right of use assets are subject to impairment.

Lease liabilities

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

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of 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.

3.9 Inventories

Inventories are valued at the lower of cost or net realizable value after making due allowances for obsolete and slow moving items. Net realizable value is the price at which inventories can be sold in the ordinary course of business less estimated cost of completion and estimated cost necessary to make the sale.

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

Raw Material -

At actual cost on weighted average cost basis

Finished Goods & Work-in-Progress -

At the cost of direct materials, fixed labour and an appropriate proportion of manufactory overheads based on normal capacity.

Goods in Transits -

At actual cost.

3.10 Impairment of Non-Financial Assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventory and deferred tax assets) to determine whether there is any indication of impairment. If any such indicator exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs

The recoverable amount of an asset or CGU is the greater of its value in use and its

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2025

fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.11 Cash and Cash Equivalents

Cash and Cash Equivalents comprise of cash at bank and in hand balances. Cash and bank balances are stated at recoverable values. Bank overdrafts form an integral part of the Company's cash management and are included as a component of cash and cash equivalents for the purpose of preparing the Statement of Cash Flows.

3.12 Liabilities and Provisions

3.12.1 Provisions

When company has a present obligation (legal or constructive) as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the company can reliably estimate the amount of the obligation, we recognize it as a provision in accordance with LKAS 37 – Provisions, Contingent Liabilities and Contingent Asset.

3.12.2 Retirement Benefit Obligations

3.12.2.1 Defined Benefit Plan – Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company is liable to

pay retirement benefits under the Payment of Gratuity Act No. 12 of 1983. Provision has been made for retirement gratuities using "Project 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 flows based on the actuarial valuation carried out by an independent qualified actuary. The assumptions based on which the results of actuarial valuation was determined are included in Notes to the Financial Statements. Remeasurement of the defined benefit liability, which comprises actuarial gains and losses are recognised immediately in Other Comprehensive Income. The Company recognises the increase in defined benefit liability attributable to the current service cost in Profit or Loss together with the interest expenses. The liability is not externally funded.

However, under the payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continues service.

3.12.2.2 Defined Contribution Plans – Employees' Provident Fund & Employees' Trust Fund

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

3.13 Income Statement

Discontinued Operations

Discontinued operations are excluded from the results of continuing operations and are presented separately in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2025

Contracts with customers

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

Goods transferred at a point in time

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

Services transferred over time

The company determines at contract inception whether it satisfies the performance obligation over time or at a point in time. For each performance obligation satisfied overtime, the company recognizes the revenue over time by measuring the progress towards complete satisfaction of that performance obligation

The following specific recognition criteria are used for the purpose of recognition of revenue that are in the scope of SLFRS 15:

(a) Sale of Goods

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

(b) Interest

Revenue is recognised on a time proportion basis that takes in to accounts the effective interest rate on asset.

(c) Dividends

Dividend Income is recognized when the shareholders' right to receive the payment is established.

(d) Rental Income

Rental Income arising on investment properties is accounted for on a straight-line basis over the lease terms.

(e) Others

Other income is recognized on an accrual basis.

Borrowing Costs

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

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

Foreign Currency Translation

Foreign currency gains or losses are reported on a net basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2025

3.14 Comparative figures

Where necessary, the comparative figures have been reclassified to conform to the current year's presentation.

3.15 Earnings per share

The Company presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH

1 PROPERTY, PLANT & EQUIPMENT

	Motor Vehicles Rs.	Office Equipment Rs.	Total Rs.
Cost/ Valuation			
Balance at the beginning of the year	24,458,328	14,116,687	38,575,015
Additions during the year	731,950	5,555,110	6,287,060
Disposals during the year	(218,200)	-	(218,200)
Balance at the end of the year	24,972,078	19,671,797	44,643,875
Accumulated Depreciation			
Balance at the beginning of the year	23,248,007	12,486,014	35,734,021
Depreciation charge for the year	1,522,667	4,085,488	5,608,155
Disposals during the year	(218,200)	-	(218,200)
Balance at the end of the year	24,552,474	16,571,502	41,123,976
Net book value:			
As at 31 March 2025	419,604	3,100,295	3,519,899
As at 31 March 2024	1,210,321	1,630,673	2,840,994
Impairment Provision:			
As at 31 March 2025	-	-	-
As at 31 March 2024	-	-	-
Carrying Amount:			
As at 31 March 2025	419,604	3,100,295	3,519,899
As at 31 March 2024	1,210,321	1,630,673	2,840,994

2 INVESTMENT PROPERTY

	2025 Rs	2024 Rs
Balance B/F	1,277,818,000	1,246,313,000
Transfers from/ (to) Property, Plant & Equipment	-	-
Change in Fair Value (Note 2.1)	47,182,000	31,505,000
FAIR VALUE	1,325,000,000	1,277,818,000

Changes in the fair values are recognized as gain in profit or loss. All gains are unrealized.

2.1 AMOUNT RECOGNISED IN THE STATEMENT OF PROFIT OR LOSS FOR THE INVESTMENT PROPERTY

	2025 Rs	2024 Rs
Rental Income (Note 17)	40,710,000	40,267,500
Surplus on Revaluation of Investment Property	47,182,000	31,505,000
Direct Operating Expenses	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH

2.2 DETAILS OF INVESTMENT PROPERTY

Investment Property represents Land & Building at No.28/1, New Nuge Road, Peliyagoda, which is under a 99 year old lease (commence from 04th June 1984) with the Urban Development Authority and with a provision for renewal for a further term of 99 years.

Effective date of valuation	31st March 2025
Total Land extent	02A - 00R - 30.5P
Number of Buildings	2

2.3 ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS RELATED TO INVESTMENT PROPERTY

Investment Properties of the Company are accounted for on the fair value model. The above Investment Property has been revalued by Mr. P.B. Kalugalagedera, Chartered Valuation Surveyor – F.I.V (Sri Lanka) M.S.I.Z. (Zambia) I.R.R.V. (UK) F.R.I.C.S. (UK), on the basis of Direct Capital Comparison Method valuation technique.

Investment property were appraised in accordance with LKAS 40 and International Valuation Standards published by the International Valuation Standards Committee (IVSC), by the independent valuers.

In determining the fair value, the current condition of the property and future usability have been considered. Additionally the valuer has made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are approximated within appropriate range of values.

Investment Properties are considered under Level 2 of the fair value hierarchy.

The following Investment properties are revalued during the financial year 2024/2025

Location	Type of Assets	Significant unobservable input Market value of purchase price	Fair value LKR Mn.	Correlation to fair value
No. 28/1, New Nuge Road, Peliyagoda	Land & Building	Rs. 3 Mn – Rs.5 Mn	1,325,000,000	Positive

The sensitivity of the Statement of Profit or Loss and Statement of Financial Position is the effect of the assumed changes in Market value of purchase price (taken individually, while other variables are held constant) on the profit or loss and carrying value of Investment Property for the year.

	Fair Value/Gain or (Loss) on Investment Property Rs Mn	Investment Property Valuation Rs Mn
If Market value of purchase price Increases By 0.10%	1	1,326
If Market value of purchase price Decreases By 0.10%	(1)	1,324

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH

3 RIGHT OF USE ASSETS (RESTATED)

The Company entered into a lease agreement with Pathfinder (Pvt) Ltd, located at No.345/D, Negombo Road, Peliyagoda, for the rental of office premises. The lease commenced on 1 October 2023 and is due to expire on 30 September 2025, covering a lease term of 24 months.

ASSET CLASS - BUILDING	2025 Rs	2024 (RESTATED) Rs	Changes Rs	2024 (BEFORE RESTATE) Rs
Opening Balance	1,519,929	418,352	418,352	-
Additions	-	2,026,572	2,026,572	-
Disposals/ Terminations	-	-	-	-
Depreciation Charges	(1,013,286)	(924,995)	(924,995)	-
Closing Balance	506,643	1,519,929	1,519,929	-

In determining lease liabilities and the corresponding right-of-use (ROU) assets in accordance with SLFRS 16, the Company applied a discount rate based on management's judgement. As the Company does not have any existing long-term borrowings, an incremental borrowing rate could not be directly derived from its own financing arrangements. Therefore, management estimated an appropriate rate by referencing prevailing market interest rates for borrowings with similar terms and risk characteristics.

A discount rate of 13% was applied, reflecting management's best estimate of the rate the Company would be expected to incur in the current economic environment for similar lease arrangements. This estimate involves significant judgement, and any reasonable change in the discount rate would have a material impact on the measurement of lease liabilities and right-of-use assets. A sensitivity analysis of the lease liability to changes in the discount rate is presented below.

	Effect on financial position through the ROU Asset	Effect on financial position through the lease Liability
If Discount Rate Increases By 1%	(2,340)	(748)
If Discount Rate Decreases By 1%	2,345	742

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH

4 INTANGIBLE ASSETS	2025 Rs	2024 Rs
Cost		
Balance at the beginning of the year	266,899	266,899
Additions during the year	-	-
Balance at the end of the year	266,899	266,899
Accumulated amortization		
Balance at the beginning of the year	266,899	266,899
Amortization Charge for the year	-	-
Balance at the end of the year	266,899	266,899
WDV	-	-

Intangible Assets of the Company represents the Accounting Software of the Company.

5 DEFERRED TAX LIABILITY / (ASSET)	2025 Rs	2024 (Restated)	2024 (Before Restate)
Balance at the beginning of the year	1,487,379	(5,094,963)	(5,094,963)
Charge/(Reversal) for the year	8,776,439	6,582,342	6,818,615
Balance at the end of the year	10,263,818	1,487,379	1,723,652
Note 5.1			
Deferred Tax Asset	(33,959,360)	(21,081,198)	(20,844,925)
Deferred Tax Liability	44,223,178	22,568,577	22,568,577
Net Deferred Tax Assets	10,263,818	1,487,379	1,723,652
Note 5.2			
Deferred Tax on Gratuity	(4,298,491)	(353,536)	(431,034)
Deferred Tax on Actuarial Gain	(651,621)	(77,498)	-
Deferred Tax on C/F Tax Losses	(28,160,399)	(20,136,949)	(20,136,949)
Deferred Tax on Revaluation Surplus	44,223,178	22,568,577	22,568,577
Deferred Tax on Property, Plant & Equipment	(774,872)	(276,942)	(276,942)
Deffered Tax On Rigt Of Use Asset	(73,977)	(236,273)	-
	10,263,818	1,487,379	1,723,652

6 DEPOSITS & PREPAYMENTS	2025 Rs	2024 (Restated)	2024 (Before Restate)
Refundable Deposit	270,000	270,000	270,000
Rent Advance	-	-	810,000
Advance Payment for purchase of Motor Vehicle	500,000	-	-
Other Receivables	223,353	-	-
Prepayments	410,674	215,703	215,703
VAT Receivables	3,600,597	3,600,597	3,600,597
	5,004,624	4,086,300	4,896,300
Less: Impairment for VAT Receivable	(3,600,597)	(3,600,597)	(3,600,597)
	1,404,027	485,703	1,295,703

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025			2024		
	No. of	Fair Value	Cost	No. of	Fair Value	Cost
	Shares	Rs	Rs	Shares	Rs	Rs
Investment in Quoted Companies						
Access Engineering PLC	-	-	-	161,262	3,644,521	3,630,341
Alumex PLC	-	-	-	19,461	186,826	184,252
Citrus Leisure PLC	-	-	-	5,000	25,000	25,000
Eden Hotels Lanka PLC	-	-	-	2,582,777	33,317,823	31,007,842
Galadari Hotels (Lanka) PLC	2,468,961	41,725,441	42,762,916	1,432,077	24,058,894	24,616,345
Hatton National Bank PLC	100,000	30,500,000	36,000,000	30,100	5,418,000	4,960,318
Hayleys Fabric PLC	-	-	-	842,943	34,644,957	36,361,600
LOLC Finance PLC	-	-	-	1,632,000	8,976,000	9,484,800
Marawila Resorts PLC	300,000	2,040,000	2,010,000	3,788,155	12,879,727	12,969,056
Meistacorp PLC	-	-	-	1,436	126,368	128,666
Vallible Finance PLC	31,798	1,720,272	1,682,114	296,827	11,576,253	11,791,545
Sunshine Holdings PLC	185,000	3,977,500	3,997,500	-	-	-
Browns Investment PLC	5,700,001	41,610,007	51,910,009	12,620,444	68,150,398	85,629,033
Richard Pieris and Company PLC	92,022	2,328,157	2,299,539	-	-	-
Agstar Fertilizers PLC	-	-	-	4,575,184	35,228,917	53,542,246
CIC Holdings PLC	75,000	8,793,750	8,839,951	-	-	-
CIC Holdings PLC (Non-Voting)	25,000	1,947,500	2,100,000	-	-	-
First Capital Treasuries PLC	383,179	8,813,117	9,598,503	-	-	-
HNB Finance PLC	175,000	700,000	700,000	-	-	-
Lanka Milk Foods (CWE) PLC	80,000	3,472,000	3,967,000	-	-	-
Digital Mobility Solutions Lanka PLC	100,000	7,310,000	8,821,556	-	-	-
Royal Ceramics Lanka PLC	100,000	3,700,000	3,693,682	213,550	6,641,404	6,862,433
Vallible One PLC	-	-	-	320	16,160	15,936
TOTAL		158,637,744	178,382,770		244,891,248	281,209,413

NOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31ST MARCH

8 OTHER FINANCIAL ASSETS	2025 Rs	2024 Rs
Short Term Investment in REPO	93,332,445	5,087,683
Investment in Fixed Deposits	250,684	250,684
	93,583,129	5,338,367

9 WHT RECOVERABLE	2025 Rs	2024 Rs
WHT Recoverable	5,143,851	1,115,286
Gross Income Tax (Note 21)	-	-
	5,143,851	1,115,286
Tax Credits		
WHT on Rent & Interest Income	4,072,101	4,028,565
	9,215,952	5,143,851

10 CASH & CASH EQUIVALENTS	2025 Rs	2024 Rs
Cash at Bank	96,803	149,872
Cash in Hand	33,507	49,955
	130,310	199,827
Less: Bank Overdraft	(65,851,951)	(67,031,736)
CASH & CASH EQUIVALENTS IN THE CASH FLOW STATEMENT	(65,721,641)	(66,831,909)

11 STATED CAPITAL	2025 Rs	2024 Rs
Ordinary Shares at the beginning of the year	156,642,070	156,642,070
Shares issued during the period	-	-
3,749,411,250 ORDINARY SHARES AT THE END OF THE YEAR	156,642,070	156,642,070

12 GENERAL RESERVES	2025 Rs	2024 Rs
General Reserves	15,141,299	15,141,299

General reserves refer to transfers made from retained earnings in the previous years to meet any future contingencies of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH

13 RETIREMENT BENEFIT OBLIGATION	2025 Rs	2024 Rs
Balance at the beginning of the year	1,436,781	680,933
Current Service Cost	1,627,815	374,952
Interest Cost	172,414	122,568
Past Service Cost	11,178,794	-
Payments made during the year	(87,500)	-
Actuarial (Gain)/Loss	2,172,071	258,328
BALANCE AT THE END OF THE YEAR	16,500,375	1,436,781

The Company carried out an actuarial valuation of the gratuity as at 31st March 2025 by Mr. M. Poopalanathan, AIA, Messrs. Actuarial and Management Consultant (Pvt) Ltd, a firm of professional actuaries. The valuation method used by the actuaries to value the liability is the "Projected Unit Credit Method", the method recommended by the LKAS 19.

Discount rate	11%
Future salary increase	10%
Retirement Age	60

Sensitivity Analysis

A quantitative sensitivity analysis for significant assumptions as at 31 March 2025 is, as shown below

	Effect on Profit or Loss	Present Value of Defined Benefit Obligation
If Discount Rate Increases By 1%	880,821	(880,821)
If Discount Rate Decreases By 1%	(954,745)	954,745
If Salary Increment Rate Increases By 1%	(1,022,464)	1,022,464
If Salary Increment Rate Decreases By 1%	957,041	(957,041)

14 LEASE LIABILITY

	Amounts Payable After One year	Amounts Payable Within One year	2025 Rs	2024 (RESTATED) Rs	2024 (BEFORE RESTATE) Rs
Lease Liability	-	260,054	260,054	732,354	-
	-	260,054	260,054	732,354	-

NOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31ST MARCH

	2025 Rs	2024 Rs
15 ACCRUED EXPENSES		
Audit Fee Payable	483,800	380,000
Other Payables	5,338,931	669,005
	5,822,731	1,049,005

16 LEASE RENTAL RECEIVED IN ADVANCE

On 28th February 2018, the Company entered into an Agreement with Siam City Cement (Lanka) Ltd to lease out its property situated at No. 28/1, New Nuge Road, Peliyagoda, for a period of 10 years. According to the terms of the Lease Agreement, the Lease Rental received in advance as at 31st March 2019 amounts to Rs. 35.4 Million and the Lease Rental applicable from 1st May 2023 amounts to Rs. 3,392,500/- per month. As at the year end, the Lease Rental received in advance amounted to Rs. 35.4 Million.

	2025 Rs	2024 Rs
Opening Balance	35,400,000	35,400,000
Lease Rental Received during the period (Rs. 3,392,500 x 12 months)	40,710,000	40,267,500
Less: Income recognised (Rs. 3,392,500 x 12 months)	(40,710,000)	(40,267,500)
CLOSING BALANCE	35,400,000	35,400,000

	2025 Rs	2024 Rs
17 REVENUE		
Rent Income from Investment Property	40,710,000	40,267,500
Dividend Income	2,035,045	1,788,374
Share Disposal Gain/(Loss)	18,199,594	(13,807,339)
Fixed Deposit and Other Interest Income	22,015	36,302
Repo Interest Income	1,959,515	970,225
	62,926,169	29,255,062

Revenue comprises income earned in the ordinary course of the Company's principal investing activities, as permitted under the SLFRS Conceptual Framework (Presentation Of Financial statements) and LKAS1. These activities reflect the entity's business model and provide a true and fair view of its performance.

	2025 Rs	2024 Rs
18 OTHER INCOME		
Fixed Assets Disposal Gain/(Loss)	125,000	-
	125,000	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH

19 FINANCE COST	2025 Rs	2024 (Restated) Rs	2024 (Before Restate) Rs
Lease Interest Charge	67,701	65,306	-
Bank Charges	48,970	49,885	49,885
Overdraft Interest	7,509,644	6,673,092	6,673,092
Interest on Broker Credit	7,381,043	274,647	274,648
	15,007,358	7,062,930	6,997,625

20 PROFIT/(LOSS) BEFORE TAXTION	2025 Rs	2024 (Restated) Rs	2024 (Before Restate) Rs
Profit/(Loss) before tax is stated after charging:			
Depreciation of Property, Plant & Equipment (Note 1)	5,608,155	6,156,948	6,156,948
Right Of Use Asset Depreceation (Note 3)	1,013,286	924,995	-
Personal Expenses (Note 20.1)	25,014,545	9,637,089	9,637,089
Directors Emoluments	14,931,882	15,024,710	15,024,710
Auditors Remuneration	483,800	380,000	380,000
Note 20.1			
Salaries & Wages	10,823,672	8,138,469	8,138,469
Contribution to Defined Contribution Plans (EPF & ETF)	1,211,850	1,001,100	1,001,100
Contribution to Defined Benefit Plan for Gratuity	12,979,023	497,520	497,520
	25,014,545	9,637,089	9,637,089

21 INCOME TAX EXPENSE/(REVERSAL)	2025 Rs	2024 (Restated) Rs	2024 (Before Restate) Rs
Current Tax Expense			
Income Tax for the Current Year	-	-	-
Deferred Tax Expense			
Deferred Taxation	9,428,060	6,659,840	6,818,614
Deffered Tax OCI	(651,621)	(77,498)	-
Total	8,776,439	6,582,342	6,818,614

Note 21.1

The Company is liable to Income Tax at 30% in accordance with the provisions of the Amendment Act No. 45 of 2022 passed in Parliament on 9th December 2022. The tax loss carried forward as at 31st March 2025 amounts to Rs. 93,867,996/-.

NOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31ST MARCH

	2025 Rs	2024 Rs
Note 21.2		
Reconciliation of accounting profit to income tax:		
Profit/(Loss) before income tax	37,291,169	25,680,626
Tax effect on disallowable expenses	23,139,013	(42,925,856)
Tax effect on allowable expenses	(2,985,523)	(1,314,701)
Assessable charges	125,000	-
Income from separate sources	(86,296,122)	11,012,438
Total Business Income/(Loss)	(28,726,463)	(7,547,493)
Taxable Investment Income	1,981,530	1,006,527
Tax Losses set-off	(1,981,530)	(1,006,527)
Assessable Income/(Loss)	(28,726,463)	(7,547,493)
Less : Qualifying Payments	-	-
Business Income/(Loss)	(28,726,463)	(7,547,493)
Income Tax @ 30%	-	-

	2025 Rs	2024 (Restated) Rs	2024 (Before Restate) Rs
22 DILUTED AND BASIC EARNINGS/(LOSS) PER ORDINARY SHARE			
Profit/(Loss) for the year (Rs)	27,863,109	19,020,486	18,862,012
Weighted average Ordinary Shares in issue (nos)	3,749,411,250	3,749,411,250	3,749,411,250
Diluted and Basic Earnings/(Loss) per Ordinary Share (Rs)	0.01	0.01	0.01

23 CAPITAL COMMITMENTS & CONTINGENCIES

There were no material capital commitments and contingencies as at 31st March 2025.

24 EVENTS OCCURRING AFTER THE FINANCIAL POSITION DATE

No circumstances have arisen since the Balance Sheet date, which would require adjustments to or disclosure in the Financial Statements.

25 RELATED PARTY TRANSACTIONS

There were no recurrent or non-recurrent related party transactions during the financial year under review which require additional disclosures in the financial statements except for the following:-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH

Note 25.1 - Transactions with Key Management Personnel

Key Management Personnel Compensation

Key management personnel comprise the Directors of the Company and details of compensation are given in Note 20 to the Financial Statements.

	2025 Rs	2024 Rs
Short Term Employee Benefit	14,931,882	15,024,710

26 ASSETS PLEDGED AS SECURITY

Name of Bank	Facility Amount	Security	Carrying amount of Assets Pledged	
			2025 Rs	2024 Rs
Commercial Bank of Ceylon PLC	Overdraft Rs. 75Mn	Investment Property at 28/1, New Nuge Road, Peliyagoda	Investment Property	
			1,325,000,000	1,277,818,000

27 COMPARATIVE FIGURES

Certain comparative figures have been restated to conform to the classification and presentation adopted as at 31st March 2025.

In accordance with LKAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, the comparative figures have been adjusted to reflect the recognition of Right-of-Use (ROU) assets and related lease liabilities under SLFRS 16 – Leases. This restatement was necessary to ensure consistency in lease accounting and to correct prior misclassifications.

The affected lease commenced on 1st October 2021 with a total lease term of 2 years (ending on 30.09.2023). As at 31st March 2024, the remaining lease term is 18 Months. The lease liability and ROU asset were measured using a discount rate of 15%, reflecting the estimated incremental borrowing rate applicable at the lease commencement date.

In accordance with LKAS 12 – Income Taxes, the restatement also includes the recognition of deferred tax assets and liabilities arising from temporary differences between the carrying amounts of the ROU assets and lease liabilities for financial reporting purposes and their corresponding tax bases. The deferred tax impact has been recognized retrospectively in the comparative figures to ensure consistency and accuracy of tax reporting.

The affected line items include:

- Lease Interest Charge (Under Finance cost)
- Rent Expenses (Previously Recorded Under Administrative Expenses)
- Depreciation charges on ROU Assets (classified under Administrative Expenses)
- Deferred Tax Assets/Liabilities (classified under Income Tax and Deferred Tax)

In addition, a restatement was made under "Items that will not be reclassified to profit or loss" to correct the tax effects on actuarial gains/(losses) arising from defined benefit plans. These amounts had been recorded as net of tax in the previous year.

These adjustments have been made retrospectively to provide more relevant and reliable information in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH

28 FINANCIAL INSTRUMENTS

SLFRS 7 requires the disclosure of risk information to be based on the information provided internally to the entity's key management personnel, as defined in LKAS 24.

Credit Risk

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

Maturity analysis of financial assets	Carrying amount	Contractual cash flows				
		Less than 01 Year		More than 1 year		
		6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	5 years
Other Financial Assets	93,583,128	93,332,445	250,684	-	-	-
Cash & Cash Equivalents	130,310	130,310	-	-	-	-
	93,713,438	93,462,755	250,684	-	-	-

Liquidity Risk

The following are the contractual maturities of financial liabilities,

Maturity Analysis of Financial Liabilities	Carrying amount	Contractual cash flows				
		Less than 01 Year		More than 1 year		
		6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	5 years
Accrued Expenses	5,493,911	-	5,493,911	-	-	-
Bank Overdrafts	65,851,950	65,851,950	-	-	-	-
	71,345,861	65,851,950	5,493,911	-	-	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH

Interest Rate Risk

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was;

	Carrying Amount	
	2024/2025	2023/2024
Fixed Rate Instruments		
Financial assets	93,583,129	5,338,367
Financial Liabilities	-	-
	93,583,129	5,338,367
Variable Rate Instruments		
Financial assets	-	-
Financial Liabilities	-	-
	-	-

Fair Value Disclosures

	Carrying Amount	Fair Value
Financial assets		
Other Financial Assets	93,583,128	93,583,128
Cash and cash equivalents	130,310	130,310
	93,713,438	93,713,438
Financial liabilities		
Accrued Expenses	5,493,911	5,493,911
Bank overdrafts	65,851,950	65,851,950
	71,345,861	71,345,861

29 FINANCIAL ASSETS & LIABILITIES BY CATEGORIES

Financial assets and liabilities in the tables below are split into categories in accordance with SLFRS 9.

	2025 Rs	2024 Rs
Financial Assets		
Financial Asset at Fair Value through P&L		
Investment in Quoted Company	158,637,744	244,891,248
	158,637,744	244,891,248
Financial Asset at amortised cost		
Other Financial Assets	93,583,128	5,338,367
Cash and Cash Equivalents	130,310	199,827
	93,713,438	5,538,194
Financial Liability		
Financial Liabilities at amortised cost		
Accrued Expenses	5,493,911	722,715
Bank overdrafts	65,851,950	67,031,736
	71,345,861	67,754,451

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH

30 SUB-DIVISION OF SHARES AND RIGHTS ISSUE OF ORDINARY SHARES

Company carried out an increase in Ordinary shares in issue by way of a sub-division of shares, based on Board approval on 17th March 2020 and CSE approval on 17th April 2020. The said sub-division of shares was concluded on 22nd May 2020. Accordingly the Ordinary Voting Shares of the Company were increased from 666,562 Ordinary Voting Shares to 2,999,529,000 Ordinary Voting Shares with effect from 22nd May 2020 resulting from sub-division of shares.

Further, the Company raised a sum of Rs.149,976,450/- by way of a Rights Issue of 749,882,250 Ordinary Voting Shares in the proportion of one (01) Ordinary Share for every four (04) Ordinary Shares held in the Company at a consideration of Rs.0.20 per share, based on CSE approval on 1st July 2020 and shareholder approval at EGM on 27th July 2020. The said Rights Issue of shares was concluded on 2nd September 2020. Rights Issue funds were fully utilised for the approved objectives by 31 December 2022.

FIVE YEAR FINANCIAL SUMMARY

Year ended 31 March	2025	2024 (Restated)
OPERATING RESULTS FOR THE PERIOD		
Continuing Operations		
Revenue	62,926,169	29,255,062
Other Income	125,000	-
Gross Profit	63,051,169	29,255,062
Results from operating activities		
Unrealized Gain/ (Loss) on Financial Asset at FVTPL	16,573,138	20,998,775
Net Finance Income/ (Charges)	(15,007,358)	(7,062,930)
Profit/ (loss) before taxation	37,291,168	25,680,326
Tax (Expense)/ Reversal	(9,428,060)	(6,659,840)
Profit/ (loss) after taxation	27,863,109	19,020,486
Profit/ (loss) from Discontinued Operations		
Profit/ (loss) for the year	27,863,109	19,020,486
Other Comprehensive Income/ (Expense)	(1,520,450)	(180,830)
Total Comprehensive Income for the year	26,342,659	18,839,656
Total Comprehensive Income - Equity Holders	26,342,659	18,839,656
FINANCIAL POSITION		
Assets		
Non-current Assets	1,362,985,902	1,303,260,121
Current Assets	262,971,162	256,058,995
Total Assets	1,625,957,064	1,559,319,117
Equity		
Stated Capital	156,642,070	156,642,070
Revaluation Reserve	-	-
General Reserve	15,141,299	15,141,299
Retained Earnings	1,238,857,813	1,212,515,154
Total Equity	1,410,641,182	1,384,298,523
Non-current Liabilities	60,723,553	24,265,412
Current Liabilities	154,592,329	150,755,182
Total Equity and Liabilities	1,625,957,064	1,559,319,117
Ordinary Voting Shares (Nos.)	3,749,411,250	3,749,411,250
RATIOS		
Return on Equity (ROE) - %	2%	1%
Basic Earnings per share (EPS) - Rs.	0.01	0.01
Current Ratio	1.70	1.70
Net Assets per share - Rs.	0.38	0.37
Debt to Equity Ratio (Times)	0.15	0.13
Equity Multiplier	0.15	1.13
Market price per share (end) - Rs.	0.40	0.30
Dividend per share (DPS) - Rs.	-	-
Dividend pay out Ratio (%)	-	-

2023	2022	2021
55,031,025	43,692,428	35,400,000
-	-	-
55,031,025	43,692,428	35,400,000
213,696,343	230,899,244	215,823,126
(57,316,940)	-	-
(2,771,482)	(51,499)	1,964,115
153,607,922	230,847,745	217,787,241
(5,820,101)	4,509,033	45,043
147,787,820	235,356,778	217,832,283
-	(6,348,677)	(100,634,207)
147,787,820	229,008,102	117,198,076
(334,493)	618,529	(414,416)
147,453,327	229,626,630	116,783,660
147,453,327	229,626,630	116,783,660
1,271,548,777	1,085,070,698	883,210,468
178,419,480	171,184,871	147,968,898
1,449,968,257	1,256,255,569	1,031,179,365
156,642,070	156,642,070	156,642,070
-	-	46,112,663
15,141,299	15,141,299	15,141,299
1,193,697,621	1,046,244,294	770,505,001
1,365,480,990	1,218,027,663	988,401,033
13,964,879	342,826	3,518,837
70,522,388	37,885,079	39,259,495
1,449,968,257	1,256,255,569	1,031,179,365
3,749,411,250	3,749,411,250	3,749,411,250
11%	19%	12%
0.04	0.06	0.03
2.53	4.52	3.77
0.36	0.32	0.26
0.06	0.03	0.04
1.06	1.03	1.04
0.30	0.40	0.40
-	-	-
-	-	-

SHAREHOLDERS INFORMATION

Distribution Schedule of Shareholders

Holdings (Shares)	31 March 2025			31 March 2024		
	No. of Holders	Total Shares	Holdings %	No. of Holders	Total Shares	Holdings %
1 – 1,000	1,347	444,241	0.01%	1,166	406,623	0.01%
1,001 – 10,000	1,326	6,976,823	0.19%	1,399	7,412,174	0.20%
10,001 -100,000	1,539	68,548,415	1.83%	1,805	82,175,464	2.19%
100,001 – 1,000,000	885	320,523,552	8.55%	1,057	381,011,161	10.16%
Over 1,000,000	246	3,352,918,219	89.43%	279	3,278,405,828	87.44%
	5,343	3,749,411,250	100.00%	5,706	3,749,411,250	100.00%

Public Holding

	31 March 2025			31 March 2024		
	Holders	Shares	%	Holders	Shares	%
Public Holding	5,336	1,930,885,902	51.50%	5,700	1,939,297,693	51.72%
Total Holding	5,343	3,749,411,250	100.00%	5,706	3,749,411,250	100.00%
Float Adjusted Market Capitalization			772,354,361			581,789,308

The Company complies with the Minimum Public Holding Requirement under option 5 as set out in the Listing Rules 7.13.1(a) as at reporting date.

Twenty Largest Shareholders

Name of the Shareholder	2025		2024	
	No. of shares	%	No. of shares	%
MR. GOVINDASAMY RAMANAN	1,800,693,010	48.03%	1,800,693,010	48.03%
SAMPATH BANK PLC/SENTHILVERL HOLDINGS (PVT) LTD	176,510,524	4.71%	176,510,524	4.71%
MR. B. SRIKUMAR	160,000,000	4.27%	9,800	0.00%
MISS. ANNE JUDITH SYLVIA NIMSMI AMERASINGHE	76,500,000	2.04%	76,500,000	2.04%
MR. ARJUNA BANDARA DAMUNUPOLA	70,000,000	1.87%	60,000,000	1.60%
SAMPATH BANK PLC/MR SHABIBIR ABBAS GULAMHUSEIN	66,223,946	1.77%	66,223,946	1.77%
MR. DON BUDDHADASA WETHASINGHE	54,000,000	1.44%	54,000,000	1.44%
MR. K. BALENDRA/MRS. S.BALENDRA	50,000,000	1.33%	50,000,000	1.33%
MRS. GNEI SHAHIRA DEEN	40,001,990	1.07%	40,001,990	1.07%
MR. G. ANURAGAVAN	24,487,118	0.65%	24,487,118	0.65%
DR. CLIVE CHRISHANTHAN JAMES	20,000,500	0.53%	20,000,500	0.53%
DIALOG FINANCE PLC/S.A.DE SILVA AND D.R.DE SILVA	19,600,000	0.52%	19,600,000	0.52%
MR. M.K. DE LIVERA & MR. M.D.DE LIVERA	18,320,809	0.49%	15,152,984	0.40%
MR. MODERAGE MARIAN JANEK WAAS JAYASEKARA	17,521,101	0.47%	17,521,000	0.47%
MRS. PREMILA O. BOGAHALANDA	16,731,000	0.45%	16,731,000	0.45%
MR. M.L.C. FERNANDO	16,000,000	0.43%	12,000,000	0.32%
MR. D.C. CHANDIRAM	15,400,000	0.41%	-	-
STAR PACKAGING (PVT) LTD	15,000,000	0.40%	15,000,000	0.40%
MS. MANIKKU BADATHURU PESHALI SARANYA FERNANDO	13,998,465	0.37%	13,998,465	0.37%
PEOPLE S LEASING AND FINANCE PLC/ M.K.DE LIVERA&M.D.DE LIVERA	12,439,469	0.33%	-	-
	2,683,427,932	71.57%	2,478,430,337	66.10%

SHAREHOLDERS INFORMATION

Market Value of Shares

For the Year ended	31 March 2025	31 March 2024
Highest price per share (Rs.)	0.50	0.40
Lowest price per share (Rs.)	0.20	0.20
Last traded price per share (Rs.)	0.40	0.30

Financial Calendar 2024/2025

In terms of the Section 7.4 of the Listing Rules of the Colombo Stock Exchange, Interim Financial Reports were issued as follows:

Reports	Date of Release
First Quarter 2024/2025 Interim Financial Report	13 August 2024
Second Quarter 2024/2025 Interim Financial Report	7 November 2024
Third Quarter 2024/2025 Interim Financial Report	29 January 2025
Fourth Quarter 2024/2025 Interim Financial Report	08 May 2025

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 61st Annual General Meeting (AGM) of Industrial Asphalts (Ceylon) PLC will be held as a **Virtual Meeting on Thursday, 31st July 2025 at 3.00 p.m.** to transact the following businesses;

1. To receive the Report of the Board of Directors and the Audited Financial Statements of the Company for the year ended 31st March 2025 together with the Report of the Auditors' thereon.
2. To re-elect Mr. Rajeepan Ragueethan who retires in terms of Article 90 of the Articles of Association of the Company and offers himself for re-election as a Director.
3. To propose the following resolution as an ordinary resolution for the re-appointment of Mr. N.K. Dahanayake in terms of Section 211 of the Companies Act No. 07 of 2007.

Ordinary Resolution

'That Mr. Nanda Kumara Dahanayake, who has attained the age of seventy-two years be and is hereby re-appointed as a Director for a further period of one year and it is hereby declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to him.'

4. To re-appoint Messrs B.R. De Silva & Co., Chartered Accountants, as Auditors of the Company for the ensuing year and authorize the Directors to determine their remuneration.
5. To authorize the Directors to determine and make donations.
6. To amend the Articles of Association of the Company and to consider and if deemed fit to pass the following Resolution as a Special Resolution;

Special Resolution No.1

"Resolved as a Special Resolution that the Articles of Association of the Company be amended as follows with immediate effect;

1. **Article 110 to be deleted in its entirety and be replaced with the following new Article;**

"Article 110

The Board of Directors may exercise all the powers of the Company without any value limitation to borrow money, and may mortgage or charge its undertakings, property and uncalled capital, and to issue debentures, debenture-stock, convertible loan stock and other securities, whether as primary or as collateral security for any debt, liability or obligation of the Company, any Subsidiary or holding company or of any third party; and to issue notes, bonds and other obligations of the Company, either for cash or as consideration of assets other than cash."

NOTICE OF ANNUAL GENERAL MEETING

7. To consider and if deemed fit to pass the following Resolution as a Special Resolution;

Special Resolution No.2

"IT IS HEREBY RESOLVED THAT the Company do borrow up to Rs. 2.5 Billion subject to the terms and conditions to be determined and agreed by the Board of Directors with the lenders".

As the above transaction amounts to a Major Transaction of the Company in terms of section 185 of the Companies Act No.07 of 2007.

By order of the Board of
Industrial Asphalts (Ceylon) PLC

Ninecap Corporate Solutions (Pvt) Ltd.

Secretaries
At Colombo,
30th June 2025

NOTES

A member entitled to attend and vote at the above Meeting is entitled to appoint a Proxy to attend and vote on behalf of him/ her.

A Proxy need not be a member of the Company.

A Form of Proxy is enclosed for this purpose.

The completed Form of Proxy should be deposited at the Office of **Industrial Asphalts (Ceylon) PLC, MMBL Pathfinder Office Complex, No.345/D, Negombo Road, Peliyagoda**, or via shamila@iac.lk not less than 48 hours before the time appointed for the holding of the meeting.

FORM OF PROXY

I/We, (please indicate full name of Shareholder) of bearing NIC No./ Reg. No. of Shareholder being a Shareholder/ Shareholders of the Company, hereby appoint:

Mr/ Mrs/ Miss (please indicate full name of Proxyholder) bearing NIC No. of.....or whom failing

Mr. G. Ramanan whom failing
Mr. N. K. Dahanayake whom failing
Mr. R. K. Ignatius whom failing
Mr. S. Marimuthu whom failing
Mr. R. Raguneethan

As my/ our proxy to represent me/ us and vote on my/ our behalf at the 61st Annual General Meeting (AGM) of the Company to be held as a **Virtual Meeting on Thursday, 31st July 2025 at 3.00 p.m.** and at any adjournment thereof and at every poll which may be taken in consequence thereof.

Please indicate your preference by placing a 'X' in the box of your choice against the Resolution No.

	For	Against
1. Receiving of the Annual Report of the Board of Directors and the Audited Financial Statements of the Company for the year ended 31st March 2025 together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Mr. Rajeepan Raguneethan Director who retires in terms of Article 90 of the Articles of Association of the Company and offers himself for re-election as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-appoint Mr. N.K. Dahanayake as a Director, in terms of Section 211 of the Companies Act No. 07 of 2007.	<input type="checkbox"/>	<input type="checkbox"/>
4. Re-appointment of Messrs B.R. De Silva & Co., Chartered Accountants, as Auditors of the Company for the ensuing year and authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
5. Authorize the Directors to determine and make donations	<input type="checkbox"/>	<input type="checkbox"/>
6. To pass the following Special Resolution to amend the Articles of Association of the Company as set out in the Notice.	<input type="checkbox"/>	<input type="checkbox"/>
Special Resolution No.1		
7. To pass the Special Resolution No.2 to authorize the Directors to borrow up to Rs.2.5 billion on terms and conditions to be determined by the Board of Directors	<input type="checkbox"/>	<input type="checkbox"/>

Signed this..... Day of..... 2025.

.....
Signature of Shareholder

Please provide the following details:

Full Name of the Shareholder :

CDS A/C No/ NIC No/ Company Reg. No :

E –mail address :

No of Shares held :

Full Name of the Proxyholder :

Proxyholder's ID No (if not a Director) :

Proxyholder's E –mail address :

INSTRUCTIONS FOR COMPLETION OF PROXY

1. Please perfect the Form of Proxy overleaf, after filling in legibly your full name and address, by signing in the space provided and filling in the date of signature and your National Identity Card number.
2. Please indicate with a 'X' in the cages provided how your proxy is to vote on the Resolutions. If no indication is given the Proxy in his/ her discretion may vote as he/ she thinks fit.
3. The completed Form of Proxy should be deposited at the Office of Industrial Asphalts (Ceylon) PLC, MMBL Pathfinder Office Complex, No.345/D, Negombo Road, Peliyagoda, or emailed via shamila@iac.lk not less than 48 hours before the time appointed for the holding of the meeting. No registration of proxies will be accommodated after this deadline.
4. If an Attorney has signed the Form of Proxy, the relative Power of Attorney should also accompany the completed Form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.
5. If the Shareholder is a Company or a Corporate Body, the Proxy should be executed under its Common Seal in accordance with its Articles of Association or Constitution.
6. In the case of Marginal Trading Accounts (slash accounts), the Form of Proxy should be signed by the respective authorized Fund Manager/ Banker with whom the account is maintained.
7. If there is any doubt as to how the vote is to be exercised, by reason of the manner in which the Form of Proxy has been completed, no vote will be recorded by the Form of Proxy.



industrial asphalts (ceylon) PLC

**MMBL Pathfinder Office Complex
No.345/D, Negombo Road, Peliyagoda.**

Tel: 0113 771 739 | Fax: 0115 289 849 | E-mail: info@iac.lk | Web: www.iac.lk