LANKA CERAMIC PLC

ANNUAL REPORT 2025/26

Contents

AT LANKA CERAMIC,
WE ARE COMMITTED TO CREATING VALUE FOR OUR STAKEHOLDERS WHILE MAKING A POSITIVE SOCIAL AND ENVIRONMENTAL IMPACT AT EVERY MILESTONE WE REACH. WE BELIEVE OUR PRIMARY RESPONSIBILITY IS TO LEAVE A MEANINGFUL AND SUSTAINABLE FUTURE FOR OUR STAKEHOLDERS AND FUTURE GENERATIONS. OUR GREATEST ACHIEVEMENT IS WHEN OUR BELIEFS ARE TRANSFORMED INTO ACTION.

“WE EVALUATE OUR PERFORMANCE AND THE SUCCESS OF OUR STRATEGY AND BUSINESS MODEL BY UTILISING KEY PERFORMANCE INDICATORS. WE HAVE CHOSEN TO MEASURE THESE KEY PERFORMANCE INDICATORS BECAUSE WE BELIEVE THEY BEST DEMONSTRATE HOW WE ARE DRIVING THE BUSINESS AND CREATING VALUE FOR OUR STAKEHOLDERS”

Lanka Ceramic PLC

OVERVIEW

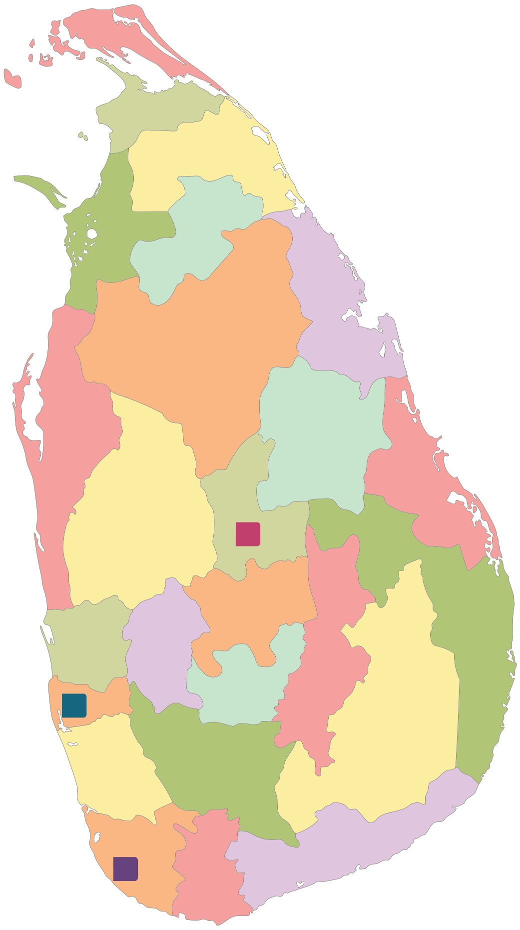
About Us

We are Lanka Ceramic PLC, a leading player in the mining and supplying of high quality raw materials to Sri Lanka's ceramic industry.

Industry Expertise

- Established in 1990, with over three decades of industry experience
- Immediate parent company is Royal Ceramics Lanka PLC, with Vallibel One PLC as the ultimate parent
- A key supplier meeting a significant portion of the high quality raw material requirements of Sri Lanka's two largest domestic tile manufacturers
- Robust, well-established operating processes aligned with applicable regulatory and industry standards, encompassing occupational safety, employee wellbeing, and environmental stewardship
- Ownership of an investment property in a prime location within the country

Our Presence



- Mining - Feldspar in Owala, Matale District of Central Province
- Investment Property Management - Colombo
- Franchise Operator of Lanka Tiles Factory Outlet - Meetiyagoda, Galle District, Southern Province

Our Evolution

1990	**Establishment of Lanka Ceramic Ltd**
1993	**Listed as a Public Quoted Company - Lanka Ceramic PLC**

Ownership Structure

Vallibel | ONE

Vallibel One PLC

55.9%

Rocell
Eternal Elegance

Royal Ceramics Lanka PLC

73.6%

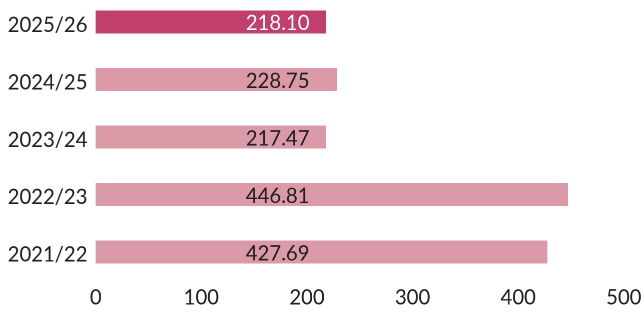
Lanka Ceramic PLC

Our Strengths

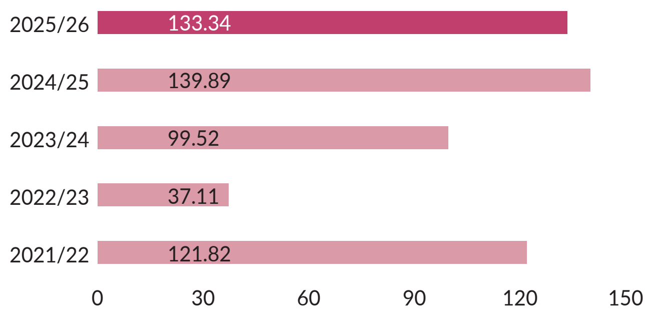
Industry Expertise | Quality Commitments | Structured Processes | Strategic Location

Operational Highlights

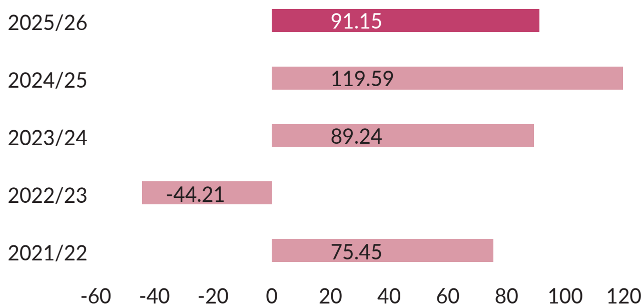
Revenue (Rs. Mn)



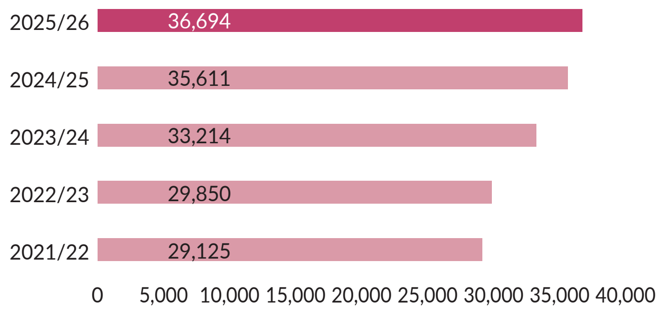
Profit Before Tax (Rs. Mn)



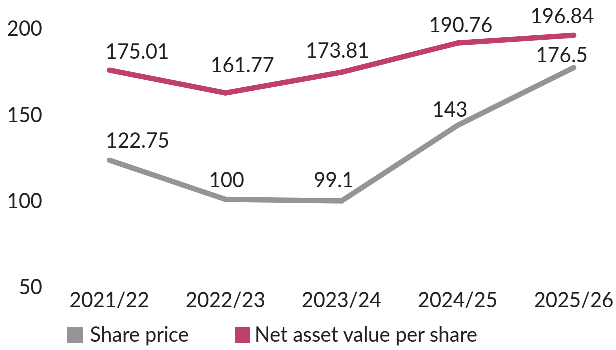
Profit After Tax (Rs. Mn)



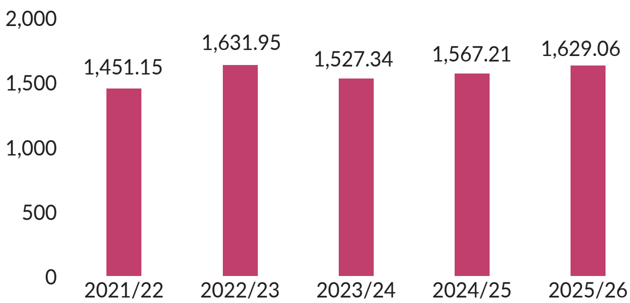
Feldspar Mine - Owala - Output (MT)



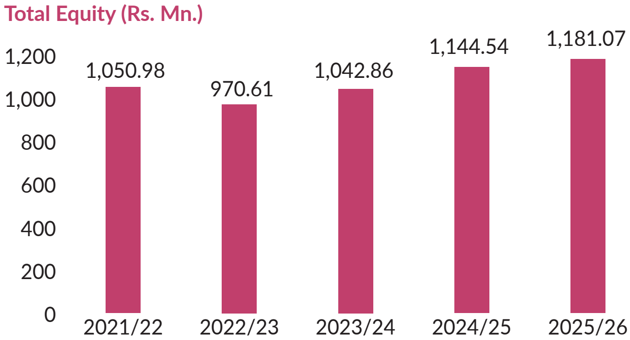
Share Performance (Rs.)



Total Assets (Rs. Mn.)



Total Equity (Rs. Mn.)



Rs. 4.5 Mn — **Revenue Per Employee**

Rs. 2.7 Mn — **Profit Before Tax Per Employee**

Financial Highlights

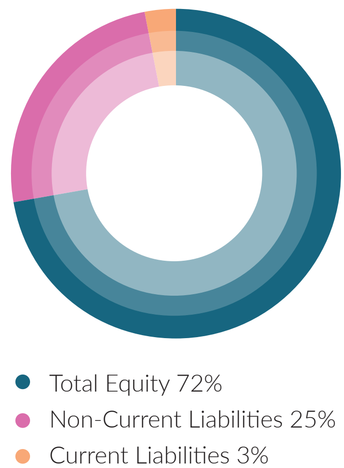
Group at a Glance

For the year ended 31st March	2026	2025	Variance
	Rs.	Rs.	%
Profitability			
Revenue	218,097,253	228,754,927	-5%
Gross Profit	70,671,599	92,144,536	-23%
Profit Before Tax	133,341,351	139,887,340	-5%
Profit After Tax	91,147,510	119,588,333	-24%
Financial Position			
Investment Property	1,070,938,000	1,056,382,000	1%
Non-Current Assets	1,325,537,061	1,333,916,752	-1%
Current Assets	303,519,803	233,293,628	30%
Current Liabilities	43,907,573	41,180,545	7%
Key Indicators			
Current Ratio	6.91:1	5.67:1	
Quick Asset Ratio	6.78:1	5.48:1	
Profit Before Tax to Revenue (%)	61.14	61.15	
Return on assets (%)	5.60	7.63	
Share Performance			
No. of Shares	6,000,000	6,000,000	
Return on equity (%)	7.72	10.45	
Basic Earnings Per Share (Rs.)	15.19	19.93	
Market Price (Rs.)	176.50	143.00	
Net Asset Value per share (Rs.)	196.84	190.76	
Dividend Per Share (Rs.)	6.40	8.90	
Dividend Pay-Out Ratio (%)	42.13	44.66	
Price to Book Value Ratio	0.90	0.75	
Price Earnings Ratio	11.62	7.18	

Rs. 1.6Bn **Total Assets**

Rs. 218Mn **Revenue**

Composition of Balance Sheet Funding



LEADERSHIP

Reflections from the Chairman

Dear Stakeholder,

It gives me great pleasure to present this message in the Annual Report of Lanka Ceramic PLC and to welcome you to the Thirty Fifth Annual General Meeting of the Company.

Operating Landscape

The financial year ended 31st March 2026 marked a period of cautious renewal for Sri Lanka, as the economy continued its recovery following the 2022–2023 crisis. Improved fiscal discipline, stronger policy credibility, and the Government's continued commitment to reforms under the International Monetary Fund's Extended Fund Facility programme supported this recovery momentum. Encouragingly, key macroeconomic indicators reflected broad-based improvement, with real GDP growth maintained at 5%, while the construction sector expanded by a robust 9.2%, driving positive demand spillovers across related industries, including ceramics and construction-linked manufacturing sectors such as Lanka Ceramic PLC.

Inflation remained largely contained at mid-single digit levels, broadly aligned with the Central Bank of Sri Lanka's medium-term target, while interest rates remained relatively stable and accommodative. However, the year was also marked by the devastating impact of Cyclone Ditwah, which caused widespread economic disruption and loss of life across several regions of the country. The event reinforced Sri Lanka's growing vulnerability to climate-related risks and highlighted the increasing importance of building both national and corporate resilience in the face of evolving environmental challenges.

Performance for the Year

The Group's performance during the year was primarily driven by operations at the Owala feldspar mine. The Owala mine recorded an output of 36,694 MT during the year, compared to 35,611 MT in the preceding financial year. This was despite the impact of Cyclone Ditwah, which necessitated the temporary closure of mining operations for approximately three weeks.

In addition to core operating income, rental income derived from the Group's investment property in Colombo 03 continued to provide revenue diversification and earnings stability.

For the year under review, the Group recorded total revenue of Rs. 218.1Mn, reflecting a marginal decline of 5% compared to the previous year. Despite these challenges, the Group reported a post tax profit of Rs. 91.1Mn, translating into a Return on Equity of 8% and Earnings per Share of Rs. 15.19 for our shareholders.

Governance and Board Renewal

Throughout a year marked by external disruptions and operating challenges, Lanka Ceramic PLC remained steadfast in its commitment to sound governance, discipline and transparency. The Company's well entrenched governance framework, supported by full compliance with regulatory requirements and the consistent adoption of best practice principles, continued to serve as a source of institutional strength.

The Board, comprising individuals with diverse professional expertise, provided strategic oversight and constructive direction during the year. The work of the four Board sub committees – covering Audit, Remuneration, Related Party Transactions, and Nominations and Governance – was instrumental in deepening oversight across critical areas, including financial integrity, risk management, ethical conduct and executive accountability.

Equally important was the strong alignment between the Board and the Management team, which enabled the timely execution of strategic decisions and ensured operational continuity during periods of disruption. This cohesive working relationship remains a cornerstone of the Company's governance effectiveness.

Board Changes

During the year, the Board was strengthened with the appointment of Mr. H.M.A. Jayesinghe as a Non-Executive Independent Director. He also assumed the role of Chairman of the Audit and Related Party Transactions Review Committees. Notably, the mandate of the Audit Committee was expanded to formally include oversight of sustainability related matters, enabling the Board to more systematically assess environmental, social and governance considerations and guide the Group's alignment with its long term sustainability aspirations.

At the same time, Mr. T.G. Thoradeniya, Non-Executive Director and Mr. J.D.N. Kekulawala, Independent Non-Executive Director concluded their tenure on the Board during the year, having served for twelve and seven years, respectively. On behalf of the Board, I extend our sincere appreciation for their invaluable contributions, professionalism and steadfast commitment to Lanka Ceramic PLC, and wish them every success in their future endeavours.

Reflections from the Chairman

Sustainability Focus

Sustainability considerations continued to gain strategic prominence during the year. With formal Board level oversight now embedded through the Audit Committee, the Group is strengthening governance structures to identify, assess and monitor sustainability related risks and opportunities. This enhanced focus supports the integration of environmental stewardship, social responsibility and ethical governance into decision making processes, aligning the Group's operations with national priorities and evolving stakeholder expectations.

Outlook and Strategic Direction

As Sri Lanka's economic recovery gains greater traction and construction activity continues to gather momentum, Lanka Ceramic PLC enters the coming year from a position of measured confidence. Our established asset base, operational expertise and disciplined financial management provide a strong platform to navigate near term uncertainties and capitalise on emerging growth opportunities.

By leveraging operational efficiencies, maintaining cost discipline and remaining responsive to customer requirements, the Group aims to enhance resilience, optimise performance and create sustainable value across its business segments. We remain committed to pursuing growth that is prudent, purposeful and aligned with long term stakeholder interests.

Appreciation

The performance of the Group during the year was made possible through the collective efforts of many. I extend my sincere appreciation to my fellow Directors for their guidance and commitment in steering the Company through a challenging operating environment.

My special thanks go to the Managing Director, and the entire senior management team for their leadership, professionalism and unwavering dedication. I also gratefully acknowledge the contribution of all employees of Lanka Ceramic PLC, whose commitment and resilience underpin our operations. I wish to place on record my appreciation to our customers, shareholders, including our parent entity, regulators, business partners and the wider community for their continued trust and support.

In closing, I reaffirm the Board's commitment to guiding Lanka Ceramic PLC with integrity, prudence and foresight. As we move forward, we remain focused on strengthening resilience, enhancing sustainability and delivering enduring value to all stakeholders.

A.M. Weerasinghe
Chairman
28th May 2026

Managing Director’s Review

Dear Stakeholder,

I am pleased to connect with you once again and to share a review of your Company’s performance during a year marked by both operational progress and significant external challenges. The year under review reflected steady performance across our operations, tempered by the unforeseen climate related disruption caused by Cyclone Ditwah and other external shocks, which tested the resilience of our business.

Operating Landscape

As outlined by the Chairman in his message on pages 7 and 8, the year presented a mix of opportunities and challenges, once again underscoring the importance of adaptability and operational resilience. While Lanka Ceramic PLC’s Owala Feldspar mine did not sustain physical damage as a result of Cyclone Ditwah, production activities were suspended for approximately three weeks due to inundation, leading to reduced output for the month of December.

Notwithstanding these challenges, favourable economic conditions provided support to sales and operational performance, enabling the Group to maintain stability amidst a volatile operating environment.

Financial Performance

As highlighted in the Reflections from the Chairman, the Group recorded total revenue of Rs. 218.1Mn for the year, representing a 5% decline compared to the previous year. Cost of sales increased to Rs. 147.4Mn, primarily reflecting higher input costs, including fuel, arising from geopolitical tensions in the Middle East and the temporary closure of the Hormuz Strait. Consequently, the Group’s gross profit margin for the year stood at 32%.

During the year, the Group recognised a fair value gain of Rs. 14.6Mn on its investment property located in Colombo 3, which supported overall income. All major operating expense lines recorded reductions, with selling and distribution expenses declining to Rs. 13.1Mn, while administrative expenses reduced to Rs. 37.54Mn, largely attributable to disciplined cost management and a sustained focus on efficiency.

Finance costs declined further to Rs. 3.0Mn, with the Group incurring no interest expense on overdrafts or bank loans during the year, reflecting effective liquidity and funds management. Interest income of Rs. 12.5Mn, arising from investment income and deferred interest on financial liabilities, also contributed positively to profitability.

As a result, the Group reported a profit before tax of Rs. 133.3Mn, and after a tax charge of Rs. 42.2Mn, a profit after tax of Rs. 91.15Mn, compared to Rs. 119.6Mn in the previous year.

Total assets continued to expand, albeit at a slower pace, reaching Rs. 1,629.1Mn at year end, representing a year-on-year growth of 4%. The Group maintained a strong balance sheet, with 72% of total assets funded by equity, reducing reliance on borrowings and contributing to lower finance costs. Total equity increased by 3% year on year to Rs. 1,181Mn, with stated capital remaining unchanged at Rs. 300Mn. Reserves declined marginally by Rs. 1.6Mn (1%), while retained earnings improved by 6% to Rs. 652Mn.

Key shareholder indicators during the year included a Net Asset Value per share of Rs. 196.84 and a Total Shareholder Return of 27.90%, incorporating a dividend of Rs. 6.40 per share and share price appreciation, with the share closing at Rs. 176.50 at the end of the year.

Creating Value for Stakeholders

Our focus remained firmly on creating sustainable value for all stakeholders connected to our operations. We honoured our obligations to suppliers through timely settlements, reinforcing long-standing partnerships built on mutual trust and reliability, even amidst challenging conditions.

Our employees continued to receive priority attention as a core pillar of our success. Competitive remuneration structures, coupled with career advancement opportunities, supported both individual growth and organisational capability.

As a key supplier of feldspar to Sri Lanka’s tile and ceramic manufacturing industries, including several leading players, we consistently maintained the required quality standards and mineral grades to meet customer specifications. We also upheld full compliance with statutory and regulatory requirements, including those of the Central Environmental Authority, Geological Survey and Mines Bureau, Inland Revenue Department, and the Colombo Stock Exchange.

Managing Director's Review

Engagement with local communities remained constructive and respectful, with our operations aligned to community wellbeing, safety, and environmental responsibility.

Responsible Resource Management

We remain fully mindful of the environmental impact associated with mining activities and continue to conduct our operations in a responsible and sustainable manner. In the aftermath of Cyclone Ditwah, and amidst heightened regulatory scrutiny on mine safety and environmental viability, Lanka Ceramic PLC was among the first mining operations to receive regulatory approval to resume mining activities, having satisfied the prescribed environmental and safety protocols mandated by the relevant authorities.

Given that feldspar is a non-renewable resource, the Company places strong emphasis on optimising extraction processes to minimise waste and maximise resource utilisation. Our mining operations are executed using structured, well regulated practices and are fully compliant with all applicable environmental laws and regulatory standards.

The installation of a state-of-the-art sorting machine at the Owala mine in August 2022, has significantly enhanced mineral recovery rates. This initiative has reduced wastage, extended the operational life of the mine, and strengthened the sustainability of our operations over the long term.

The effectiveness of the Company's mine management practices has been recognised as an example of best practice within the sector and continues to serve as a learning platform for geology student groups.

Business Outlook

In response to improving economic conditions in Sri Lanka, including the increase in construction sector activity, the Company is pursuing targeted initiatives to improve competitiveness and operational resilience. Our strategic focus for the Owala feldspar mine is to maximise capacity utilization while aggressively pursuing cost reduction initiatives to drive down unit production costs and enhance margins. In addition, the Company intends to commence ball clay mining operations in the Akuressa region, subject to the resolution of outstanding licensing requirements.

We also continue to face competition from informal sector operators who often do not fully comply with regulatory, environmental, or tax requirements, resulting in cost advantages and market distortions. Addressing these disparities remains important for ensuring a level playing field and the long term sustainability of compliant industry participants.

Appreciation

As we look forward to another year, I wish to extend my sincere appreciation to our Chairman, Mr. A. M. Weerasinghe, and the Board of Directors for their guidance, insight, and continued support, which have played a pivotal role in shaping Lanka Ceramic PLC. I look forward to working closely with the Board as we progress our growth initiatives for the Company.

My heartfelt thanks also go to the entire Lanka Ceramic team. Their dedication, discipline, and commitment have been instrumental in sustaining performance during a challenging year.

Finally, I extend my sincere gratitude to our shareholders for their continued trust and confidence in the Company.

L.P.B. Talwatte
Managing Director
28th May 2026

Board of Directors

MR. A.M. WEERASINGHE

Chairman - Non-Executive

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

Total No. of Directorships held - Sixteen

Executive Directorships - Royal Ceramics Lanka PLC and Rocell Bathware Limited.

Non-Executive Directorships - Lanka Tiles PLC, Lanka Walltiles PLC, Lanka Ceramic PLC, Singhe Hospitals PLC, Ever Paint and Chemical Industries (Pvt) Ltd., Tradehuts (Pvt) Ltd., Weerasinghe Gems (Pvt) Ltd., Weerasinghe Property Development (Pvt) Ltd., Swisstek (Ceylon) PLC, Swisstek Aluminium Limited, Biscuit and Chocolate Company Ltd., Rocell Properties Limited, CP Holdings (Pvt) Ltd. and LC Plantation Projects Limited.

MR. L.P.B. TALWATTE

Managing Director - Executive

Mr. Priyantha Talwatte is an accomplished business leader with over 33 years of senior management experience in banking, finance, and telecommunications. His career includes a decade in telecommunications both locally and internationally, followed by 20 years in banking and finance, with a proven track record of driving sustainable growth and delivering strong stakeholder outcomes.

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

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

He also served as CEO of SDB Bank, successfully leading the institution through a challenging period following the economic crisis. He was appointed to the Board on 01st April 2025. He currently holds directorships in fourteen other companies across diverse sectors.

Total No. of Directorships held - Fifteen

Executive Directorships - Lanka Walltiles PLC, Lanka Tiles PLC and Lanka Ceramic PLC.

Non-Executive Directorships - L B Finance PLC, CP Holding (Pvt) Ltd., Vallibel Plantation Management Ltd., LWL Plantation Investments Ltd., LC Plantation Projects Ltd., LC Development (Pvt) Ltd., Uni Dil Packaging Ltd., Uni Dil Packaging Solutions Ltd., L W L Development (Pvt) Ltd., L T L Development Ltd., Beyond Paradise Collection Ltd., Lanka Tiles USA Inc.

MS. A.M.L. PAGE

Non-Executive Director

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

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

Total No. of Directorships held - Three

Executive Directorships - None

Non-Executive Directorships - Lanka Tiles PLC, Lanka Walltiles PLC and Lanka Ceramic PLC.

MS. K.D. WEERASINGHE

Independent Non-Executive Director

Ms. Devika Weerasinghe is a senior finance professional with over 30 years of experience in finance and management, having worked with renowned institutions such as PricewaterhouseCoopers and the John Keells Group. Her expertise spans financial oversight, strategic planning, and corporate governance across private and publicly listed companies, particularly within the transportation, plantations, and IT sectors. Prior to her retirement in June 2024, she served as the Chief Financial Officer of the John Keells Group, where she led financial operations across multiple business segments.

Ms. Weerasinghe is an Associate Member of the Chartered Institute of Management Accountants (UK) and holds a Bachelor's Degree in Business Administration from the University of Sri Jayewardenepura.

Ms. Weerasinghe adds significant value to the Board through her deep financial expertise, strong governance acumen, and strategic insight into financial planning, internal controls, and risk management, thereby supporting robust decision-making and sustainable financial growth.

Ms. Weerasinghe has held several directorships in both private and listed companies.

Total No. of Directorships held - Five

Executive Directorships - None

Non-Executive Directorships - Lanka Ceramic PLC, Printcare PLC, Vallibel One PLC, Vallibel Power Erathna PLC and The Fortress Resorts PLC.

MR. S.M. LIYANAGE

Non-Executive Director

Mr. Sameera Madushanka Liyanage is a respected professional with over 13 years' experience and a record for exceptional performance. Mr. Liyanage has demonstrated transformational leadership in business transformation for the Companies under the Vallibel One PLC Group. He is the Managing Director of Uni Dil Group of Companies: Uni Dil Packaging Limited and Uni Dil Packaging Solutions Limited.

He has a degree in Bachelor of Science in Industrial Management and Statistics from the Wayamba University of Sri Lanka and Master of Business Administration from University of Kelaniya. He also holds a Diploma in Information Technology from University of Colombo.

He currently serves as a Group Director - Continuous Improvement and Research at Vallibel One PLC, where he is responsible for business strategic planning, supply chain development, developing new business and coordinating manufacturing excellence projects at the Vallibel Group of Companies.

He was certified as a Lean Six Sigma Black Belt and has trained as a Lean Six Sigma Master Black Belt. He was also declared as a certified TPM practitioner and has a publication on the topic of Lean Six Sigma 4.0 at the OELSS Conference in Colombo.

Mr. Liyanage is a Member of the Alumni Association of SSMI Asia and Global. He has participated in International Business and Management at MSU, Malaysia.

Total No. of Directorships held - Nine

Executive Directorships - Uni Dil Packaging Limited, Uni Dil Packaging Solutions Limited and Eco Pack Solutions Lanka Limited.

Non-Executive Directorships - Royal Ceramics Lanka PLC, Lanka Ceramic PLC, Swisstek Aluminium Limited, Horana Plantations PLC, Uni Dil Packaging Kenya Limited, DHT Cement (Pvt) Ltd.

MR. MANIL JAYESINGHE

Independent Non-Executive Director

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

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

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

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

Total No. of Directorships held - Eleven

Executive Directorships - None

Non-Executive Directorships - Lanka Ceramic PLC, Ceylon Hospitals PLC, C W Mackie PLC, Lanka Milk Foods (CWE) PLC, John Keells Holdings PLC, Lanka IOC PLC, Vallibel One PLC, Royal Ceramics Lanka PLC, Lanka Walltiles PLC, Diesel and Motor Engineering PLC and Lanka Dairies (Pvt) Ltd.

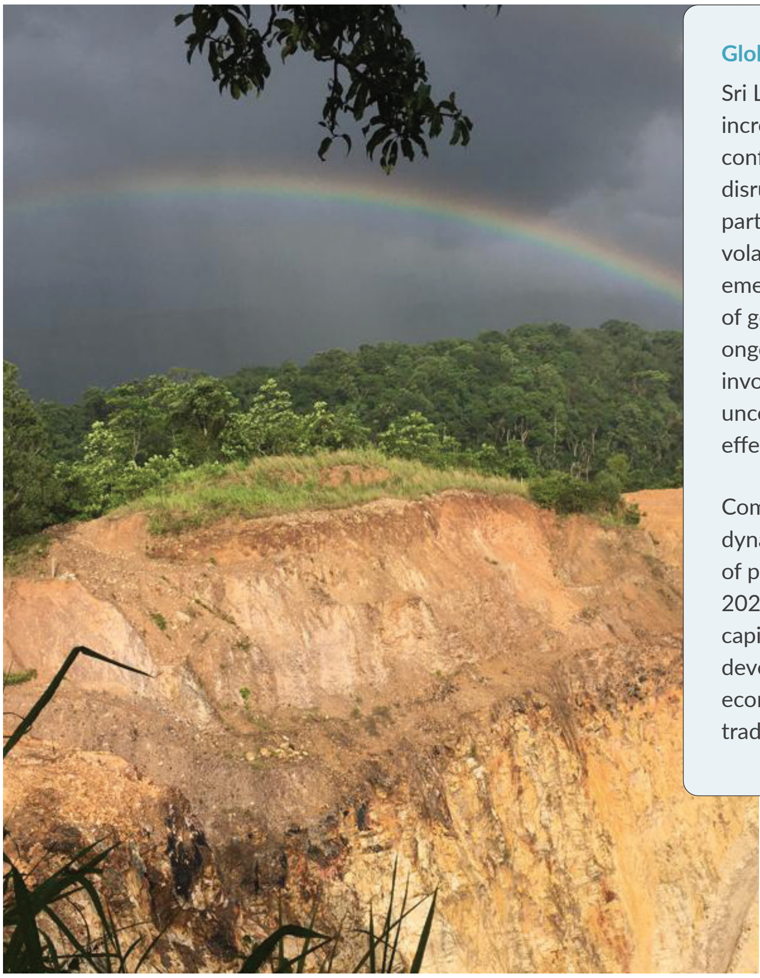
MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis

OPERATING ENVIRONMENT

The Sri Lankan economy on the road to recovery

The year 2025 and the first quarter of 2026 marked a notable phase in Sri Lanka's economic recovery following the unprecedented financial crisis. This turnaround was underpinned by sustained fiscal discipline, the authorities' steadfast commitment to the reform agenda agreed under the IMF supported Extended Fund Facility, and the characteristic agility and resilience of the country and its people. Against this backdrop, key macroeconomic indicators recorded broad-based improvements, which in turn shaped the operating environment and performance of the Group. The discussion below outlines these developments and their implications for the Group's results during the period under review.



Global geopolitical developments and their implications

Sri Lanka's recovery unfolded against a complex and increasingly volatile global environment. The prolonged conflict between Russia and Ukraine continued to disrupt global commodity markets and supply chains, particularly in energy and food, contributing to price volatility and heightened inflationary pressures across emerging economies. At the same time, the escalation of geopolitical tensions in the Middle East, including ongoing regional unrest and renewed frictions involving Iran and the United States, introduced fresh uncertainties to global energy markets, with spillover effects on fuel prices and external financing conditions.

Compounding these risks were shifts in global trade dynamics. Changes to tariff policies and a resurgence of protectionist measures in major economies during 2025 increased trade uncertainty, affecting global capital flows and export oriented economies. These developments posed potential headwinds for small open economies such as Sri Lanka, given exposure through trade, tourism, energy imports and remittance inflows.

Navigating external shocks with strengthened buffers

Notwithstanding these global pressures, Sri Lanka demonstrated a growing capacity to absorb external shocks. Macroeconomic stabilisation achieved under the IMF supported programme helped rebuild policy credibility, strengthen external buffers and improve investor sentiment. Foreign exchange inflows were supported by a recovery in tourism, resilient worker remittances and improved export earnings, while prudent monetary and fiscal management contributed to stabilising inflationary trends and anchoring expectations.

Importantly, the restoration of fiscal discipline and progress in debt restructuring enhanced confidence in the economy's medium term outlook, enabling the country to better manage global volatility relative to the peak crisis period. While global geopolitical developments continued to present downside risks, Sri Lanka entered 2026 in a more resilient position, with improved institutional frameworks and policy flexibility strengthening its capacity to respond to external shocks.

Implications for the Group

Within this evolving macroeconomic and geopolitical context, the Group operated in an environment characterised by improving domestic fundamentals alongside heightened global uncertainty. The gradual normalisation of economic activity, stabilising interest rate and inflation dynamics, and improving business confidence supported financial intermediation and credit demand. At the same time, continued vigilance was required in managing risks arising from external shocks, particularly those linked to energy prices, global financial conditions and geopolitical developments.

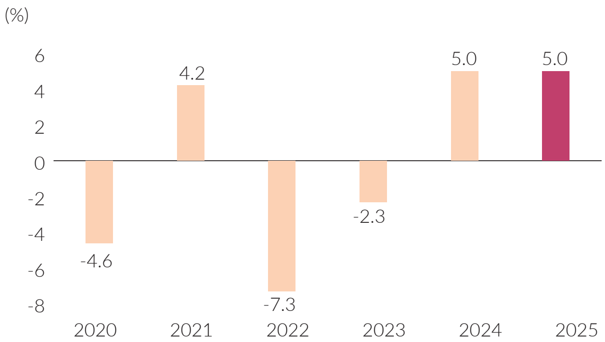
Against this backdrop, the Group's performance during the period under review reflects both the opportunities presented by Sri Lanka's economic recovery and the prudent risk management practices adopted in navigating a complex and uncertain global landscape.

GDP growth

The Sri Lankan economy recorded robust growth in 2025, with real Gross Domestic Product (GDP) expanding by 5%, notwithstanding the adverse impact of Cyclone Ditwah. Growth was broad based, with all four quarters contributing positively during the year.

Economic expansion was primarily driven by strong performance in Industry, supported by notable gains in manufacturing and construction activities. The Services sector also made a substantial contribution, underpinned by continued expansion in financial services and transport related activities. In addition, Agriculture registered a meaningful contribution to overall growth, with sector performance in 2025 surpassing that recorded in the previous year.

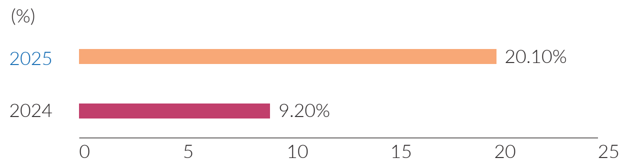
Annual GDP Growth



Construction sector growth

Construction activity continued to expand over the year, supported by a steady pipeline of new and ongoing projects. This sustained momentum reflects robust growth in the sector, driven by the resumption of previously delayed developments alongside a gradual recovery in investment and development activity.

Growth in the Construction Sector

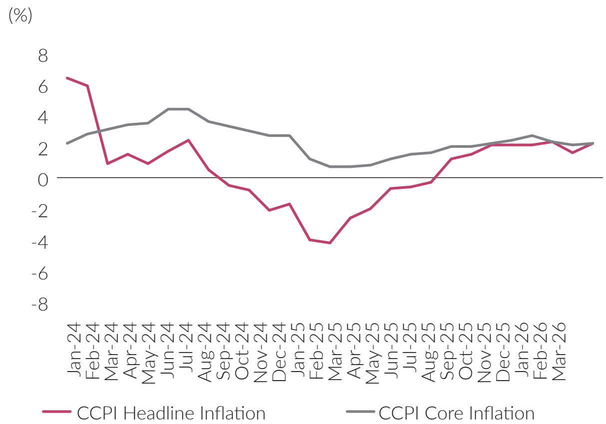


Impact on Group performance

Lanka Ceramic PLC, a key raw material supplier to the construction industry, capitalised on the sector's recovery, delivering a total revenue of Rs. 218.1 million (36,694 MTs of Feldspar), supported by stronger demand from leading tile manufacturers.

Contained inflation

Inflation : CCPI YoY Percentage Change



Inflation remained well contained during the year, supported by favourable base effects and timely policy measures. Headline inflation, as measured by the Colombo Consumer Price Index, remained in negative territory in early 2025 due to VAT-related base effects and reductions in electricity tariffs, before gradually easing from March as food prices and tariff revisions exerted upward pressure. Inflation returned to positive territory by August 2025 and stabilised at broadly desired levels thereafter, with this trend continuing into the first quarter of 2026.

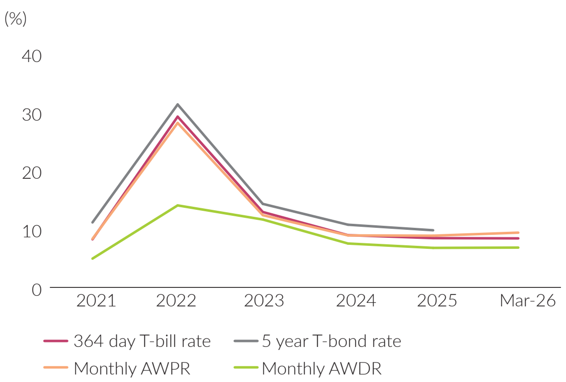
Impact on Group performance

The prevailing low inflation environment supported improved consumer spending power, translating into stronger demand for housing related and construction finishes, including ceramic tiles. Lower inflation helped preserve disposable incomes, encouraging refurbishment activity and new construction, which in turn drove demand for tiles across the domestic market. This uplift in market activity benefited the Group's ceramic operations, while increased tile production supported higher demand for feldspar supplied by Lanka Ceramic.

Market Interest Rates

Overall market interest rates trended downwards in 2025, supported by an accommodative monetary policy stance, low inflation, well anchored inflation expectations and improved sovereign credit fundamentals. Monetary policy was eased further in 2025 through a reduction in the Overnight Policy Rate (OPR), following significant cumulative easing since mid 2023. As a result, money market rates declined broadly and remained aligned with policy rates for most of the year. However, towards the latter part of 2025, temporary increases in short term interest rates and government securities yields were observed, driven by liquidity distribution asymmetries within the domestic money market. These conditions normalised in early 2026 as liquidity conditions improved. Overall, lending and deposit rates declined during the year, despite short term volatility towards year end.

Key Market Rates



Impact on Group performance

The sustained decline in market interest rates provided the Group with greater flexibility in managing working capital and allocating capital. While these lower rates pressured standard investment yields, prudent management successfully overcame the environment to deliver year-on-year growth in investment income. Short-term rate volatility toward the end of the year caused brief pricing and yield fluctuations, but these temporary effects completely normalized in early 2026.

Acute physical climate risk: Impact of Cyclone Ditwah on Sri Lanka

Cyclone Ditwah made landfall on Sri Lanka's eastern coast on 28th November 2025, triggering widespread flooding and landslides across all 25 administrative districts. The cyclone is assessed as one of Sri Lanka's most severe hydrometeorological disasters in over two decades, occurring during the North East Monsoon and significantly exacerbated by saturated catchment conditions.

Human impact and displacement

The cyclone resulted in large scale humanitarian consequences, affecting communities nationwide:

- More than 2.2 million people were affected across the country.
- Over 230,000 people were displaced at the peak of the emergency and accommodated in government run safety centres or with host families.
- Fatalities exceeded 600, with several hundred persons reported missing in the immediate aftermath, particularly in landslide prone central hill country districts

Physical damage to housing and infrastructure

Cyclone Ditwah caused extensive physical damage to residential, public, and economic infrastructure:

- Over 100,000 houses were reported as fully or partially damaged, with thousands completely destroyed, particularly in flood and landslide affected districts
- Road networks, bridges, railways, electricity substations, water treatment plants, and telecommunications infrastructure suffered significant disruption, hindering access to affected areas and delaying emergency response efforts
- Flooding along major river basins, including the Kelani River, and landslides in the central highlands compounded accessibility challenges and recovery timelines

Impact on Group performance

Lanka Ceramic PLC's Feldspar mine in Owala was not damaged; however, it was inundated and consequently closed for operations for a period of three weeks. This disruption impacted both revenue and output. Nevertheless, the Company was able to ensure uninterrupted supply to customers by utilising mined output available as existing inventory.

With regard to the impact on employees, all employees were safe, with one employee's residence being partially damaged.

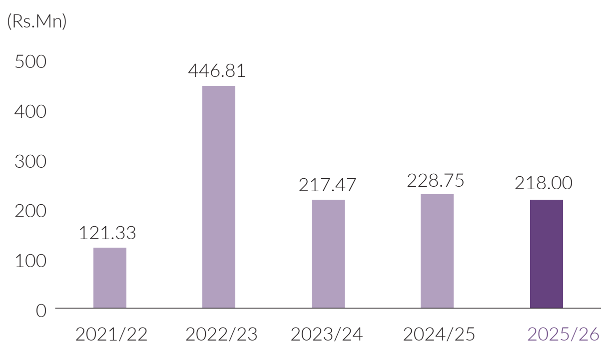
Financial Review

For the year ended 31st March	2026 "Rs.000"	2025 "Rs.000"	Movement
Revenue	218,097	228,755	-5%
Cost of sales	(147,426)	(136,610)	8%
Gross profit	70,672	92,145	-23%
Fair value gain on investment property	14,556	12,478	17%
Other income	89,206	89,749	-1%
Selling and distribution expenses	(13,076)	(13,304)	-2%
Administrative expenses	(37,544)	(46,659)	-20%
Finance expenses	(3,008)	(4,684)	-36%
Finance income	12,534	10,163	23%
Profit before tax	133,341	139,887	-5%
Income tax expense	(42,194)	(20,299)	108%
Profit for the year	91,148	119,588	-24%

Revenue

Revenue for the year ended 31st March 2026 was Rs. 218.1Mn, and compared with Rs. 228.8Mn in the comparative prior year ended 31st March 2025. This was a year-on-year (YoY) decline of 5%. The output at the Feldspar mine in Owala saw an increase of 3% during the year, to 36,694 MT, despite the impact of Cyclone Ditwah, which led to the mine being closed for three weeks.

Five-Year Revenue Movement



Cost of sales and gross profit

Cost of sales for the period was Rs.147.4Mn, and compared with Rs. 136.6Mn of the prior year. The increase in input prices was a main reason for the increase in cost of sales. The gross profit for the year was Rs. 70.7Mn. Gross profit margin for the year was 32%.

Fair value gain on investment property

During the year under review, the Group posted a fair value gain of Rs.14.6Mn on its property situated at Galle Road, Colombo 03. This compares with a fair value gain of Rs. 12.5Mn in the prior year. The basis of valuations is depreciated replacement cost method using the depreciated value of the building and market approach using the current open market value of the land.

Other income

Other income comprising rental income from the investment property at Galle Road Colombo 03, was Rs. 89.2Mn for the year, and was largely stable over the prior period due to steady rental income of Rs. 74.2 Mn. This diversified income category has supported the Group's profitability over the years.

Cost categories

Selling and distribution expenses for the year were Rs. 13.1Mn, a decline of 2%, mainly attributable to reduction of transport cost. Administrative expenses were Rs. 37.5Mn, a notable decrease of 20%, over the prior year which was a result of our ongoing cost conscious culture and rationalization efforts.

Finance expenses were Rs. 3.0Mn, a notable reduction of 36% YoY. The Group did not have any liabilities in the form of overdrafts or bank loans, which eliminated any finance expense on these lines. The zero gearing ratio maintained by Lanka Ceramic has enabled it to maintain finance expenses at healthy levels. The low interest rate environment that prevailed through the year also drove finance expenses down.

Profitability and taxation

The Group's pre tax profitability for the year was Rs. 133.3Mn and compared with Rs. 139.9Mn of the prior year. The Group paid Rs. 42.2Mn in taxes (2024/25: Rs. 20.3Mn). Resultant post-tax profit for the year was Rs. 91.1Mn which compared with a Rs. 119.6Mn post-tax profit of the prior year.

Financial position analysis

Total assets of the Group closed in at Rs. 1,629.1Mn, as at end of 31st March 2026. This was a 4% growth over the prior year's asset base. Within total assets, investment property continued to be the largest asset class, which represents the property situated at Galle Road, Colombo 03, as previously described, the value of which appreciated by 1% to Rs. 1,070.9Mn over the prior year.

Property, plant and equipment was Rs. 179.8Mn, and posted a decline of 13%, on account of depreciation and disposals.

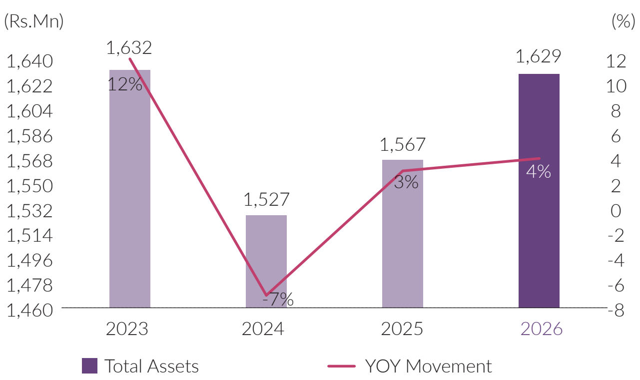
The Group funding mix remained sound, with 72% of the Balance Sheet funded by equity. The total equity base of the Group increased by 3% YoY to Rs.1,181Mn. Within this Stated Capital remained static at Rs. 300Mn, whilst reserves posted a marginal dip of Rs. 1Mn (-1%). Retained earnings improved to Rs. 652Mn, a YoY movement of 6%.

Non-current liabilities closed in at Rs. 404Mn at the end of the financial year, a 6% YoY increase. Current liabilities closed in at Rs. 44Mn, a 7% YoY increase. Trade and other payables were the largest component of current liabilities which stood at Rs. 39Mn as at the end of the year.

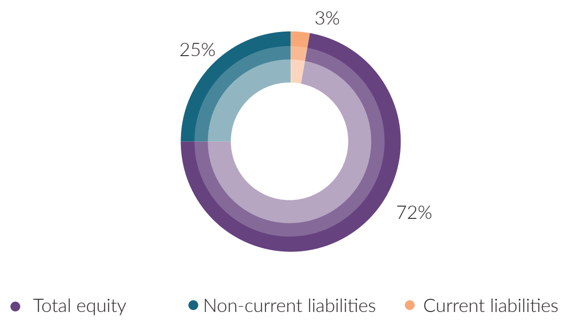
Balance sheet analysis

As at 31st March	2026 "Rs.000"	2025 "Rs.000"	Movement
Non-current assets			
Property, plant and equipment	179,812	206,929	-13%
Investment property	1,070,938	1,056,382	1%
Other equity investments	71,529	70,605	1%
Right of use assets	3,258	-	100%
Total non-current assets	1,325,537	1,333,917	-1%
Current assets			
Inventories	5,620	7,722	-27%
Trade and other receivables	166,946	132,973	26%
Cash and cash equivalents	130,954	92,598	41%
Total current assets	303,520	233,294	30%
Total assets	1,629,057	1,567,210	4%

Total assets behaviour



Composition of Balance Sheet Funding



Shareholder returns

Given below is a summary of key shareholder return metrics, and their performance for the FY 2025/26.

Group	2025/26	2024/25
Return on equity (ROE) - %	7.72	10.45
Earnings Per Share – Rs.	15.19	19.93
Pre-Tax Return on Assets (ROA) - %	8.19	8.93
Net Asset Value Per Share – Rs.	196.84	190.76
Closing Share Price – Rs	176.50	143.00
Price to Book Value – Ratio	0.90	0.75
Price Earnings (PE) Ratio - Times	11.62	7.18
Dividend Per Share – Rs.	6.40	8.90
Dividend Payout Ratio - %	42.13	44.66

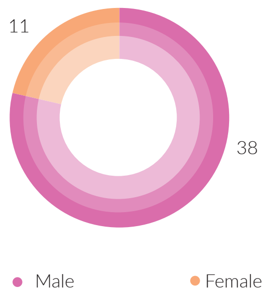
Balance sheet funding snapshot

As at 31st March	2026 "Rs.000"	2025 "Rs.000"	Movement
EQUITY AND LIABILITIES			
Stated capital	300,000	300,000	0%
Reserves	229,504	231,141	-0.7%
Retained earnings	651,563	613,399	6%
Total equity	1,181,067	1,144,540	3%
Non-current liabilities	404,082	381,490	6%
Current liabilities	43,908	41,181	7%
Total equity and liabilities	1,629,057	1,567,210	4%

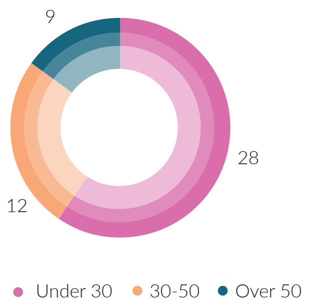
Human Capital

Our people are central to Lanka Ceramic PLC's operations and long term success. A skilled and dedicated workforce underpins the Company's reputation as a reliable supplier of high quality raw materials to Sri Lanka's ceramic industry. Employees are engaged across a wide spectrum of functions, and the Group places significant value on their role in driving operational excellence. We are committed to continuous learning and development, prioritising upskilling while fostering a safe, supportive, and enabling workplace for all employees.

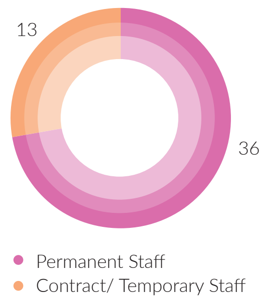
Employees by Gender



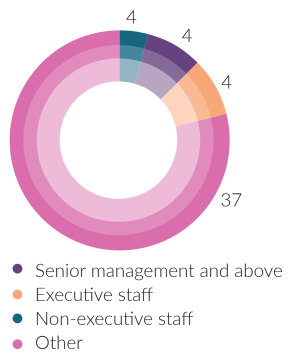
Employees by Age Group



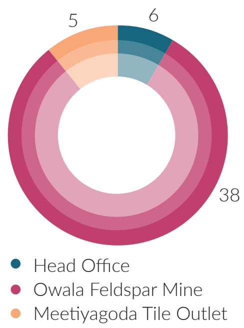
Employees by Category

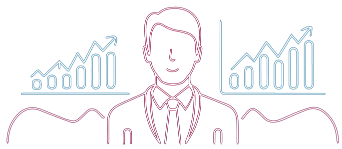


Employees by Designation



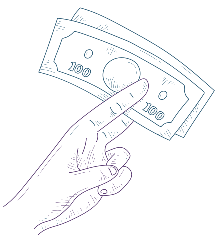
Employees by Location





REVENUE PER EMPLOYEE

Rs. 4.5 Mn



PROFIT BEFORE TAX PER EMPLOYEE

Rs. 2.7 Mn

TOTAL EMPLOYEES

49 Members

Human Capital

Our people and workplace philosophy

At Lanka Ceramic PLC, our people are at the heart of operational excellence and long term sustainability. We are committed to creating a workplace that is rewarding, performance driven, and resilient, one that supports both organisational objectives and individual aspirations. By fostering a culture of accountability, recognition, and continuous improvement, we aim to build a motivated workforce that is equipped to meet the evolving demands of the mining and raw materials supply sector.

A performance linked rewards framework underpins our people strategy. This approach recognises individual and team contributions, encourages high standards of performance, and reinforces a results oriented culture across the organisation. Our policies and procedures are designed to enhance productivity while enabling employees to perform their roles effectively and collaboratively.

Talent strategy: Attraction, placement, and retention

The success of the Lanka Ceramic Group is closely linked to having the right talent in the right roles at the right time. Our talent management framework is guided by a comprehensive, Group-wide recruitment and people management policy grounded in fairness, merit, equity, and transparency.

Talent acquisition is pursued through a balanced approach that combines internal mobility, including lateral movements and career progression opportunities, with external recruitment, aligned to business requirements and operational priorities. This approach enables continuity, knowledge retention, and the development of internal capability while allowing the Group to access specialised external skills when required.

Developing capability and building future ready skills

We place strong emphasis on continuous learning and long term capability development across all levels of the organisation. Our people development approach is designed to nurture potential, strengthen critical skills, and support employees in building meaningful careers within the Group.

Training interventions span both on the job learning and formal training programmes, enabling employees to progressively transition from unskilled or semi skilled roles into competent and confident contributors. This structured approach strengthens workforce quality while enhancing productivity and operational resilience.

Strengthening technical capability in factory operations

Significant focus is placed on capacity building within factory and operational environments, where specialised skills and technical competence are critical. On the job training programmes for factory staff and operatives are designed to enhance job specific skills while deepening understanding of end-to-end production processes.

These initiatives help employees appreciate how their individual roles contribute to overall operational outcomes, reinforcing efficiency, quality, safety, and accountability across the production value chain.

Performance management

The performance management system at Lanka Ceramic Group aligns individual performance with organisational goals while supporting employee development. Applicable to both Executive and Non Executive staff, it encourages ongoing feedback, open communication, and constructive engagement between managers and employees, enabling effective performance recognition and accountability in career progression.

Annual performance management cycle is depicted below:

Benefits available for our employees

- Basic salary
- Allowances
- Leave encashment
- Comprehensive workmen compensation insurance cover, including transportation to work
- Contribution to Employees' Provident Fund (EPF)
- Contribution to Employees' Trust Fund (ETF)

Health, safety, and wellbeing

Employee health and safety remain an uncompromising priority at Lanka Ceramic PLC. Given the operational nature of our activities, safety considerations are embedded into daily work practices across all sites. We place strong emphasis on creating a secure and supportive working environment, supported by regular safety training, awareness programmes, and compliance with applicable occupational health and safety standards.

Beyond physical safety, we recognise the importance of overall employee wellbeing. Our workplace practices are continually strengthened to ensure that employees feel supported, respected, and empowered to contribute meaningfully.

Key initiatives carried out during the year

Provision of PPE: Distributed personal protective equipment (PPE) to minimise risks and ensure a safe working environment

Risk assessments: Regularly conducted risk assessments to align with government health and safety regulations

Employee engagement: Held safety committee meetings with employee and line manager participation to maintain consistent safety practices

Training: Delivered training sessions on fire safety, first aid, and other safety-related topics to enhance preparedness

Our track record in workplace safety

Zero fatalities: We are proud to report zero workplace fatalities in over four decades of operations

Incident management: All incidents, including near-misses, are documented in an incident registry to enable learning and continuous improvement

Regulatory compliance: The Group remains fully compliant with all applicable workplace safety laws and regulations.

Voluntary best practices: Although not formally ISO certified, we voluntarily adopt ISO safety standards and processes

Collaboration with authorities: Our teams cooperate actively with Government inspectors conducting on-site safety audits, ensuring full transparency and support

Equal opportunities, gender diversity and inclusivity

Lanka Ceramic Group is committed to equal opportunity employment and to fostering an inclusive and respectful workplace. We ensure equitable pay and benefits for employees performing comparable roles, irrespective of gender or background, and regularly benchmark remuneration against market standards. Our human resource policies actively promote diversity, gender equality, and a zero tolerance approach to discrimination or harassment. These are supported by clearly defined grievance handling mechanisms and continual improvements aimed at maintaining a fair, safe, and supportive work environment.

Employee engagement initiatives

A strong sense of camaraderie and unity is promoted across the Group through employee engagement initiatives conducted throughout the year. These include:

- an annual staff trip for all employees; and
- the celebration and commemoration of religious and cultural events.

These initiatives contribute to fostering employee motivation, strengthening connections, and reinforcing a sense of belonging across the organisation.

CORPORATE GOVERNANCE

Risk Management

INTRODUCTION

Risk management is a critical requirement for any Company operating in a rapidly-changing competitive business environment. We recognise the importance of risk management and the process of risk management is developed to ensure that key risks are proactively identified and managed effectively with a view to protecting the shareholder value, thereby reducing and eliminating risks.

RISK GOVERNANCE

The Board is responsible for risk management of the Company and the Audit Committee review the risk in more detail. Corporate management is responsible for the identification of emerging risk and communicating to the Managing Director to develop appropriate mitigating action plans. The Managing Director communicates the material risks to the Board where necessary. The Board also monitors the risk landscape and provides necessary guidelines to manage the risk effectively.

RISK ENVIRONMENT

The financial year 2025/26 was defined by a shift toward macroeconomic stability in Sri Lanka, which provided a more predictable foundation for the Company's operations. Significant improvements in national economic indicators - specifically moderated inflation, a downward trend in interest rates, and enhanced foreign exchange liquidity - served to lower systemic risk and stimulate a steady recovery in the domestic construction and ceramic sectors. As a critical upstream supplier to the industry, Lanka Ceramic PLC leveraged this conducive environment to meet robust demand from key partners such as Lanka Tiles PLC and Royal Ceramics Lanka PLC, maintaining high production utilization throughout the period.

Despite this broader economic easing, the Company remained vigilant of operational sensitivities and cost-push pressures. While the stabilization of the Sri Lankan Rupee and energy markets reduced the extreme price volatility of prior years, fluctuations in fuel and electricity remained key risks to extraction, production and logistical margins. Furthermore, the operational impact of Cyclone Ditwah highlighted that while macroeconomic risks are receding, climate-related uncertainties are becoming a more prominent fixture of the risk landscape. Consequently, our risk management framework has evolved to focus on optimizing internal efficiencies and strengthening site-level resilience, ensuring that we capitalize on the favourable economic climate while safeguarding against localized disruptions.

Risk Management

WE CONTINUE TO ADOPT A HOLISTIC APPROACH TO MANAGING RISK AND HAVE DEVELOPED RELEVANT RISK MANAGEMENT MEASURES.

PRINCIPAL RISKS IN 2025/26

KEY RISKS	IMPACT	RISK INDICATORS	MITIGATING FACTORS
Political and Policy Uncertainty	Changing laws could be detrimental to the Company's capacity to conclude important transactions, enforce contractual agreements or implement specific strategies and activities. The Company is exposed to high political and regulatory risk as formulation of new laws and amendments to the existing laws and regulations are possibly unfavourable to the Company's competitive position and its capacity to efficiently conduct business.	Introduction and implementation of new government policies affecting mining operations. Extended and rigid approval process to obtain mining licenses. Additional approvals from Agrarian Development Department and Archaeology Department etc.	Lanka Ceramic PLC is a member of Ceylon Ceramic and Glass Council, Employers' Federation of Ceylon and Ceylon Chamber of Commerce. Maintaining a close relationship with government and public institutions. Assist government institutions in formulation of new laws and regulations. Working closely with Geological Survey and Mines Bureau while complying with all their regulations. Diversifying revenue sources of the Company.
Subdued Economic Growth	Subdued economic growth will result in reducing customer demand for construction which will lead to low demand for tiles which will eventually reduce demand for raw materials.	Weakening economy leading to decrease purchasing power. Lower demand from large scale tile manufacturers. Loss of small-scale customers.	Explore opportunities to enter into new export markets. Attempts to diversify the existing product portfolio.
Shortage of Non-Renewable Mineral Resources	Declining commercially exploitable reserves of ball clay, kaolin, feldspar, and quartz is a major issue experienced by the industry which has led to reduced production capacities and rising cost of production.	Lack of proper assessment of mineral resources in Sri Lanka. Difficulties in locating commercially exploitable mineral resources. Lands with deposits already occupied for residential and cultivational purposes.	Carrying out systematic and organised geological survey activities in collaboration with Geological Survey and Mines Bureau of Sri Lanka. Initiating planned exploitation programmes to conserve these valuable raw materials. Purchasing of lands with substantial mineral deposits. Incorporating process efficiencies to utilise all the available resources to the highest extent possible by minimising waste.
Restrictions on License to Operate	License to operate has evolved beyond the narrow focus on social and environmental issues. There are now increasing expectations of true shared value outcomes from mining projects. Any irregularity can impact the ability to access capital or even result in a total loss of license.	Increased Government regulations and supervision An increase in societal participation. The rise of minority voices. A rise in litigation: There will be more litigation, especially for non-compliances.	Compliance with all the Government rules and regulations. Empower the business to make decisions that consider more than just financial returns and using tools to better value the broader returns. Make social development decisions that deliver lasting outcomes. Improve the collaboration with the society and branding of the sector.

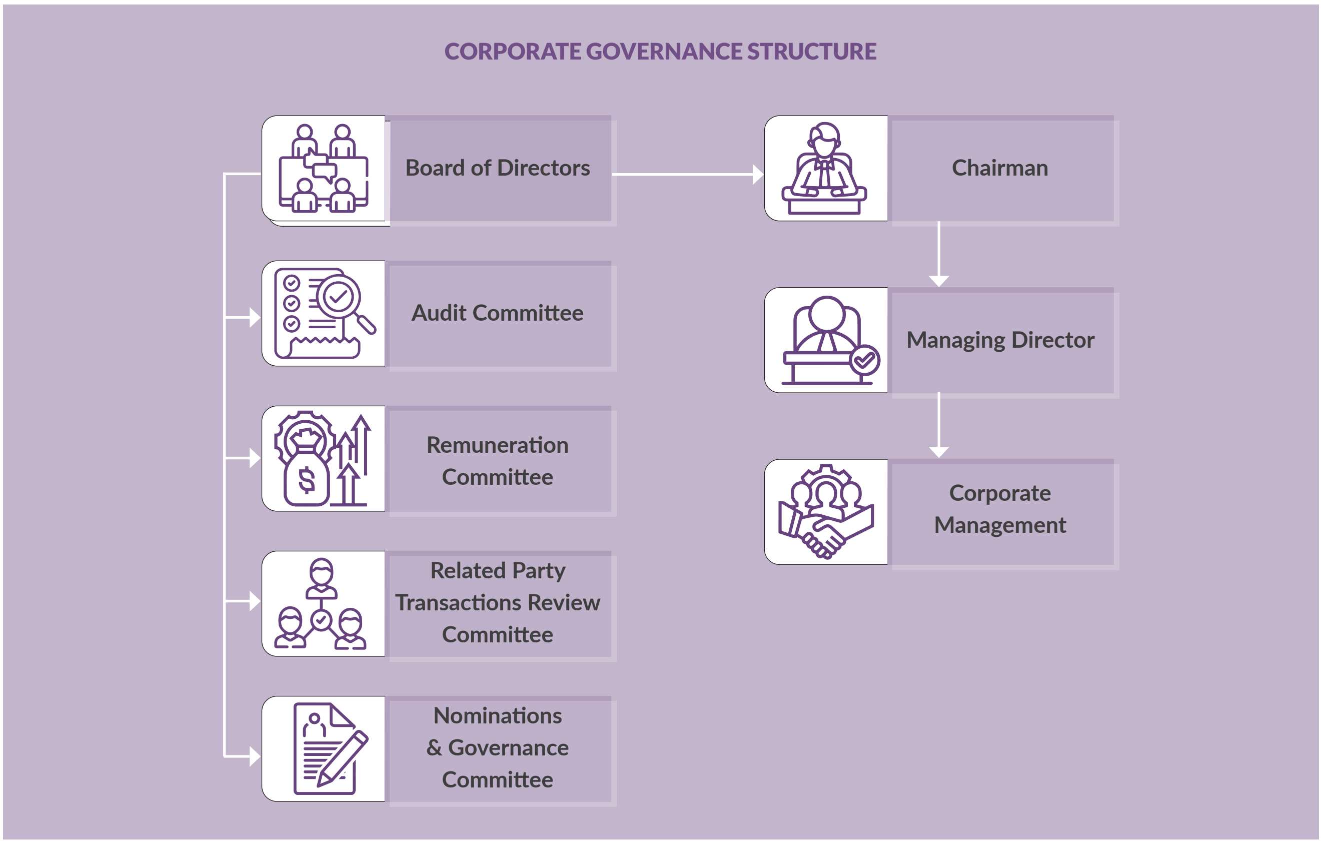
KEY RISKS	IMPACT	RISK INDICATORS	MITIGATING FACTORS
Occupational Health and Safety	The mining is a high risk occupation. Occupational health and safety management are essential to reduce work- related fatalities and increase the Company's efficiency.	Higher susceptibility to workplace injuries. Very fine mineral dust particles from blasting and drilling may lead to diseases.	Supply of personal protective equipment to prevent the hazards in the workplace. Compliance of the Government Rules and Regulations related to the workplace health and safety. Conducting regular safety committee meetings to raise awareness. Carrying out training and development programmes and regular supervision.
Climate Change	Unprecedented weather patterns causing disruptions to the operations.	Extremely serious changes are taking place in climatic factors due to climate change. During the last few years, Sri Lanka has witnessed a number of extreme rainfall events.	Water drainage systems are developed and maintained at the mining sites. Compliance with environmental standards. Safe disposal of water. The Company maintains adequate buffer stock.
Reputation Risk	Current and prospective impact on earnings and enterprise value arising from negative stakeholder opinion.	Non-compliance to regulations, standards and certification could impair the Company's reputation. Highly active social and electronic media.	Maintained stringent compliance to minimise environmental damages and adhere to rules and regulations of Central Environmental Authority. Actively engage with government bodies, regulators and industry associations. Environmental policies are kept up to date.
Market Risk	Demand for ceramic raw materials fluctuates due to the adverse impact arising in the industry.	There are few established rivals and a couple of new entrants in the ceramic raw materials industry. Importation of raw materials at lower cost.	Being a member of the largest ceramic manufacturing conglomerate, the Company has successfully overcome the challenges it faced in respect of market share. The Company regularly monitors customer requirements and takes appropriate steps to meet their requirements. The Company being the pioneer in the industry always maintains a very healthy business relationship with all major ceramic manufacturing companies.

Risk Management

KEY RISKS	IMPACT	RISK INDICATORS	MITIGATING FACTORS
Financial Risk	Higher borrowing costs, lower investment yields or decreased asset values that result in financial risks. Movements in prices, rates, indices and similar variables affect the value of the Company's financial assets and stock price, which may additionally impact its costs of capital and its ability to raise capital.	Exposure to lower returns or the necessity to borrow due to shortfalls in cash or expected cash flows or variances in timing or significant movements in interest rates expose the Company to a number of negative factors.	Credit limits and credit granted are reviewed through a detailed approval process reducing risk of debt and monthly overdue debtors are reported to the Board for necessary action. Both floating and fixed rate debt are considered and structured using loans, share capital and internal fund management to reduce borrowings. Presently the Company is fully equity funded and has no borrowings. Having conducted an internal audit process, the Company monitors the compliance of best financial practices and statutory regulations to detect any deviations.
Compliance Risk	Risk to going concern as well as the reduction in profitability due to legal/consultancy fees incurred.	Frequent changes in law or regulatory requirements applicable to the Company under any circumstances.	Conducting periodical assessments on the extent of compliance with the statutory requirements. Strictly following the expert advice on issues related to income and other taxation. The management team continuously reviews changes in regulations and takes necessary action to ensure that the Company is in compliance with the regulatory requirements.
Procurement Risk	Degrading quality standards of materials purchased/services obtained affecting the underlying operating margin of the Company adversely.	Material/Services price variations and their unavailability will adversely affect the progress of the business.	Entering into contracts with suppliers for material/service purchases. Establishing relationships with several suppliers/service providers to reduce over-dependency on a single supplier/ service provider.
Environmental	Dust emissions from crushing and sorting operations. Soil erosion and slope instability at mining site.	Regulatory action, community complaints Landslides, access disruption	Dust suppression systems, routine monitoring. Drainage, slope stabilisation.

Corporate Governance

Lanka Ceramic PLC manages its affairs in accordance with appropriate standards for good corporate governance, risk and compliance. The Board is committed to enhancing stakeholder value whilst ensuring that proper internal control systems are in place by complying with best practices as well as specific requirements under the Corporate Governance Rules embodied in Section 9 of the Listing Rules of Colombo Stock Exchange. Lanka Ceramic's governance guidelines provide Directors and the Management with a road map of their respective responsibilities. These guidelines, which will be updated periodically, detail clearly those matters requiring Board and Committee approval, advice or review.



The Company is compliant and will continue to ensure full compliance with Section 07 and Section 09 of Continuing Listing Requirements on corporate governance issued by the Colombo Stock Exchange.

In our governance framework, we have identified the importance of providing the Board with information which is comprehensible, relevant, reliable and timely. Critical information needs to be presented in such a way that it cannot be ignored.

Strategies are subject to a comprehensive annual review by the Board and are discussed further as necessary during the year. The Corporate Management has been delegated with authority to formulate strategies, seek approval for such strategies and implement them within the policy framework established by the Board. The achievement of targets through implementation of strategies formulated, current performance and the short-term outlook are reviewed at Board meetings which are held every other month.

The Board comprises professional and experienced business leaders of high repute, who are entrusted with the responsibility for providing strategic direction to the Company in an honest, fair, diligent and ethical manner.

The Board, which is elected by the shareholders, is the ultimate decision-making body of the Company, except with respect to matters reserved to shareholders. The primary function of the Board is to exercise its collective business judgment to act in what it reasonably believes to be in the best interests of the Company and its shareholders. In exercising its business judgment, the Board acts as an advisor and counsellor to the senior management and defines and enforces standards of accountability - all with a view to enabling senior management to execute their responsibilities fully and in the interests of shareholders.

BOARD STRUCTURE

The Board comprises six members, five of whom including the Chairman are Non-Executive Directors. The Board has determined that two of such Non-Executive Directors are independent as per the Listing Rules of the Colombo Stock Exchange. There is a balance of Executive and Non-Executive Directors to ensure that the decisions taken by the Board are in the best interest of the Company and its shareholders. The Non-Executive Directors do not have any business interest that could materially interfere with the exercise of their independent judgment. Each Director has submitted a declaration confirming that such Director has continuously satisfied the Fit and Proper Assessment Criteria as set out in the Listing Rules during the financial year under review as of the date of their declaration. Additionally, Independent Directors have submitted their declarations confirming the Independence as per the Listing Rules.

LEADERSHIP	ACCOUNTABILITY
The Board	**The Board's Responsibility**
The Board collectively provides effective leadership and oversight to ensure that the Company grows sustainably in the long term in order to meet the interests of shareholders and all other stakeholders.	The Board is responsible for providing leadership, oversight, control, development and long-term success of the Company. It is also responsible for instilling the appropriate culture, values and behaviour at all levels of operation.
Our Governance Structure establishes the fundamental relationships between the Board, its Sub Committees, Management, shareholders and other stakeholders.	In carrying out its duties, the Board is governed by the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka and the Listing Rules issued by the Colombo Stock Exchange. (as applicable)

MEETINGS AND ATTENDANCE

Meetings for the year ended 31st March 2026 and the attendance of each Director at such meetings against eligibility for attendance are given below.

Name	Directorship Status	Board Meetings	Audit Committee	Related Party Transactions Review Committee	Nominations and Governance Committee
Mr. A.M. Weerasinghe	Chairman - Non-Executive	6/6	N/A	N/A	1/1
Mr. L.P.B. Talwatte	Managing Director – Executive	6/6	N/A	N/A	N/A
Mr. T.G. Thoradeniya	Non-Executive (Resigned w.e.f. 31st December 2025)	1/4	N/A	N/A	N/A
Ms. A.M.L. Page	Non-Executive	5/6	3/4	3/4	N/A
Mr. J.D.N. Kekulawala	Independent Non-Executive (Resigned w.e.f. 08th December 2025)	3/4	3/3	3/3	1/1
Mr. S.M. Liyanage	Non-Executive	6/6	N/A	N/A	N/A
Ms. K.D. Weerasinghe	Independent Non-Executive	6/6	4/4	4/4	1/1
Mr. H.M.A. Jayesinghe	Independent Non-Executive (Appointed w.e.f. 20th December 2025)	2/2	1/1	1/1	-
Total No. of Meetings		6	4	4	1

CHAIRMAN & CEO

The roles of the Chairman and the Chief Executive Officer (CEO) are clearly delineated to ensure a balance of power and promote effective governance at the Board level.

The Chairman is responsible for leading the Board and ensuring its effective functioning. This includes setting meeting agendas, presiding over Board meetings, facilitating open and constructive discussion, and ensuring that Directors receive accurate and timely information to support informed decision making.

The Managing Director is tasked with the implementation of the Company's strategic objectives within the parameters of the approved policy framework. The Managing Director also ensures compliance with all applicable regulatory requirements and is accountable for the day-to-day management of the Company's operations.

APPOINTMENT AND RE-ELECTION

The Nominations and Governance Committee supports the Board in identifying and recommending candidates who align with the Company's strategic objectives, while also meeting criteria for independence and diversity. Director re-elections are placed before the shareholders at the Annual General Meeting (AGM) through separate resolutions for each nomination.

All new appointments are promptly disclosed to the Colombo Stock Exchange, along with a summary of the Director's profile, including their shareholding (if any), current roles, and classification as executive, non-executive, or independent.

In accordance with the Company's Articles of Association, the Board is empowered to appoint Directors to fill casual vacancies that may arise during the year. Such appointments remain in effect until the next AGM, at which point shareholders may confirm the appointment through re-election.

In keeping with good governance practices, one-third of the Directors retire by rotation at each AGM and, if eligible, may offer themselves for re-election. Each election or re-election is presented to shareholders as a separate resolution, as detailed on page 107 of this Annual Report. Executive directors are not subject to rotational retirement, as they continue in office for the duration of their employment contracts.

MATERIAL BUSINESS RELATIONSHIPS

Upon appointment, all Directors are required to disclose their business interests, with updates provided as necessary. The Company Secretary maintains a Register of Directors' Interests, in accordance with regulatory requirements. Details of the Directors are disclosed on pages 11 to 12 of this Annual Report.

Directors abstain from participating in discussions or decisions involving matters in which they have a related party interest, and recuse themselves from the Boardroom for the duration of such deliberations.

All related party transactions are subject to prior review by and quarterly reporting to the Related Party Transactions Review Committee, which evaluates and recommends/approves such transactions to ensure compliance with applicable regulatory and governance standards. These transactions are disclosed in Note 25 to the Financial Statements on page 98.

DETERMINING INDEPENDENCE OF INDEPENDENT DIRECTORS

The independence of Independent Non-Executive Directors is assessed annually by the Board, based on declarations submitted by each Director in accordance with Listing Rule 9.8.5. Mr. H.M.A. Jayesinghe and Ms. K.D. Weerasinghe have confirmed their independence against the criteria stipulated in Section 9.8.3 of the Listing Rules. The Board, having reviewed the submitted declarations, has determined that both Directors meet the criteria for independence as defined therein.

ROLE OF THE COMPANY SECRETARY

PW Corporate Secretarial (Pvt) Ltd serves as the Company Secretary, providing a comprehensive range of corporate secretarial services. These include scheduling Board and Committee meetings, circulating agenda papers, maintaining minutes, and ensuring the timely filing of statutory returns and submission of Financial Information and disclosures to the Colombo Stock Exchange.

The Company Secretary plays a key advisory role to the Board, guiding Directors on procedural matters and ensuring compliance with applicable legal and regulatory obligations pertaining to their roles and responsibilities.

In addition, the Company Secretary coordinates the convening of the Annual General Meeting and Extraordinary General Meetings, manages shareholder communications through the Registrars, Central Depository Systems (Pvt) Ltd. and is responsible for communication with the Colombo Stock Exchange. The appointment and removal of the Company Secretary is a matter reserved for the collective decision of the Board.

BOARD COMMITTEES

The Board has appointed four Committees, namely an Audit Committee, a Related Party Transactions Review Committee, a Remuneration Committee and a Nominations and Governance Committee to assist the Board.

The composition and roles of the Sub Committees appointed are summarised below.

AUDIT COMMITTEE

The Audit Committee is responsible for monitoring the integrity of financial statements of the Company by ensuring compliance with relevant financial reporting regulations and requirements and also Internal control and Risk Management Systems of the Company. The Audit Committee also oversees the relationship between the Company and the Auditor and reviews the Company's financial reporting system.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review Committee was appointed by the Board for the purpose of conducting an independent review, approval and oversight of all related party transactions of the Company and to ensure that the Company complies with applicable Listing Rules on related party transactions.

REMUNERATION COMMITTEE

The Remuneration Committee decides on the remuneration of Executive Directors and sets guidelines for the remuneration of the Management staff within the Company.

NOMINATIONS AND GOVERNANCE COMMITTEE

The Nominations and Governance Committee upholds effective corporate governance practices including overseeing the nomination and appointment of Directors, evaluating the composition and performance of the Board, and recommending appropriate governance frameworks and policies.

THE COMPOSITION AND ROLE OF EACH COMMITTEE ARE SUMMARISED BELOW:

BOARD COMMITTEE & COMPOSITION	MANDATE	FURTHER INFORMATION
Audit Committee		
Comprises three Non-Executive Directors out of whom two are Independent. Mr. H.M.A. Jayesinghe - Chairman (Independent Non-Executive Director) (Appointed w.e.f. 20th December 2025) Mr. J.D.N. Kekulawala - Chairman (Independent Non-Executive Director) (Resigned w.e.f. 08th December 2025) Ms. A.M.L. Page (Non- Executive Director) Ms. K.D. Weerasinghe (Independent Non-Executive Director)	Monitor and supervise Management's financial reporting process in ensuring: • The integrity of financial statements in accordance with Sri Lanka Financial Reporting Standards. • The compliance with legal and regulatory requirements of the Companies Act and other relevant financial reporting related regulations and requirements. • The External Auditor's independence and performance. • Review of the adequacy and effectiveness of the Company's Internal Control and Risk Management systems, over the financial reporting process.	Refer pages 53 to 54 for the Audit Committee Report
Remuneration Committee		
Comprises three Non-Executive Directors out of whom two are Independent. Ms. K.D. Weerasinghe - Chairperson (Independent Non-Executive Director) Mr. A.M. Weerasinghe (Non-Executive Director) Mr. J.D.N. Kekulawala (Independent Non-Executive Director) (Resigned w.e.f. 08th December 2025) Mr. H.M.A. Jayesinghe (Independent Non-Executive Director) (Appointed w.e.f. 20th December 2025)	The Committee focuses on and is responsible for ensuring that the total remuneration package is competitive to attract the best talent for the benefit of the Company. Recommend the remuneration payable to the Executive Directors and Senior Management.	Refer pages 55 to 56 Remuneration Committee Report

BOARD COMMITTEE & COMPOSITION	MANDATE	FURTHER INFORMATION
Related Party Transactions Review Committee		
Comprises three Non-Executive Directors out of whom two are Independent. Mr. H.M.A. Jayesinghe - Chairman (Independent Non-Executive Director) (Appointed w.e.f. 20th December 2025) Mr. J.D.N. Kekulawala - Chairman (Independent Non-Executive Director) (Resigned w.e.f. 08th December 2025) Ms. A.M.L. Page (Non-Executive Director) Ms. K.D. Weerasinghe (Independent Non-Executive Director)	• Subject to the exceptions given under the Listing Rules, review in advance all proposed related party transactions. • Perform other activities related to the Charter/Terms of Reference as requested by the Board. • Have meetings every fiscal quarter and report to the Board on the Committee's activities. • Share information with the Audit Committee as necessary and as appropriate, to permit the Audit Committee to carry out its statutory, regulatory and other responsibilities with regard to related party transactions. • Review the Charter and Policy at least annually, recommend amendments to the Terms of Reference and Policy to the Board as and when determined to be appropriate by the Committee.	Refer pages 57 to 58 for Related Party Transactions Review Committee Report
Nominations and Governance Committee		
Comprises of three Non-Executive Directors of whom two are Independent. Ms. K.D. Weerasinghe - Chairperson (Independent Non-Executive Director) Mr. A.M. Weerasinghe (Non-Executive Director) Mr. J.D.N. Kekulawala (Independent Non-Executive Director) (Resigned w.e.f. 08th December 2025) Mr. H.M.A. Jayesinghe (Independent Non-Executive Director) (Appointed w.e.f. 20th December 2025)	• Identifies, evaluates, and recommends qualified candidates to ensure a diverse and capable Board. • Assesses the Board's structure, size, and composition for alignment with long-term strategy and market dynamics. • Reviews and recommends corporate governance frameworks, including codes of conduct and ethical standards. • Oversees succession planning to ensure smooth leadership transitions. • Evaluates the structure and role distribution of Board committees for strategic alignment.	Refer pages 59 to 61 for Nominations and Governance Committee Report

RELATIONSHIP WITH SHAREHOLDERS

Shareholders are informed about the performance of the Company through press releases, quarterly financial statements and notices to the Colombo Stock Exchange in accordance with the continuing listing requirements. Shareholders are provided with the Annual Report, which the Company considers as its principal communication with them and other stakeholders.

The shareholders have the opportunity of meeting the Board and forwarding their questions at the Annual General Meeting (AGM). The Board believes the AGM is a means of continuing effective dialogue with shareholders. The Chairmen of the Sub Committees, Senior Management and the Auditors attend the Annual General Meetings to respond to queries that may be raised by the shareholders. The Board offers clarifications and responds to concerns shareholders have over the content of the Annual Report as well as the other connected matters which are of importance. However, this does not limit the shareholders' communication with the Board, and they are free to communicate anytime with the Managing Director, the Company Secretary or any of the Senior Managers depending on the matter to be addressed.

Moreover, Shareholders may direct their general enquiries to the Company Secretaries, P W Corporate Secretarial (Pvt) Ltd, No. 3/17, Kynsey Road, Colombo 8 on +94 11 4640360 or pwcs@pwcs.lk or to the Finance Manager on +94 11 4504610 or kasun@lcl.lk or Facsimile +94 11 4504614 who has been assigned the responsibility of attending to such Enquiries.

INDEPENDENT AUDITOR

The Independent Auditor is appointed by the shareholders at the Annual General Meeting. The Audit Committee evaluates the Auditor's independence, objectivity and the effectiveness of the audit process considering relevant professional and regulatory requirements.

The Audit Committee at its meeting held on 26th May 2026 recommended that the incumbent Independent Auditors Messrs. Ernst & Young, Chartered Accountants was re-appointed as the Auditors.

A resolution for reappointment of the Auditors and authority for Directors to determine their remuneration will be placed before the Shareholders at the forthcoming Annual General Meeting. Assignment of non-audit services to the Auditors is also reviewed by the Audit Committee who determine whether the potential impairment of independence and objectivity of the Auditor in carrying out their duties and responsibilities.

COMPLIANCE

The Company's status of compliance in accordance with the CSE Listing Rules – Section 9 and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka, is given below;

REFERENCE TO ICASL CODE/CSE LISTING RULES	CORPORATE GOVERNANCE PRINCIPLE	HOW WE COMPLY	COMPLIANCE STATUS
A. DIRECTORS			
A.1	The Board		
A.1.1	Board Meetings	The Board met six times during the year under review.	☑
A.1.2	Role of the Board	The Board is responsible for, • The formulation and implementation of a sound business strategy. • Monitoring compliance of governance, laws and regulations. • Overseeing systems of internal control and risk management. • Approving annual budgets and strategic plans. • Appointing and reviewing the performance of the Managing Director. • Approving any change in the Company's business portfolio and sanction of major investments and disinvestment in accordance with set parameters. • Ensuring that effective remuneration and required recognition policies are in place to assist employees in giving their best. • Submitting themselves for re-election at regular intervals and at least once in every three years.	☑
A.1.3	Compliance with laws and access to independent professional advice	The Board ensured in the year under review that the Company adhered to all applicable laws, rules and regulations. If needed Directors can obtain independent professional advice at the Company's expense where it is considered necessary.	☑
A.1.4	Access to advice from the Company Secretary	The services and advice of the Company Secretary Messrs. P W Corporate Secretarial (Pvt) Ltd, is available to Directors as necessary. The Company Secretary keeps the Board informed of new laws, regulations and requirements coming into effect which are relevant individually as Directors and collectively to the Board.	☑
A.1.5	Independent judgment of the Directors	The Board members are required to divulge all functions with the Company, refrain from matters of self-interest and to bring independent judgment to the decision-making process.	☑

REFERENCE TO ICASL CODE/CSE LISTING RULES	CORPORATE GOVERNANCE PRINCIPLE	HOW WE COMPLY	COMPLIANCE STATUS
A.1.6	Dedicating adequate time and effort	Board members attend all Board meetings in person and need to be prepared to engage in decision making matters which may entail an adequate amount of time and effort spent.	☑
A.1.7	Calls for resolutions	Resolutions are passed for all Board approvals and minutes are kept.	☑
A.1.8	Appropriate training for Directors	All Directors have considerable experience in managing Companies in the manufacturing industry. Relevant training opportunities are made available to all Directors.	☑
A.2 9.6.1	Segregation of Roles of Chairman and CEO	Please refer Corporate Governance on page 29	☑
A.3	Chairman's role	Ensure good corporate governance and facilitate effective discharge of Board functions. The Chairman is responsible for the efficient conduct of Board meetings. The Chairman maintains close contact with all Directors and holds informal meetings with Non-Executive Directors whenever necessary.	☑
A.4	Financial Acumen	Availability of sufficient financial acumen and knowledge. The Board includes Directors who possess the necessary knowledge and competence to offer the Board guidance on financial matters.	☑
A.5 9.8	Board Balance	The Board should have an adequate number of Directors with balance of Executive and Non-Executive Directors of sufficient calibre along with Independent Directors.	☑
A.5.1/ A5.2/ A.5.3 & A.5.5 9.8.1 - 2	Presence of Non-Executive Directors/ Independence of Non-Executive Directors	The Board comprises six members, five of whom including the Chairman are Non-Executive Directors. The Board has determined that two of such Non-Executive Directors are independent as per the Listing Rules of the Colombo Stock Exchange. **Directors' status during the financial year was as follows:** Mr. A.M. Weerasinghe (Chairman) - Non-Executive Mr. L.P.B. Talwatte (Managing Director) - Executive Mr. T.G. Thoradeniya - Non-Executive (Resigned w.e.f. 31st December 2025) Ms. A.M.L. Page - Non-Executive Mr. J.D.N. Kekulawala - Independent Non-Executive (Resigned w.e.f. 08th December 2025) Mr. S.M. Liyanage -Non-Executive Ms. K.D. Weerasinghe - Independent Non-Executive Mr. H.M.A. Jayesinghe (Appointed w.e.f. 20th December 2025)	☑

REFERENCE TO ICASL CODE/CSE LISTING RULES	CORPORATE GOVERNANCE PRINCIPLE	HOW WE COMPLY	COMPLIANCE STATUS
A.5.4 9.8.5 (a)	Annual Declaration of Independence by the Independent Non- Executive Directors	Annual declarations citing their independence is obtained by the secretary annually.	☑
A.5.6	Alternate Director to a Non-Executive Director	No Alternate Directorships	☑
A.5.7/5.8	Senior Independent Director	Not Applicable.	☑
A.5.9	Chairman meeting with the Non-Executive Directors	When required the Executive Directors and Members of staff are excused from meetings.	☑
A.5.10	Recording concerns	Concerns of directors are recorded in minutes including disagreements expressed by Directors and reasons for such disagreements.	☑
A.6	Supply of Information		
A.6.1	Obligation of the Management to provide appropriate and timely information	Relevant information and agenda to be circulated in a timely manner to the Board.	☑
A.6.2	Board papers to be provided seven days prior to Board Meeting	Board papers are circulated in advance of the Board meetings with an adequate briefing on relevant information.	☑
A.7	Appointments to the Board		
A.7.1 / A.7.2 / A.7.3 / A.7.10.3 (d) 9.10.2 - 3 9.11.1	Nominations and Governance Committee and the assessment of composition of the Board and disclosure of appointment of a new Director	The proposed appointments to the Board are assessed by the Nominations and Governance Committee, taking into consideration the required Board composition and the strategic input required. All Board appointments are informed to the CSE within two market days from the date of such decision. The disclosure includes a brief profile of the Director and whether the Director is an Independent/Non- Executive/ Executive Director, and the relevant interest in shares held by such director.	☑
A.8	Re-election		
A.8.1 /A.8.2	Re-election of Directors at regular intervals	As per the Articles of Association one-third of the Non Executive Directors for the time being retire from office and offer themselves for re-election, each year by the shareholders.	☑
A.8.3	Resignation	In the event of a resignation, a letter of resignation is provided by the Director.	☑

REFERENCE TO ICASL CODE/CSE LISTING RULES	CORPORATE GOVERNANCE PRINCIPLE	HOW WE COMPLY	COMPLIANCE STATUS
A.9	Appraisal of Board Performance		
A.9.1/A.9.2/ A.9.3/A.9.4	Appraisals of the Board and the sub committees	Board should periodically appraise its own performance in order to ensure that responsibilities are carried out in accordance with the relevant statutes. The Board regularly evaluates its performance based on achievement of results, implementation of strategy, risk management, internal controls, compliance with laws and stakeholder requirements.	☑
A.10	Disclosure of Information in Respect of Directors		
A.10.1 9.10.4	Profiles of the Board of Directors and other related information	The names of the Directors of the Board and their profiles are given on pages 11 to 12.	☑
A.11	Appraisal of the Chief Executive Officer		
A.11.1/A.11.2	Setting of the annual targets and the appraisal of the CEO	The Managing Director is evaluated each year as per the yearly targets that have been agreed in terms of the annual budget.	☑
B. DIRECTORS' REMUNERATION			
B.1	Remuneration Procedure		
B.1.1	Set up a Remuneration Committee with agreed terms of reference	Refer Directors' Remuneration on page 98 The Report of the Remuneration Committee on pages 55 to 56 gives the composition of the Committee and a description of its activities during the year.	☑
B.1.2 7.10.5(a)	Remuneration Committee to consist of Non-Executive Directors only	Consists of three Non-Executive Directors, two of whom are Independent.	☑
B.1.3	List names of Remuneration Committee in Annual Report	Please refer pages 55 to 56	☑
B.1.4 7.10.5(b)	Determination of the remuneration of the Non-Executive Directors	Remuneration of the Non-Executive Directors is decided by the Board based on the recommendations provided by the Remuneration Committee.	☑
B.1.5	Consultation with the Chairman and the Managing Director	The Chairman/ MD are consulted when determining the remuneration to be paid to the Executive Directors and Management, respectively.	☑

REFERENCE TO ICASL CODE/CSE LISTING RULES	CORPORATE GOVERNANCE PRINCIPLE	HOW WE COMPLY	COMPLIANCE STATUS
B.2	Remuneration Committee		
B.2.1/B.2.2/ B.2.3/B.2.4	The level and makeup of the remuneration of Directors and comparison of remuneration with other Companies	Remuneration levels have been designed to attract, retain and motivate Directors and Senior Management required to run the Company successfully, while remaining within the industry's remuneration standards.	☑
B.2.6	Executive share options		N/A
B.2.7	Designing schemes of performance-based remuneration	Refer the Report of the Remuneration Committee on pages 55 to 56.	☑
B.2.8/B.2.9	Early Termination of Directors	There is no compensation for early termination of Non-Executive Directors.	☑
B.3	Disclosure of Remuneration		
B.3.1	Disclosure of Remuneration	Details of the Remuneration Committee and the Statement of Remuneration Policy are provided in the Annual Report. The aggregate remuneration paid to Executive and Non-Executive Directors is disclosed on page 98 of this Report.	☑
C. RELATIONS WITH SHAREHOLDERS			
C.1	Constructive use of AGM and Conduct of Meeting		
C.1.1 9.4.2	Dispatch of Notice of AGM and related papers to shareholders	Notice of Meeting, the Agenda for the Annual General Meeting and the Annual Report are circulated to shareholders, hosted on the Company page of the web portal on the Colombo Stock Exchange and the web site of the Company 15 working days prior to the meeting as required by the Companies Act No. 07 of 2007 and the Articles of Association of the Company.	☑
C.1.2	Separate resolution for substantially separate issues	Separate resolutions are passed for each matter taken up at the AGM.	☑
C.1.3	Accurate recording and counting valid proxy appointments received for general meeting	Valid proxies are listed together with the number of shares held by the shareholder appointing the proxy.	☑

REFERENCE TO ICASL CODE/CSE LISTING RULES	CORPORATE GOVERNANCE PRINCIPLE	HOW WE COMPLY	COMPLIANCE STATUS
C.1.4	Availability of Chairman of Board Committees at the Annual General Meeting	The Chairmen of the Board Committees are present to answer any queries of the shareholders directed to them by the Chairman of the Company.	☑
C.1.5	Summary of Notice of General Meetings and procedures governing voting at General Meetings	A summary of the procedure on voting is given in the Notice of Meeting.	☑
C.2	Communications with Shareholders		
C.2.1 to C.2.7 9.4.2	Communications with Shareholders	The AGM and EGM (if any) are used as the method for communicating with the shareholders. All quarterly and annual financial information and other important matters as required by the Act and the Listing Rules are shared by way of disclosures through the CSE. The Company Secretaries/Registrars are the main contact people for the shareholders and in line with the policy on relations with Shareholders and Investors, the contact details of the Company Secretary, the main contact point for Shareholders appear on page 31. All major concerns of the shareholders are brought to the notice of the Board at the AGM and at Board/Sub committee meetings. All queries of shareholders are answered at the AGM and all shareholders are given the opportunity to express their views/ concerns.	☑
C.3	Major & Material Transactions		
C.3.1 & C.3.2	Disclosure of Major Transactions	There were no matters which were identified as Major Transactions during the year as such no disclosure has been made in this regard. In the event there are Major Transactions, relevant disclosures and relevant shareholder approvals are obtained.	☑
D. ACCOUNTABILITY & AUDIT			
D.1.1	Financial Reporting	Refer Independent auditors' report on pages 64 to 66 in the Annual Report.	☑
D.1.2	Interim and price sensitive reports to public and regulators	In preparing annual and quarterly Financial Statements, the Company complies with the requirements of the; • Companies Act No. 07 of 2007, • Sri Lanka Accounting Standards and • Listing Rules of the Colombo Stock Exchange. The annual and interim Financial Statements were published within the time periods prescribed by the Listing Rules of the Colombo Stock Exchange.	☑
D.1.3	CEO/CFO Declaration	The Statement of Financials contains a declaration by the Chairman, Managing Director and Head of Finance.	☑

REFERENCE TO ICASL CODE/CSE LISTING RULES	CORPORATE GOVERNANCE PRINCIPLE	HOW WE COMPLY	COMPLIANCE STATUS
D.1.4	Directors' Report declarations	Refer Annual Report of the Board of Directors on pages 45 to 50	☑
D.1.5	Statements on responsibilities for preparation of financial statements and internal control	Refer the following: • Statement of Board responsibility for preparation of financial statements – page 45 • Statement from Auditors on their reporting responsibilities – page 65 • Statement of Directors' Responsibility – page 52	☑
D.1.6	Management discussion & analysis	Refer annual report pages from 14 to 21 which provides a comprehensive management discussion and analysis of the Group's operations.	☑
D.1.7	Serious loss of capital	Shareholders will be informed of a serious loss of capital in the event it happens.	☑
D.1.8	Related Party Transactions	Refer the following disclosures on Related Party Transactions: • Related Party Transactions Review Committee report on pages 57 to 58 • Annual Report of the Board of Directors on pages 45 to 50 • Note 25 to the financial statements	☑
D.2	Risk Management & Internal Control		
D.2.1	Monitor, review and report on financial, operational and compliance risk and internal control systems	The following reports provide details on compliance with these requirements: • Risk Management Report from pages 23 to 26 • Statement of Directors' Responsibility on page 52 • Audit Committee Report on pages 53 to 54	☑
D.2.2	Confirm assessment of the principal risks of the company		☑
D.2.3	Internal Audit		☑
D.2.4	Require Audit Committee to carry out reviews of & Board responsibility for disclosures		☑
D.2.5	Compliance with Directors' responsibilities as set out by the Code		☑

REFERENCE TO ICASL CODE/CSE LISTING RULES	CORPORATE GOVERNANCE PRINCIPLE	HOW WE COMPLY	COMPLIANCE STATUS
D.3	Audit Committee		
D.3.1 7.10.6 (a)	Establish an Audit Committee comprising wholly of Non-Executive directors of which at least two must be independent	Audit Committee comprises three Non-Executive Directors of whom two are independent. Refer Audit Committee on pages 53 to 54.	☑
D.3.2 7.10.6 (b)	Written Terms of Reference for Audit Committee	The Audit Committee has a written Terms of Reference summarized in the Audit Committee Report on pages 53 to 54.	☑
D.3.3 7.10.6(c)	Disclosures	The Audit Committee Report with required disclosures are given on pages 53 to 54.	☑
D.5	Related Party Transactions Review Committee		
D.5.1/ D.5.2/D.5.3	Related Party Transactions Review Committee	The details are given in the Related Party Transactions Review Committee Report on pages 57 to 58 of this report.	☑
D.6	Code of Business Conduct and Ethics		
D.6.1	Board declaration for compliance with Code	The Code of Best Practices issued by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission is adopted by the Directors, who then ensure that the Company and the employees behave ethically.	☑
D.6.2	Price sensitive information	Material and price sensitive information is promptly disclosed to the CSE by the Company Secretaries, as directed by the Board.	☑
D.6.3	Monitor Share purchase by Directors/ KMPs	In terms of the internal code of business conduct for Directors and employees adopted by the Company, and policy adopted thereon in line with the Listing Rules. Directors and Employees are required to follow the applicable rules thereon and report any dealings in shares to the Company Secretaries.	☑
D.6.7	Chairman's statement	Refer the Reflections from the Chairman on Corporate Governance on pages 07 to 08 and The Statement of Directors' Responsibility on page 52.	☑
D.7	Corporate Governance Disclosures	The Corporate Governance Report on pages 27 to 44 comply with this requirement.	☑
E. INSTITUTIONAL INVESTORS			
E.1.1	Institutional Investors	The proxies of the major institutional investors, such as the major shareholder is obtained	☑
E.2	Evaluations of Governance Disclosure	This report contains the Company's Corporate Governance process and structure for investor's attention.	☑

REFERENCE TO ICASL CODE/CSE LISTING RULES	CORPORATE GOVERNANCE PRINCIPLE	HOW WE COMPLY	COMPLIANCE STATUS
F. OTHER INVESTORS			
F.1	Investing/Divesting Decision	The Annual Report contains sufficient information to make an informed decision. The report is hosted on the Colombo Stock Exchange website along with the quarterly reports to facilitate investors and shareholders to make informed decisions.	☑
F.2	Encouraging shareholder participation	All shareholders are encouraged to participate at the Annual General Meeting/Extraordinary General Meeting and cast their votes. AGMs are noticed in advance as per the Companies Act and held in an accessible area to ensure shareholders can participate effectively.	☑

COMPLIANCE WITH THE CONTINUING LISTING RULES ON CORPORATE GOVERNANCE OF THE CSE

The extent of adherence to corporate governance rules under Section 9 of Continuing Listing requirements of the Colombo Stock Exchange is given below:

REFERENCE TO CSE LISTING RULES	DISCLOSURE REQUIREMENT	HOW WE COMPLY	COMPLIANCE STATUS
9.1.3	Statement confirming the extent of compliance with the Corporate Governance Rules	Please refer on page 48	☑
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted	None	☑
9.2.3 (i)	List of policies in place as per Rule 9.2.1, with reference to website	Published on website www.lankaceramicplc.com Investor relations	☑
9.2.3 (ii)	Any changes to policies adopted	No significant changes	☑
9.4.2	(a) The policy on effective communication and relations with shareholders and investors (b) The contact person for such communication (c) The policy on relations with shareholders and investors on the process to make all Directors aware of major issues and concerns of shareholders	Published on website www.lankaceramicplc.com under the Investor Relations	☑
9.5.2	Confirmation on compliance with the requirements of the Policy on matters relating to the Board of Directors. If non-complied reasons for the same with proposed remedial action.	Complied	☑
9.6.3	Report of SID demonstrating the effectiveness of duties	Not applicable as Chairman is not an Executive Director	
9.6.4	Rationale for appointing SID	N/A	
9.7.5	Statement on Directors and CEO satisfying Fit and Proper Assessment Criteria Any non-compliance/s and remedial action taken	Please refer Annual Report of the Board of Directors on pages 45 to 50	☑
9.8.5	Names of Directors determined to be ‘independent’	Mr. H.M.A. Jayesinghe Ms. K.D. Weerasinghe	☑

REFERENCE TO CSE LISTING RULES	DISCLOSURE REQUIREMENT	HOW WE COMPLY	COMPLIANCE STATUS
9.10.4	**Directors' details**		
	- Name, qualifications and brief profile	Details are stated in profiles set out on pages 11 to 12 Attendance is given on page 28 TOR and powers of SID are not applicable	☑
	- Nature of his/her expertise in relevant functional areas		☑
	- Whether either the Director or Close Family Members has any material business relationships with other Directors		☑
	- Whether Executive, Non-Executive and/or independent Director		☑
	- Total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or KMP stating whether listed or unlisted, whether functions as executive or non-executive (If the directorships are within the Group names need not be disclosed)		☑
	- Number of Board meetings attended		☑
	- Names of Board Committees in which the Director serves as Chairperson or a member		☑
	- Attendance of Board Committee meetings		☑
	- TOR and powers of SID	N/A	
9.11.6	**Nominations and Governance Committee Report** - Signed by Chairperson - Names of chairperson and members with nature of directorship - Date of appointment to the committee - Availability of documented policy and processes when nominating Directors - Requirement of re-election at regular intervals at least once in 3 years - Board diversity - Effective implementation of policies and processes relating to appointment and reappointment of Directors - Details of directors re-appointed - Board Committees served Date of first appointment Date of last re-appointment - Directorships or Chairpersonships and other principal commitments, present and held over the preceding three years - Any relationships – close family member, more than 10% shareholding - Performance of periodic evaluation of board - Process adopted to inform independent directors of major issues. - Induction / orientation programmes for new directors on corporate governance, Listing Rules, securities market regulations or negative statement - Annual update for all directors on corporate governance, Listing Rules, securities market regulations or negative statement - Compliance with independence criteria - Statement on compliance with corporate governance rules, if non- compliant reasons and remedial actions	The report is set out on pages 59 to 61.	☑

REFERENCE TO CSE LISTING RULES	DISCLOSURE REQUIREMENT	HOW WE COMPLY	COMPLIANCE STATUS
9.12.8	**Remuneration Committee Report** - Names of chairperson and members with nature of directorship - Remuneration Policy - The aggregate remuneration of the Executive and Non-Executive Directors	The report is set out on pages 55 to 56	☑
9.13.5	**Audit Committee Report** - Names of chairperson and members with nature of directorship - Status of risk management and internal control – company and group - Statement on CEO and CFO assurance on operations and finances - Opinion on compliance with financial reporting requirements, information requirements of the Listing Rules, Companies Act, SEC Act and any other requirements. - Availability of formal Audit Charter - Internal audit assurance and summary of the work internal audit - Details demonstrating effective discharge of functions and duties - Statement on external auditors' assurance on their independence - Confirmation on determining auditor's independence	The report is set out on pages 53 to 54	☑
9.14.8 (1)	**Related Party Disclosures** Non-recurrent RPT exceeding 10% of the Equity or 5% of the Total Assets, whichever is lower (in the specified format) - Name of the RP Relationship - Value of RPT - Value as % of equity and total assets - Terms and Conditions - Rationale	There were no non-recurrent RPT exceeding the threshold	☑
9.14.8 (2)	**Recurrent RPT exceeding 10% of the gross revenue/income (in the specified format)** - Name of the RP Relationship - Nature of RPT - Value of aggregate RPT - Value as % of gross income - Terms and Conditions	Please refer page 51.	☑
9.14.8 (3)	**Related Party Transactions Review Committee Report** - Names of the Directors comprising the Committee - Statement that committee has reviewed RPTs and communicated comments/ observations to the Board - Policies and procedures adopted by the Committee	Please refer pages 57 to 58.	☑
9.14.8 (4)	Affirmative declaration by the Board of Directors on compliance with RPT Rules or negative statement to that effect.	Please refer the Related Party Transactions Review Committee Report on pages 57 to 58 and please refer the Annual Report of the Board of Directors on pages 45 to 50.	☑

REFERENCE TO CSE LISTING RULES	DISCLOSURE REQUIREMENT	HOW WE COMPLY	COMPLIANCE STATUS
9.16	**Additional disclosures by Board of Directors Declaration on following** - All material interests in contracts and have refrained from voting on matters in which they were materially interested - Reviewed the internal controls covering financial, operational and compliance controls and risk management and obtained reasonable assurance of their effectiveness and successful adherence, and, if unable to make any of these declarations an explanation on why it is unable to do so; - Made themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions; - Disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations.	Please refer the Annual Report of the Board of Directors on pages 45 to 50.	☑

Section 7 – Continuing Listing Requirements

REFERENCE TO CSE LISTING RULES	DISCLOSURE REQUIREMENT	HOW WE COMPLY	COMPLIANCE STATUS
7.6 (i)	Board of directors during the FY with profiles	Please refer on pages 11 to 12	☑
7.6 (ii)	Principal activities of the Entity and subsidiaries including any changes	Please refer on page 45	☑
7.6 (iii)	Top 25 Shareholders – number of shares and % of Voting and non-voting shares LKR or Foreign Currency denominated	Please refer on page 104	☑
7.6 (iv) (a)	**Public holding details for LKR denominated Shares** - Float adjusted market capitalization, - Public holding percentage (%), - Number of public shareholders - Option The public holding percentage (%) in respect of non-voting ordinary Shares (where applicable).	Please refer on page 105	☑
7.6 (iv) (b)	**Public holding details for Foreign Currency denominated Shares** - Public holding percentage (%) - Number of public shareholders	Please refer on page 105	☑
7.6 (v)	Each Director's and Chief Executive Officer's shareholding in each class of shares LKR and Foreign Currency denominated (as applicable).	Please refer on page 105	☑
7.6 (vi)	Material foreseeable risk factors of the Entity.	Please refer on pages 23 to 26	☑
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity.	Please refer Annual report of the BOD on pages 45 to 50	☑

REFERENCE TO CSE LISTING RULES	DISCLOSURE REQUIREMENT	HOW WE COMPLY	COMPLIANCE STATUS
7.6 (viii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties.	Please refer page 47	☑
7.6 (ix)	Number of shares representing the Entity's stated capital.	Please refer Note 9.2 on page 89	☑
7.6 (x)	Distribution schedule - Number of holders and % for each class as per the format in the rules.	Please refer on page 104	☑
7.6 (xi)	**Ratios and market prices - Equity** - Dividend per share - Dividend pay out - Net asset value per share - Market value per share – High, Low and Closing **Ratios and market prices - Debt** - Interest rate of comparable government security - Debt/equity ratio - Interest cover - Quick asset ratio - Debt service coverage ratio (where applicable) - The market prices & yield during the year (ex-interest) – High, Low and last traded - Any changes in credit rating (for the Entity or any other instrument issued by the Entity), if applicable.	Please refer on page 102	☑
7.6 (xii)	Significant changes of entity and subsidiaries' fixed assets including substantial difference between market value and book value of lands.	Please refer on pages 83 to 85	☑
7.6 (xiii)	Details of Investments in RP and due from RP	N/A	
7.6 (xiv) (a)	Details of Employee Share Option Schemes (ESOS)	N/A	
7.6(xiv) (b)	Details of Employee Share Purchase Schemes (ESPS)	N/A	
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of Listing Rules	Refer Corporate Governance report and Report of the Board of Directors	☑
7.6 (xvi)	Details of Investments in RP and due from RP	N/A	
7.6 (xvii)	If Foreign Currency Denominated Securities are listed	N/A	
7.6 (xviii)	If Sustainable Bonds are listed	N/A	
7.6 (xix)	If Perpetual Debt Securities are listed	N/A	

Annual Report of the Board of Directors on the Affairs of the Company

The Board of Directors of Lanka Ceramic PLC is pleased to present to the shareholders their Annual Report on the affairs of the Company together with the Audited Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiary (collectively referred to as 'Group') for the financial year ended 31st March 2026, conforming to all relevant statutory requirements.

This Report provides the information as required by the Companies Act, No.07 of 2007, Listing Rules of the Colombo Stock Exchange and the recommended Best Practices.

GENERAL

Lanka Ceramic PLC is a public limited liability Company which was incorporated under the Companies Act No. 17 of 1982 on 19th January 1990 and re-registered as per the Companies Act, No.7 of 2007 on 5th June 2008 under the registration number PQ 157.

Both the registered office of the Company and its Head Office are situated at No. 23, Narahenpita Road, Nawala.

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

The Principal activities of the Company, which remain unchanged since the previous year, are mining, processing and sales of raw materials to the ceramic industry, holding investments, managing investment property and operating a Lanka Tile showroom as a franchise partnership.

Principal activity of the subsidiary is given in Note 1.2 to the Financial Statements on page 72.

This Report together with the Financial Statements, reflect the state of affairs of the Company.

FINANCIAL STATEMENTS

The complete Financial Statements of the Company and Consolidated Financial Statements of the Company and its subsidiary, duly signed by two Directors on behalf of the Board are given on pages 64 to 101.

AUDITORS' REPORT

The Report of the Independent Auditors on the Financial Statements of the Company and its subsidiary are given on pages 64 to 66.

ACCOUNTING POLICIES

The Accounting Policies adopted by the Company in the preparation of the Financial Statements are given on pages 72 to 82. Except as stated in Note 2.1.4 to the Financial Statements there were no significant changes to the accounting policies used by the Company during the year under review vis-à-vis those used in the previous year.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of Financial Statements of the Company and the Group, which reflect a true and fair view of the state of its affairs. A further statement in this regard is included on page 52.

DIRECTORS

The names of the Directors who held office as at the end of the accounting period are given below and their brief profiles appear on pages 11 to 12.

EXECUTIVE DIRECTOR

Mr. L.P.B. Talwatte - Managing Director

NON-EXECUTIVE DIRECTORS

Mr. A.M. Weerasinghe - Chairman
Mr. S.M. Liyanage
Ms. A.M.L. Page

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. K.D. Weerasinghe

Mr. H.M.A. Jayesinghe
(Appointed w.e.f. 20th December 2025)

RECOMMENDATION FOR RE-ELECTION OF DIRECTORS WHO RETIRE BY ROTATION

Ms. A.M.L. Page retires by rotation in terms of Articles 102 and 103 of the Articles of Association and being eligible, consequent to review by the Nominations and Governance Committee is recommended by the Board for re-election.

RECOMMENDATION FOR RE-ELECTION OF DIRECTORS WHO WERE APPOINTED SINCE THE LAST ANNUAL GENERAL MEETING

Mr. H.M.A. Jayesinghe who was appointed to the Board in terms of Article 109 of the Articles of Association of the Company, since the last Annual General Meeting is recommended by the Board for re-election by the shareholders, consequent to review by the Nominations and Governance Committee.

CHANGES IN THE DIRECTORATE OF THE COMPANY

Resignations

Mr. J.D.N. Kekulawala, Independent Non- Executive Director resigned w.e.f. 08th December 2025.

Mr. T.G. Thoradeniya, Non-Executive Director resigned with w.e.f. 31st December 2025.

New Appointments

Mr. H.M.A. Jayesinghe was appointed as an Independent Non-Executive Director with effect from 20th December 2025.

Annual Report of the Board of Directors on the Affairs of the Company

DIRECTORS' OF THE SUBSIDIARY COMPANY

The names of the Directors who held office as at the end of the accounting period are:

LC Plantation Projects Ltd	- Mr. A.M. Weerasinghe
	- Mr. L.P.B. Talwatte

INTERESTS REGISTER

The Company maintains an Interests Register in terms of the Companies Act No. 7 of 2007, which is deemed to form part and parcel of this Annual Report and available for inspection upon request.

All related party transactions which encompasses the transactions of Directors who were directly or indirectly interested in a contract or a related party transaction with the Company during the accounting period are recorded in the Interests Register in due compliance with the applicable rules and regulations of the relevant Regulatory Authorities.

The relevant interests of Directors in the shares of the Company as at 31st March 2026 as recorded in the Interests Register are given in this Report under Directors' shareholding.

DIRECTORS' REMUNERATION

The Company has adopted a Remuneration Policy and established a formal procedure for determination of remuneration of Directors including Executive Directors. No Director is involved in deciding his or her own remuneration.

The Directors' remuneration is disclosed under Key Management Personnel compensation in Note 25.2 to the Financial Statements on page 98 .

DIRECTORS' INTERESTS IN CONTRACTS

Except for the transactions referred to in Note 25 to the Financial Statements, the Company did not carry out any transaction with any of the Directors. The Company carried out transactions during the year in the ordinary course of its business at commercial rates with the related entities of Directors as described in Annexure [A] on page 51 Directors have no direct or indirect interest in any contract or proposed contract with the Company.

INDEPENDENT AUDITORS

Company

Messrs. Ernst & Young, Chartered Accountants served as the Auditors during the year under review and also provided non-audit services. They do not have any interest in the Company other than that of Auditor and provider of other legally permitted non-audit services.

A total amount of Rs. 1,024,632/- is payable by the Company to the Auditors for the year under review comprising Rs.709,632/- as audit fees and Rs.315,000/- for non audit services.

The Auditors have expressed their willingness to continue in office. The Audit Committee at a meeting held on 26th May 2026 recommended that they be re-appointed as Auditors. A resolution to re-appoint the Auditors and to authorize the Directors to determine their remuneration will be proposed at the Annual General Meeting.

Group

The Auditor of the subsidiary company, LC Plantation Projects Ltd is Messrs. Ernst & Young, Chartered Accountants. Details of fee payable to the Auditors is set out in Note 19 to the Financial Statements on page 95.

INDEPENDENCE OF AUDITORS

Based on the declaration provided by Messrs. Ernst & Young, Chartered Accountants and to the extent that the Directors are aware, the Auditors do not have any relationship with (other than that of the Auditor), or interest in, the Company, which in the opinion of the Board, may reasonably be considered to have a bearing on their independence within the meaning of the Code of Professional Conduct and Ethics issued by The Institute of Chartered Accountants of Sri Lanka as at the reporting date.

STATED CAPITAL

The Stated Capital of the Company is Rs. 300Mn.

The number of shares issued by the Company stood at 6,000,000 fully paid ordinary shares as at 31st March 2026. There were no changes in the Stated Capital of the Company during the year.

DIRECTORS' SHAREHOLDING

The relevant interests of Directors in the shares of the Company as at 31st March 2026 and 31st March 2025 are as follows:

	Shareholding as at 31.03.2026	Shareholding as at 31.03.2025
Mr. A.M. Weerasinghe	-	-
Mr. L.P.B. Talwatte	-	N/A
Ms. A.M.L. Page	-	-
Mr. S.M. Liyanage	-	-
Ms. K.D. Weerasinghe	-	-
Mr. H.M.A. Jayesinghe (Appointed w.e.f. 20th December 2025)	-	N/A

Royal Ceramics Lanka PLC is the major shareholder of the Company holding 4,413,390 shares constituting 73.557% of the shares representing the stated capital of the Company. Mr. A.M. Weerasinghe, Mr. H.M.A. Jayesinghe and Mr. S.M. Liyanage were Directors of Royal Ceramics Lanka PLC as at 31st March 2026.

SHAREHOLDERS

There were 1,794 shareholders registered as at 31st March 2026 (1,692 shareholders as at 31st March 2025). The details of distribution are given on page 104 of this Report.

MAJOR SHAREHOLDERS, DISTRIBUTION SCHEDULE AND OTHER INFORMATION

Information on the distribution of shareholding, analysis of shareholders, market values per share, earnings, dividends, net assets per share, twenty five largest shareholders of the Company, percentage of shares held by the public as per the Listing Rules of the Colombo Stock Exchange are given on pages 104 to 105 and page 102 under the Shareholder and Investor Information and the Company's Ten Year Summary.

EMPLOYMENT POLICY

The Company's employment policy is totally non-discriminatory which respects individuals and provides career opportunities irrespective of gender, race or religion.

As at 31st March 2026, 49 persons were in employment (49 persons as at 31st March 2025).

RESERVES

The reserves of the Company with the movements during the year are given in Note 10 to the Financial Statements on pages 89 to 90.

LAND HOLDINGS

The Company's land holdings referred to in Notes 3 and 4 of the Financial Statements comprise of the following:

Freehold Lands

Location	No. of Buildings	Land Extent	Fair Value as at 31.03.2026 (Rs.000)
Land at Owala	4	26A-3R-05.5P	26,534
Land at Meetiyagoda	-	13A-1R-01.5P	36,462
	4	39A -2R-38.5P	62,996

Location	No.of Buildings	Land Extent	Fair Value as at 31.03.2026 (Rs.000)
Land at Kollupitiya	1	0A-1R-1.12P	1,070,938

PROPERTY, PLANT & EQUIPMENT

Details and movements of Property, Plant and Equipment are given under Note 3 to the Financial Statements on pages 83 to 85.

INVESTMENTS

Details of the Company's unquoted investments as at 31st March 2026 are given in Note 05 to the Financial Statements on pages 86 to 87.

DONATIONS

No donation was made by the Company during the year under review.

DIVIDENDS

The Directors have proposed the payment of a Final Dividend of Rupees Six and Cents Forty per share (Rs. 6.40) for the year under review, subject to the approval of the shareholders at the Annual General Meeting to be held on 30th June 2026.

RISK MANAGEMENT

An ongoing process is in place to identify and manage the risks that are associated with the business and operations of the Company. The Directors review this process through the Audit Committee.

Specific steps taken by the Company in managing the risks are detailed in the section on Risk Management on pages 23 to 26.

STATUTORY PAYMENTS

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of, and in respect of employees of the Company and all other known statutory dues as were due and payable by the Company as at the reporting date have been paid or, where relevant provided for, except for certain assessments where appeals have been lodged.

CONTINGENT LIABILITIES

As disclosed in Note 26 to the Financial Statements on page 99, there were no contingent liabilities as at the reporting date.

EVENTS OCCURRING AFTER THE REPORTING DATE

Except for the matters disclosed in Note 27 to the Financial Statements on page 99 there are no material events as at the date of the Auditor's Report which require adjustment to, or disclosure in the Financial Statements.

ENVIRONMENTAL PROTECTION

The Company and the Group make every endeavour to ensure compliance with the relevant environmental laws, regulations and best practices applicable in the country. After making adequate inquiries from the management, the Directors are satisfied that the Company and the Group operate in a manner that minimizes the detrimental effects on the environment within which the Company and the Group operate.

MATERIAL ISSUES PERTAINING TO EMPLOYEES AND INDUSTRIAL RELATIONS PERTAINING TO THE COMPANY

No material issues pertaining to employees or industrial relations of the Company occurred during the year under review which required disclosure under Rule 7.6 (vii) of the Listing Rules.

CORPORATE GOVERNANCE

The Board of Directors confirms that the Company is compliant with Corporate Governance Rules set out in Section 9 of the Listing Rules of the Colombo Stock Exchange.

The corporate governance of the Company is reflected in its strong belief in protecting and enhancing stakeholder value in a sustainable manner, supported by a sound system of policies and practices. Prudent internal controls ensure professionalism, integrity and commitment of the Board of Directors, Management and Employees.

The Corporate Governance Statement on pages 27 to 44 explains the measures adopted by the Company during the year.

POLICIES IN TERMS OF RULE 9.2 OF THE LISTING RULES

In terms of Rule 9.2.1 of the Listing Rules, the Company established, adopted and published on the Company website www.lankaceramicplc.com the following policies, ensuring adherence to best practices in corporate governance, ethical conduct, and regulatory compliance:

a) Policy on the matters relating to the Board of Directors

b) Policy on Board Committees

c) Policy on Corporate Governance, Nominations and Re-election

d) Policy on Remuneration

e) Policy on Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities

f) Policy on Risk Management and Internal Controls

g) Policy on Relations with Shareholders and Investors

h) Policy on Environmental, Social and Governance Sustainability

i) Policy on Control and Management of Company Assets and Shareholder Investments

j) Policy on Corporate Disclosures

k) Policy on Whistleblowing

l) Policy on Anti-Bribery and Corruption

There were no significant changes to the above policies adopted by the Company during the year under review.

FIT AND PROPER ASSESSMENT OF DIRECTORS

In terms of Rule 9.7.4 of the Listing Rules of the Colombo Stock Exchange, declarations were obtained from the Directors who confirmed that they have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the Financial Year under review and as at the date of such declarations. These Declarations were placed before the Nominations and Governance Committee, and upon review by the Nominations and Governance Committee, where no member participated in decisions relating to his/her continuation, were then presented to the Board.

INDEPENDENCE OF DIRECTORS

The Board, based on the Declarations submitted by the Independent Directors declaring his/her independence against the criteria specified in the Listing rules and such other information available to the Board that could reasonably be constructed to have a bearing on the independence of such Directors, determined that the Two (2) Independent Directors namely Mr. H.M.A. Jayesinghe and Ms. K.D. Weerasinghe are 'Independent' in terms of the Listing Rules.

POLICY ON RELATIONS WITH SHAREHOLDERS AND INVESTORS

The Company has established a process for effective communication and relations with shareholders and investors. Accordingly, the shareholders have access to the Company as set out in Relationship with Shareholders on page 31 of this Report.

OTHER DIRECTORSHIPS HELD BY THE DIRECTORS

The Board, based on the recommendations of the Nominations and Governance Committee, and considering the time allocation required of the Directors for the Board related matters of the Company decided that a Director of the Company shall not hold more than eleven (11) directorships in Listed Companies.

POLICY ON MATTERS RELATING TO THE BOARD OF DIRECTORS

The Company has in terms of the above Policy, acted in compliance with the requirements set out in Rule 9.5.1 of the Listing Rules.

ADDITIONAL DISCLOSURES BY/PERTAINING TO DIRECTORS

(i) Material Interests in Contracts involving the Company

The Directors have declared all material interests in contracts involving the Company in terms of the Companies Act and the Articles of the Association of the Company and have acted as prescribed therein, and where relevant have refrained from voting on matters in which they were materially interested.

(ii) Material Business, Relationships with each other

None of the Directors or close family members have any material business relationships with the other Directors of the Company.

(iii) Other Directorships held by the Directors

Other Directorships held by Directors are disclosed on pages 11 to 12.

(iv) Review of Internal Controls

The Directors have, through the Audit Committee, conducted a review of the Internal controls covering financial, operational and compliance control and risk management and thereby obtained reasonable assurance of their effectiveness and successful adherence therewith.

(v) Applicable Laws Rules and Regulations

The Directors have planned to make themselves aware of applicable laws, rules and regulations and are aware of the changes, particularly to Listing Rules and applicable capital market provisions.

BOARD MEETINGS

Six (6) Board Meetings of the Company were held during the year under review and the Directors' attendance at those Meetings is set out on page 28.

BOARD SUB COMMITTEES

Audit Committee, Remuneration Committee, Related Party Transactions Review Committee and the Nominations and Governance Committee function as Board sub committees, with Directors who possess the requisite qualifications and experience. The composition of the said committees is as follows:

AUDIT COMMITTEE

Mr. H.M.A. Jayesinghe - Chairman
(Independent Non-Executive Director)

Ms. A.M.L. Page
(Non-Executive Director)

Ms. K.D. Weerasinghe
(Independent Non-Executive Director)

REMUNERATION COMMITTEE

Ms. K.D. Weerasinghe - Chairperson
(Independent Non-Executive Director)

Mr. A.M. Weerasinghe
(Non-Executive Director)

Mr. H.M.A. Jayesinghe
(Independent Non-Executive Director)

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Mr. H.M.A. Jayesinghe - Chairman
(Independent Non-Executive Director)

Ms. A.M.L. Page
(Non-Executive Director)

Ms. K. D. Weerasinghe
(Independent Non-Executive Director)

NOMINATIONS AND GOVERNANCE COMMITTEE

Ms. K.D. Weerasinghe - Chairperson
(Independent Non-Executive Director)

Mr. A.M. Weerasinghe
(Non-Executive Director)

Mr. H.M.A. Jayesinghe
(Independent Non-Executive Director)

Annual Report of the Board of Directors on the Affairs of the Company

DECLARATION - COMPLIANCE WITH THE LISTING RULES ON RELATED PARTY TRANSACTIONS

In terms of Rule 9.14.8(4) of the Listing Rules, the Directors declare that the Company is in compliance with Rule 9.14 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the financial year ended 31st March 2026.

CORPORATE SOCIAL RESPONSIBILITY

The Company continued its Corporate Social Responsibility Programmes.

GOING CONCERN

The Directors have assessed the Company's ability to continue as a going concern and is satisfied that it has resources to continue in business for the foreseeable future.

ANNUAL GENERAL MEETING

The Notice of the Thirty Fifth (35th) Annual General Meeting appears on page 106.

ACKNOWLEDGEMENT OF THE CONTENT OF THE REPORT

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

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

A.M. Weerasinghe
Chairman

L.P.B. Talwatte
Managing Director

P W Corporate Secretarial (Pvt) Ltd
Secretaries
28th May 2026

ANNEXURE A - RELATED PARTY TRANSACTIONS

Name of the Related Party	Relationship	Nature of the Transaction	Aggregate Value of Related Party Transactions entered into during the financial year Rs.	Terms and conditions of Related Party Transaction
Lanka Tiles PLC	Affiliated Company	Sale of raw materials	143,339,368	Based on commercial rates
		Receiving of commission income	6,177,112	Based on commercial rates
		Reimbursement of expenses	774,807	Actual expenses incurred
		Rental income	2,904,504	Based on commercial rates
			153,195,791	
Lanka Walltiles PLC	Affiliated Company	Sale of raw materials	23,902,525	Based on commercial rates
		Receiving of commission income	2,301,420	Based on commercial rates
		Reimbursement of expenses	6,268,049	Actual expenses incurred
			32,471,994	
Royal Ceramics Lanka PLC	Parent Company	Sale of raw materials	32,167,546	Based on commercial rates
		Dividend payment	39,279,171	Final Dividend of Rs.8.90 per share
		Reimbursement of expenses	71,450	Actual expenses incurred
			71,518,167	
Rocell Bathware Ltd	Affiliated Company	Sale of raw materials	10,366,984	Based on commercial rates
			10,366,984	
Swisstek Aluminum Ltd.	Affiliated Company	Rent expense	1,275,376	Based on commercial rates
			1,275,376	
LC Plantation Projects Ltd.	Subsidiary Company	Reimbursement of expenses	286,372	Actual expenses incurred
			286,372	

Non-Recurrent Related Party Transactions

There were no non-recurrent related party transactions which in aggregate value exceed 10% of the equity or 5% of the total assets, whichever is lower during the financial year ended 31st March 2026, which require additional disclosures in the 2025/26 annual report, under the Colombo Stock Exchange Listing Rule 9.3.2 (a) and Code of Best Practice on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

Recurrent Related Party Transactions

Colombo Stock Exchange Listing Rule 9.3.2(b) and Code of Best Practice on Related Party Transactions under the Securities and Exchange Commission Act requires additional disclosures to be made in the annual report when the recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group.

However, the Company is in the business of mining and selling of raw materials to tile industry. Therefore, the sales of raw material to related entities fall under the exempted Related Party Transactions category as per the Section 9.5. Hence additional disclosure was not made in this regard in the Annual Report.

Section 9.5(a) states that, Subject to Rule 9.3.2(b) of these Rules, transactions with Related Parties which are recurrent, of revenue or trading nature and which are necessary for day-to-day operations of a Listed Entity or its subsidiaries and, in the opinion of the Related Party Transactions Review Committee, terms are not favourable to the Related Party than those generally available to the public.

Statement of Directors' Responsibility

The Board of Directors is responsible for the preparation and presentation of the financial statements of the Company in accordance with the provisions of the Companies Act No. 07 of 2007 of Sri Lanka and Sri Lanka Accounting Standards (SLFRS/LKAS), so as to give a true and fair view of the financial position of the Company as at the reporting date and of its financial performance and cash flows for the period then ended.

In preparing these financial statements, the Directors are required to ensure that:

- Appropriate accounting policies have been selected and applied consistently.

- Reasonable and prudent judgments and estimates have been made.

- All applicable Sri Lanka Accounting Standards have been followed and any material departures have been disclosed and explained.

- The financial statements have been prepared on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act No. 07 of 2007.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Board of Directors confirms that the Company has complied with the above requirements in preparing the financial statements for the year ended 31st March 2026.

By Order of the Board
Lanka Ceramic PLC

P W Corporate Secretarial (Pvt) Ltd
Secretaries
28th May 2026

Audit Committee Report

Role of the Audit Committee

The Audit Committee is a Sub Committee of the Board, empowered to examine all matters pertaining to the financial affairs of the Company and assists the Board of Directors in effectively discharging their duties. The function of the Audit Committee is defined in the Audit Committee Charter. Primarily the committee assesses the adequacy of the risk management framework of the Company, assesses the independence and the performance of the Company's external and internal audit functions and reviews compliance of the Company with regard to the legal and regulatory requirements.

Composition of the Committee

The Audit Committee comprises three Non-Executive Directors, two of whom are Independent and is chaired by an Independent Non-Executive Director, in conformity with the Listing Rules.

The Composition of the committee during the financial year 2025/26, and as of the date of this Report is as follows:

Members	Date of appointment to the Committee	Nature of Directorship
Mr. Manil Jayesinghe - Chairman	20th December 2025	Independent Non-Executive Director
Ms. A.M.L. Page	30th May 2017	Non-Executive Director
Ms. K.D. Weerasinghe	01st January 2025	Independent Non-Executive Director
Mr. J.D.N. Kekulawala - Chairman (Resigned w.e.f. 08th December 2025)	26th May 2022	Independent Non-Executive Director

Brief profile of each member appears on pages 11 to 12 of this Report.

The Company Secretaries, P W Corporate Secretarial (Pvt) Ltd serves as the Secretaries to the Committee.

Regular invitees include the Managing Director, Head of Finance and the Finance Manager. In addition, members of Management are invited, as required, to participate in discussions relating to areas under their respective purview.

Meetings and attendance

The Committee met four (04) times during the financial year under review. Attendance of the members at these meetings is as follows: -

Members	Attendance
Mr. Manil Jayesinghe - Chairman (Appointed w.e.f. 20th December 2025)	1/1
Ms. A.M.L. Page	3/4
Ms. K.D. Weerasinghe	4/4
Mr. J.D.N. Kekulawala - Chairman (Resigned w.e.f. 08th December 2025)	3/3

Functions of the Audit Committee

The Audit Committee examined the preparation, presentation and adequacy of disclosure in compliance with the Sri Lanka Accounting Standards (SLFRS/LKAS) and whether the financial reporting requirements were in accordance with the Companies Act No.07 of 2007, Securities and Exchange Commission of Sri Lanka Act, No. 36 of 1987 and other relevant financial reporting related regulations and requirements.

The Audit Committee reviewed and approved the annual and interim financial statements prior to the final approval by the Board. In all instances, the Audit Committee obtained relevant declarations from the Managing Director and Head of Finance stating that the respective financial statements are in conformity with the applicable Accounting Standards, Company Law and other statutes including Corporate Governance Rules and that the presentation of such Financial Statements are consistent with those of the previous period's statements of the year as the case may be and further states any departures from financial reporting statutory requirements and group policies (if any).

This Audit Committee also reviewed the adequacy and proper continuous functioning of the internal control procedures of the Company to obtain reasonable assurances that the financial statements of the Company accurately reflect the state of affairs of the Company and the results for the period to which it relates. Internal Audits were planned covering key aspects of the organisation with a view to further strengthening the internal control environment within the Company.

The Committee reviewed the external auditors' report and management letter for the last year. All recommendations proposed by the external auditors were discussed with the senior partner and examined that the recommendations proposed were duly carried out by the management. In addition, the Audit Committee reviewed external auditors and the engagement partner's relationships with the Company, and assessed that the external auditors are independent.

Audit Committee Report

During the financial year, the Board approved amendments to the Committee's Terms of Reference to formally incorporate the oversight of sustainability and ESG reporting. Consequently, the Committee's mandate now explicitly includes reviewing the integrity of non-financial disclosures, assessing the controls over sustainability data collection, and monitoring compliance with evolving statutory reporting frameworks.

The Audit Committee also assessed major business and control risks of the Company, including discussing with management the steps that have been taken to monitor and control such exposures.

Engagement with External Auditor

The Audit Committee, having assessed the independence of the External Auditors Messrs. Ernst & Young Chartered Accountants, based on the declaration provided by them and to the extent that the members of the Audit Committee are aware, concluded that the Auditors do not have any relationship with (other than that of the Auditor), or interest in, the Company, which in the opinion of the Committee, may reasonably be considered to have a bearing on their independence within the meaning of the Code of Professional Conduct and Ethics issued by The Institute of Chartered Accountants of Sri Lanka as at the reporting date. The Non-Audit Services provided by the External Auditor were also reviewed and the Committee was of the view that such services did not impair their independence and were not within the category of services identified as restricted under the applicable guidelines for listed Companies.

Messrs. Ernst & Young, Chartered Accountants, have served as the Company's External Auditors since 2014. The current audit engagement partner has held this role from 01st January 2025. The Audit Committee recommended to the Board of Directors the reappointment of Messrs. Ernst & Young, Chartered Accountants, as the External Auditors of the Company for the financial year ending 31st March 2027. This recommendation is subject to the approval of the shareholders at the forthcoming Annual General Meeting.

H.M.A. Jayesinghe
Chairman - Audit Committee
28th May 2026

Remuneration Committee Report

The Remuneration Committee ("the Committee") was established by the Board of Directors on 30th September 2024 in accordance with the requirements of Section 9 of the Listing Rules of the Colombo Stock Exchange. The Committee operates under a formal Terms of Reference approved by the Board.

Composition

The Committee comprises two Independent Non-Executive Directors and one Non-Executive Director, and is chaired by an Independent Non-Executive Director in compliance with Section 9.12.6 of the Listing Rules.

The composition of the Committee as at 31st March 2026 and the date of this Report is as follows:

Members	Date of appointment to the Committee	Nature of Directorship
Ms. K.D. Weerasinghe - Chairperson	01st January 2025	Independent Non-Executive Director
Mr. A.M. Weerasinghe	30th September 2024	Non-Executive Director
Mr. H.M.A. Jayesinghe	20th December 2025	Independent Non-Executive Director
Mr. J.D.N. Kekulawala (Resigned on 08th December 2025)	26th May 2022	Independent Non-Executive Director

The Committee was reconstituted once during the year under review. Mr. J.D.N. Kekulawala, Independent Non-Executive Director, resigned from the Committee on 08th December 2025. Subsequently, Mr. H. M. A. Jayesinghe was appointed as a member with effect from 20th December 2025.

All disclosures relating to the above changes were duly made in compliance with Rule 9.12.6(2) of the Listing Rules of the Colombo Stock Exchange.

The Board of Directors has assessed the independence of the Independent Non-Executive Directors serving on the Remuneration Committee in accordance with the criteria set out in Rule 7.10 of the Listing Rules and confirms that they continue to be independent and free from any business, operational, or other relationships that could materially interfere with the exercise of their independent judgment.

P W Corporate Secretarial (Pvt) Ltd serves as the Secretary to the Committee.

Brief profiles of the Committee members appear on pages 11 to 12 of this Annual Report.

Meetings and Attendance

The Remuneration Committee met twice during the financial year ended 31st March 2026. Attendance of members at meetings was as follows:

Members	Meetings Attended
Ms. K.D. Weerasinghe	2 /2
Mr. A.M. Weerasinghe	2 /2
Mr. H.M.A. Jayesinghe (Appointed w.e.f. 20th December 2025)	N/A
Mr. J.D.N. Kekulawala (Resigned w.e.f. 08th December 2025)	2/2

Remuneration Policy

The Company's remuneration policy endeavours to attract, motivate, and retain quality management in a competitive environment with the relevant expertise necessary to achieve the objectives of the Company, while ensuring competitive rewards aligned with industry standards.

Compensation packages are structured to reflect each employee's expertise and contributions, considering business performance and shareholder returns.

Role of the Remuneration Committee

The Remuneration Committee is responsible for advising and assisting the Board in determining remuneration policies within the Company and the Group. Its key functions include:

- Establishing the remuneration package/policy for Directors.
- Reviewing compensation decisions for certain Senior Executives.
- Reviewing policies and parameters for executive staff remuneration and setting guidelines for management staff compensation, considering industry norms.
- Reviewing executive pay periodically to ensure alignment with market/industry rates.
- Reviewing performance measures for incentive plans.
- Seeking professional advice when necessary on remuneration.

The recommendations of the Committee, primarily on matters relating to compensation and benefits to its employees were arrived at through discussion with the Management

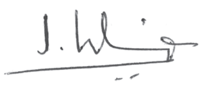
Remuneration Committee Report

and agreement of Committee Members via meetings and by circulation. The Committee ensures that the Company follows a fair, competitive, and performance-driven compensation structure, supporting the Company's long-term strategy.

Disclosure on Director Remuneration

The aggregate amount of remuneration paid to the Directors of the Company during the year under review is disclosed in Note 25.2 to the Financial Statements forming part of this Annual Report, in compliance with the requirements of the Companies Act No. 07 of 2007 and the Listing Rules.

Non-Executive Directors receive only Directors' fees and reimbursements and do not participate in performance based remuneration schemes.



K. D. Weerasinghe
Chairperson
Remuneration Committee
28th May 2026

Related Party Transactions Review Committee Report

The Related Party Transactions Review Committee ("the Committee" or "RPTRC") was established by the Board of Directors in 2016 in accordance with Section 09 of the Listing Rules of the Colombo Stock Exchange ("CSE") to ensure effective review, oversight, and compliance with the Listing Rules in respect of Related Party Transactions ("RPTs") of the Company in order to safeguard the interests of the Company and its shareholders.

Composition of the Committee

The Committee comprises three Non-Executive Directors, two of whom are Independent Non-Executive Directors, and is chaired by an Independent Non-Executive Director, in compliance with the Listing Rules of the CSE.

The Committee was reconstituted with effect from 20th December 2025 in line with the Corporate Governance requirements of the CSE.

The composition of the Committee as at 31st March 2026 and the date of this Report was as follows:

Members	Date of appointment to the Committee	Nature of Directorship
Mr. H.M.A. Jayesinghe (Chairman)	20th December 2025	Independent Non-Executive Director
Ms. A.M.L. Page	30th May 2017	Non-Executive Director
Ms. K.D. Weerasinghe	01st January 2025	Independent Non-Executive Director
Mr. J.D.N. Kekulawala (Former Chairman) (Resigned with effect from 08th December 2025)	26th May 2022	Independent Non-Executive Director

Brief profile of each member appears on pages 11 to 12 of this Report.

The Managing Director, Head of Finance, and Finance Manager attend meetings by invitation.

The Company Secretaries, P W Corporate Secretarial (Pvt) Ltd serves as the Secretaries to the Committee.

Meetings

The Committee met four (04) times during the financial year under review in compliance with the requirement to meet at least once every calendar quarter under the Listing Rules of the CSE.

Attendance of the members at these meetings was as follows:

Members	Attendance
Mr. H.M.A. Jayesinghe - Chairman (Appointed w.e.f. 20th December 2025)	1/1
Ms. K.D. Weerasinghe	4/4
Ms. A.M.L. Page	3/4
Mr. J.D.N. Kekulawala - Former Chairman (Resigned w.e.f. 08th December 2025)	3/3

Charter / Terms of Reference

The Committee operates under a formal Charter / Terms of Reference adopted by the Board with effect from 1st October 2024, which clearly defines its purpose, authority, responsibilities, and reporting obligations.

The Company has also adopted a Related Party Transactions Policy which:

- Identifies Related Parties in accordance with the applicable accounting standards and the Listing Rules of the CSE;
- Establishes reporting and disclosure mechanisms;
- Outlines procedures for the review, approval, and monitoring of Related Party Transactions; and
- Sets out guidelines and approval parameters applicable to recurrent Related Party Transactions.

The Charter and the Policy are reviewed periodically to ensure continued compliance with regulatory requirements and evolving governance best practices.

Responsibilities of the Related Party Transactions Review Committee

The key responsibilities of the Committee include the following:

a) Ensuring that the Company complies with the Rules on Related Party Transactions set out in the Listing Rules of the CSE;

b) Reviewing in advance all proposed Related Party Transactions of the Company, other than those exempted under the Listing Rules;

c) Determining whether the terms of Related Party Transactions are fair, reasonable, and conducted on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders;

Related Party Transactions Review Committee Report

d) Establishing appropriate guidelines for recurrent Related Party Transactions where applicable;

e) Reporting regularly to the Board on the Committee's activities, findings, and decisions;

f) Sharing information with the Audit Committee as necessary and appropriate to enable the Audit Committee to discharge its statutory, regulatory, and governance responsibilities relating to Related Party Transactions; and

g) Reviewing the adequacy of the Charter / Terms of Reference and the Related Party Transactions Policy at least annually and recommending any proposed amendments to the Board for approval.

Committee members abstain from participating in deliberations relating to transactions in which they may have an interest.

Review of Related Party Transactions

The Committee reviewed all Related Party Transactions entered into by the Company during the financial year 2025/26 and communicated its observations and recommendations to the Board of Directors.

The Committee confirmed that all Related Party Transactions reviewed during the year were:

- Recurrent and trading in nature;
- Entered into in the ordinary course of business;
- Carried out on an arm's length basis and on normal commercial terms;
- Not prejudicial to the interests of the Company or its minority shareholders; and
- In compliance with the applicable provisions of the Listing Rules of the CSE.

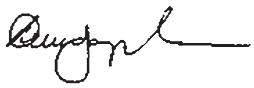
The Company did not enter into any non-recurrent Related Party Transactions during the year under review.

The Committee noted that the recurrent Related Party Transactions entered into during the year primarily comprised transactions of a revenue or trading nature, as disclosed in Annexure A on page 51. These transactions were carried out in the ordinary course of business on normal commercial terms and, in the opinion of the Committee, were necessary for the day-to-day operations of the Company. Accordingly, such transactions fall within the exempted Related Party Transactions category under Section 9.5 of the Listing Rules of the Colombo Stock Exchange.

Further details of Related Party Transactions are disclosed in Note 25 to the Financial Statements on page 98 of this Annual Report.

Declaration

In terms of Rule 9.14.8 (4) of the Listing Rules of the Colombo Stock Exchange, a declaration by the Board of Directors as an affirmative statement of the compliance with the Listing Rules pertaining to Related Party Transactions is given on Page 50 of the Annual Report.



H.M.A. Jayesinghe
Chairman
Related Party Transactions Review Committee
28th May 2026

Nominations and Governance Committee Report

The Nominations and Governance Committee ("the Committee" or "NGC") was established by the Board of Directors on 30th September 2024 in accordance with the requirements of Section 9 of the Listing Rules of the Colombo Stock Exchange (CSE). The Committee operates under a formal Terms of Reference approved by the Board.

Composition

The Committee comprises two Independent Non-Executive Directors and one Non-Executive Director, and is chaired by an Independent Non-Executive Director in compliance with Section 9.11.4 of the Listing Rules.

The composition of the Committee as at 31st March 2026 and the date of this Report is as follows:

Members	Date of appointment to the Committee	Nature of Directorship
Ms. K.D. Weerasinghe - Chairperson	01st January 2025	Independent Non-Executive Director
Mr. A.M. Weerasinghe	30th September 2024	Non-Executive Director
Mr. H. M. A. Jayesinghe	20th December 2025	Independent Non-Executive Director
Mr. J.D.N. Kekulawala (Resigned with effect from 08th December 2025)	26th May 2022	Independent Non-Executive Director

All disclosures relating to the above changes were duly made in compliance with Rule 9.12.6 (2) of the Listing Rules of the Colombo Stock Exchange.

Mr. J. D. N. Kekulawala served as a member of the Committee until 8th December 2025, and resigned on that date. Subsequently, the NGC recommended the appointment of Mr. H. M. A. Jayesinghe as an Independent Non-Executive Director to the Board on 20th December 2025. Concurrently, the Board sub-committees were reconstituted.

P W Corporate Secretarial (Pvt) Ltd serves as the Secretary to the Committee.

Brief profiles of the Committee members appear on pages 11 to 12 of this Annual Report.

Meetings and Attendance

The Nominations and Governance Committee met once during the financial year ended 31st March 2026. Attendance of members at meetings was as follows:

Members	Attendance
Ms. K.D. Weerasinghe - Chairperson	1 /1
Mr. A. M. Weerasinghe	1/1
Mr. H. M. A. Jayesinghe (Appointed w.e.f. 20th December 2025)	N/A
Mr. J D N Kekulawala (Resigned w.e.f. 08th December 2025)	1/1

In addition, matters within the purview of the Committee were approved by way of circular resolutions, where appropriate. One circular resolution was approved during the year under review.

Terms of Reference

The Committee operates under a well-defined Terms of Reference adopted with effect from 01st October 2024, which sets out inter alia its scope, authority, duties and matters pertaining to quorum of meetings of the Committee.

In line with its Terms of Reference, the Committee makes recommendations to the Board in respect of

- Appointment of new Directors;
- Re election or re appointment of Directors retiring in terms of the Articles of Association or the Companies Act No. 7 of 2007;
- Maintaining an appropriate process for periodic evaluation of the performance of the Board; and
- Developing a succession plan for the Board of Directors and Key Management Personnel of the Company.

Policy and Processes for Directors' Nominations

The Committee operates under a documented policy and defined processes for the nomination of Directors. These processes include:

- Overseeing the identification, assessment, selection, and nomination of suitable candidates to be appointed as Directors to fill any vacancy on the Board, howsoever created and/or as additional Directors based on the business requirements of the Company;
- Assessing the skills, knowledge, experience, expertise, diversity, and levels of independence necessary that will best complement the effectiveness of the Board;
- Ensuring that the Director nominees accord with the fit and proper criteria under Rule 9.7.3 of the Listing Rules and obtaining a declaration to that effect from the candidate and;

- Where a Director nominee is to be appointed as an Independent Director, identifying any potential conflicts of interest and assessing the independence of the candidate, and overseeing that he / she satisfies the criteria for independence as per Rule 9.8.5 of the Listing Rules and obtaining a duly completed declaration to that effect from the said party.
- Based on the assessment as aforesaid making recommendations to the Board on appointment of new Directors.

Re-election of Directors

In accordance with the Company's Articles of Association, one third of the Non-Executive Directors (excluding the Managing Director) retire by rotation at each Annual General Meeting and are eligible for re election.

Information on Directors' Re-election / Re-appointment

In compliance with the Listing Rules, details of Directors who were re-elected or re-appointed at the 34th Annual General Meeting held on 30th June 2025, as well as those recommended for re-election at the forthcoming Annual General Meeting, are provided below:

AC – Audit Committee

NGC – Nominations and Governance Committee

RC – Remuneration Committee

RPTRC – Related Party Transactions Review Committee

Name of Director	Board Committees served on	Date of First appointment as a Director	Date of last re-election / re-appointment as a Director	Directorships or Chairpersonship and other principal commitments in other listed entities	Any relationship including close family relationships between the candidate and the Directors, the Listed Entity or its shareholders holding more than 10% of the shares of the Listed Entity
34th Annual General Meeting held on 30th June 2025					
Recommended for re-election in terms of Articles 102 and 103 of the Articles of Association of the Company					
Mr. A.M. Weerasinghe	RC NGC	15th March 2017	30th July 2020	Refer profile on page 11	None
Re-election of Directors appointed since last Annual General Meeting in terms of Article 109 of the Articles of Association of the Company					
Ms. K.D. Weerasinghe	AC RC RPTRC NGC	01st January 2025	N/A	Refer profile on page 11	None
Mr. L.P.B. Talwatte	None	01st April 2025	N/A	Refer profile on page 11	None
35th Annual General Meeting to be held on 30th June 2026					
Recommended for re-election in terms of Articles 102 and 103 of the Articles of Association of the Company					
Ms. A.M.L. Page	AC RPTRC	01st October 2013	29th June 2022	Refer profile on page 11	She is a close family member of Mr. A.A. Page, who is a major shareholder of the Company
Re-election of Directors appointed since last Annual General Meeting in terms of Article 109 of the Articles of Association of the Company					
Mr. H.M.A. Jayesinghe	AC RC RPTRC NGC	20th December 2025	N/A	Refer profile on page 12	None

Board Diversity

Board diversity in the range of experience, skills, age and gender is considered an essential factor in ensuring the Board's effective performance, which has been initiated and further progress is proposed aligned with the Company's strategic goals and governance standards.

Effective Implementation of Policies and Processes for appointment and re-appointment of Directors

The effectiveness of the policies and processes relating to the appointment and re-appointment of Directors is demonstrated by the following:

- The NGC reviewed the criteria for fitness and propriety, independence and other compliance requirements for individual Directors at the time of their initial appointments to the Board and through annual review. Such a review also covered the general disclosure of interests, declarations and other information provided by Director nominees and by individual Directors in accordance with the Listing Rules, Companies Act and the Company's Articles of Association.
- Director nominees are subject to reference checks and reviews of their past performance, particularly if the candidate has prior Board experience, and also interviews with the Management.
- The Committee has adopted the process for Board evaluations as per Best Practices on Corporate Governance, to ensure that each Director continues to add value to the Company to achieve its objectives, before the NGC recommends the re-election / re-appointment of a Director.

Periodic Evaluations of the performance of the Board

As per the Rules on Corporate Governance embodied in the Listing Rules and the Policy on Corporate Governance, Nomination and Re-election adopted by the Company with effect from 1st October 2024, it is necessary that periodic evaluations of the performance of the Board are carried out, through a scheme of self-assessment to be undertaken by each Director. The NGC is responsible for such an assessment and to submit a report on the matter to the Board.

Process on the Flow of Information to Independent Directors on Major Issues

The Company ensures that Independent Directors are informed through a structured communication framework, including regular Board and Committee meetings, with detailed agenda and relevant documents shared in advance. Directors receive periodic updates on key financial, operational and strategic matters, with direct access to the Senior Management and the Company Secretaries to seek clarifications on matters falling under the purview of the Board.

Special briefings are provided to the Directors through the Managing Director and/or the Company Secretaries in dealing with important matters.

Determination of Independence of Independent Directors

The NGC confirms that the two Independent Directors meet the criteria for independence as stipulated in Rule 9.8.3 of the Listing Rules.

Compliance with the Corporate Governance Requirements stipulated under the Listing Rules

The NGC confirms that the Company has fully complied with the Corporate Governance Requirements outlined in the Listing Rules.

K.D. Weerasinghe
Chairperson
Nominations and Governance Committee
28th May 2026

FINANCIAL INFORMATION

Financial Calendar

1st Quarter 2025/26 Interim Financial Report (Unaudited)	31st July 2025
2nd Quarter 2025/26 Interim Financial Report (Unaudited)	03rd November 2025
3rd Quarter 2025/26 Interim Financial Report (Unaudited)	29th January 2026
4th Quarter 2025/26 Interim Financial Report (Unaudited)	28th May 2026
Final Dividend	21st May 2026
Annual Report 2025/26	28th May 2026
35th Annual General Meeting	30th June 2026

Independent Auditor's Report

Shape the future
with confidence

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Chartered Accountants
Rotunda Towers
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ey.com

TO THE SHAREHOLDERS OF LANKA CERAMIC PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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

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

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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 the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key Audit Matter	How our audit addressed the key audit matter
Assessment of fair value of land and buildings Property, Plant and Equipment and Investment Property include land and buildings carried at fair value. The fair value of land and buildings were determined by external valuers engaged by the Group. This was a key audit matter due to: • The materiality of the reported fair value of land and buildings which amounted to Rs. 1.2Bn representing 72% of the Group's total assets as of the reporting date; and • The degree of assumptions, judgements and estimation uncertainties associated with fair valuation of land and buildings using the market approach, income approach and depreciated replacement cost approach and estimates made by the valuers based on market transactions. Key areas of significant judgments, estimates and assumptions used in assessing the fair value of land and buildings, as disclosed in Note 3(d) and 4.1 to the financial statements, included judgements involved in ascertaining the appropriate valuation techniques and estimates such as: • Estimate of per perch value of the land • Estimate of the per square foot value of the buildings	**Our audit procedures included the following key procedures:** • assessed the competence, capability and objectivity of the external valuers engaged by the Group • read the external valuer's report and understood the key estimates made and the valuation approaches taken by the valuer in determining the valuation of each property • assessed the reasonableness of significant assumptions, judgements and estimates made by the valuer such as per perch value of land and per square foot value of buildings and valuation technique, as relevant in assessing the fair value of each property We also assessed the adequacy of the disclosures made in notes 2.2.2, 2.3.7, 2.3.9, 3 & 4 to the financial statements.

Other information included in the Group's 2025/26 Annual Report

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

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

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

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Shape the future
with confidence

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

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

Report on other legal and regulatory requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2440.

28th May 2026
Colombo

Statement of Financial Position

As at 31st March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	3	179,812,125	206,929,255	179,812,125	206,929,255
Investment property	4	1,070,938,000	1,056,382,000	1,070,938,000	1,056,382,000
Other equity investments	5.1	71,529,177	70,605,497	-	-
Investment in subsidiary	5.2	-	-	56,666,760	56,666,760
Right of use assets	6	3,257,759	-	3,257,759	-
		1,325,537,061	1,333,916,752	1,310,674,644	1,319,978,015
Current assets					
Inventories	7	5,619,973	7,722,408	5,619,973	7,722,408
Trade and other receivables	8	166,945,962	132,973,058	167,915,725	133,656,450
Cash and cash equivalents	23	130,953,868	92,598,162	130,953,868	92,598,162
		303,519,803	233,293,628	304,489,566	233,977,020
Total assets		1,629,056,864	1,567,210,380	1,615,164,210	1,553,955,035
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Stated capital	9	300,000,000	300,000,000	300,000,000	300,000,000
Reserves	10	229,503,991	231,141,063	219,100,299	221,383,947
Retained earnings		651,562,938	613,399,128	652,532,704	614,082,522
Total equity		1,181,066,929	1,144,540,191	1,171,633,003	1,135,466,469
Non-current liabilities					
Lease liabilities	6	2,748,084	-	2,748,084	-
Deferred tax liabilities	11	357,176,774	339,916,693	352,718,046	335,735,070
Retirement benefit liability	12	10,614,940	7,688,496	10,614,940	7,688,496
Other non-current liabilities	13	33,542,564	33,884,455	33,542,564	33,884,455
		404,082,362	381,489,644	399,623,634	377,308,021
Current liabilities					
Trade and other payables	14	39,410,638	41,180,545	39,410,638	41,180,545
Income tax liabilities		3,784,026	-	3,784,026	-
Lease liabilities	6	712,909	-	712,909	-
		43,907,573	41,180,545	43,907,573	41,180,545
Total equity and liabilities		1,629,056,864	1,567,210,380	1,615,164,210	1,553,955,035

I certify that these Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

B.G.W. Sarathchandra
Head of Finance

The Board of Directors is responsible for these financial statements.
Signed for and on behalf of the Board,

A.M. Weerasinghe
Chairman

L.P.B. Talwatte
Managing Director

The accounting policies and notes on pages 72 to 101 form an integral part of these financial statements.

28th May 2026
Colombo

Statement of Profit or Loss and Other Comprehensive Income

		Group		Company	
For the Year ended 31st March	Note	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Revenue	15	218,097,253	228,754,927	218,097,253	228,754,927
Cost of sales		(147,425,654)	(136,610,391)	(147,425,654)	(136,610,391)
Gross profit		70,671,599	92,144,536	70,671,599	92,144,536
Fair value gain on investment property	4	14,556,000	12,478,000	14,556,000	12,478,000
Other income	16	89,206,316	89,748,534	89,206,316	89,748,534
Selling and distribution expenses		(13,075,513)	(13,303,986)	(13,075,513)	(13,303,986)
Administrative expenses		(37,543,562)	(46,658,595)	(37,257,190)	(46,465,444)
Finance expenses	17	(3,007,795)	(4,684,034)	(3,007,795)	(4,684,034)
Finance income	18	12,534,306	10,162,885	12,534,306	10,162,885
Profit before tax	19	133,341,351	139,887,340	133,627,723	140,080,491
Income tax expense	20.1	(42,193,841)	(20,299,007)	(42,193,841)	(20,299,007)
Profit for the year		91,147,510	119,588,333	91,433,882	119,781,484
Other comprehensive income/(loss)					
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:					
Actuarial gain/(loss) on retirement benefit liability	12	(2,117,260)	(1,284,219)	(2,117,260)	(1,284,219)
Deferred tax relating to actuarial gain/(loss)	11.2	249,912	131,760	249,912	131,760
Deferred tax reversal on land disposal	11.2	-	1,500,000	-	1,500,000
Revaluation gain/(loss) on lands and buildings	10.1	-	(18,490,571)	-	(18,490,571)
Deferred tax relating to revaluation gain/(loss) on lands and buildings	11.2	-	5,547,171	-	5,547,171
Change in fair value of non-listed investment	5.1	923,680	2,698,742	-	-
Deferred tax relating to change in fair value of non-listed investment	11.2	(277,104)	(809,623)	-	-
Net other comprehensive income/(loss) that will not be reclassified to profit/(loss) in subsequent periods:		(1,220,772)	(10,706,740)	(1,867,348)	(12,595,859)
Total comprehensive income for the year		89,926,738	108,881,593	89,566,534	107,185,625
Earnings per share - from continuing operations	21.1	15.19	19.93	15.24	19.96
Dividend paid per share	22	8.90	1.20	8.90	1.20

The accounting policies and notes on pages 72 to 101 form an integral part of these financial statements.

Statement of Changes in Equity

	Group				
For the Year ended 31st March	Stated capital Rs.	Revaluation reserve Rs.	Fair value reserve Rs.	Retained earnings Rs.	Total Rs.
Balance as at 01st April 2024	300,000,000	237,827,347	7,867,997	497,163,254	1,042,858,598
Profit for the year	-	-	-	119,588,333	119,588,333
Other comprehensive income/(loss)	-	(11,443,400)	1,889,119	(1,152,459)	(10,706,740)
Total comprehensive income/(loss)	-	(11,443,400)	1,889,119	118,435,874	108,881,593
Transfer from revaluation reserve to retained earnings on disposal of land	-	(5,000,000)	-	5,000,000	-
Dividend payment	-	-	-	(7,200,000)	(7,200,000)
Balance as at 31st March 2025	300,000,000	221,383,947	9,757,116	613,399,128	1,144,540,191
Profit for the year	-	-	-	91,147,510	91,147,510
Other comprehensive income/(loss)	-	-	646,576	(1,867,348)	(1,220,772)
Total comprehensive income/(loss)	-	-	646,576	89,280,162	89,926,738
Transfer from revaluation reserve to retained earnings on disposal of land	-	(2,283,648)	-	2,283,648	-
Dividend payment	-	-	-	(53,400,000)	(53,400,000)
Balance as at 31st March 2026	300,000,000	219,100,299	10,403,692	651,562,938	1,181,066,929

The accounting policies and notes on pages 72 to 101 form an integral part of these financial statements.

Statement of Changes in Equity

	Company			
For the Year ended 31st March	Stated capital Rs.	Revaluation reserve Rs.	Retained earnings Rs.	Total Rs.
Balance as at 01st April 2024	300,000,000	237,827,347	497,653,497	1,035,480,844
Profit for the year	-	-	119,781,484	119,781,484
Other comprehensive income/(loss)	-	(11,443,400)	(1,152,459)	(12,595,859)
Total comprehensive income/(loss)	-	(11,443,400)	118,629,025	107,185,625
Transfer from revaluation reserve to retained earnings on disposal of land	-	(5,000,000)	5,000,000	-
Dividend payment	-	-	(7,200,000)	(7,200,000)
Balance as at 31st March 2025	300,000,000	221,383,947	614,082,522	1,135,466,469
Profit for the year	-	-	91,433,882	91,433,882
Other comprehensive income/(loss)	-	-	(1,867,348)	(1,867,348)
Total comprehensive income /(loss)	-	-	89,566,534	89,566,534
Transfer from revaluation reserve to retained earnings on disposal of land	-	(2,283,648)	2,283,648	-
Dividend payment	-	-	(53,400,000)	(53,400,000)
Balance as at 31st March 2026	300,000,000	219,100,299	652,532,704	1,171,633,003

The accounting policies and notes on pages 72 to 101 form an integral part of these financial statements.

Statement of Cash Flows

For the Year ended 31st March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES					
Profit before income tax from continuing operations		133,341,351	139,887,340	133,627,723	140,080,491
Adjustments for					
Depreciation	3	25,123,597	27,745,112	25,123,597	27,745,112
Amortisation of right of use assets	6	901,083	-	901,083	-
(Profit)/loss on sale of property, plant and equipment	16	(481,300)	(328,865)	(481,300)	(328,865)
Finance expenses	17	3,007,795	4,684,034	3,007,795	4,684,034
Finance income	18	(12,534,306)	(10,162,885)	(12,534,306)	(10,162,885)
Provision for retirement benefit obligations	12	1,812,934	1,339,815	1,812,934	1,339,815
Provision for lands and buildings		-	10,732,810	-	10,732,811
Revaluation gain on investment property	4	(14,556,000)	(12,478,000)	(14,556,000)	(12,478,000)
Operating profit before working capital changes		136,615,154	161,419,361	136,901,526	161,612,512
Working capital adjustments					
(Increase)/decrease in inventories		2,102,435	581,305	2,102,435	581,305
(Increase)/decrease in trade and other receivables		(54,843,137)	2,342,859	(55,129,509)	2,149,708
Increase/(decrease) in trade and other payables		(2,874,906)	(12,368,605)	(2,874,906)	(12,368,606)
Cash generated from/(used in) operations		80,999,546	151,974,919	80,999,546	151,974,919
Income tax paid		(306,696)	-	(306,696)	-
Finance expenses paid	17	-	(2,357,043)	-	(2,357,043)
Retirement benefit plan cost paid	12	(1,003,750)	-	(1,003,750)	-
Net cash flows from/(used in) operating activities		79,689,100	149,617,876	79,689,100	149,617,876
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES					
Acquisition of property, plant and equipment	3	(1,025,165)	(4,996,170)	(1,025,165)	(4,996,170)
Proceeds from sale of property, plant and equipment		3,500,000	10,848,959	3,500,000	10,848,959
Finance income	18	9,591,771	7,220,350	9,591,771	7,220,350
Net cash flows from/(used in) investing activities		12,066,606	13,073,139	12,066,606	13,073,139
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES					
Repayment of interest bearing borrowings		-	(8,520,000)	-	(8,520,000)
Dividend paid	22	(53,400,000)	(7,200,000)	(53,400,000)	(7,200,000)
Net cash flows from/(used in) financing activities		(53,400,000)	(15,720,000)	(53,400,000)	(15,720,000)
Net increase/(decrease) in cash and cash equivalents		38,355,706	146,971,014	38,355,706	146,971,014
Cash and cash equivalents at the beginning of the year	23	92,598,162	(54,372,852)	92,598,162	(54,372,852)
Cash and cash equivalents at the end of the year	23	130,953,868	92,598,162	130,953,868	92,598,162

The accounting policies and notes on pages 72 to 101 form an integral part of these financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 General

Lanka Ceramic PLC

Lanka Ceramic PLC ("Company") is a limited liability Company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office of the Company is located at No. 23, Narahenpita Road, Nawala.

LC Plantation Projects Limited

LC Plantation Projects Limited is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No. 215, Nawala Road, Narahenpita, Colombo 05.

1.2 Principal activities and nature of operations

During the year the principal activities of the Group were as follows:

Lanka Ceramic PLC

During the year, principal activities of the Company were the supply of raw materials to the ceramic industry, management of an investment property, and operation of a Lanka Tiles showroom as a franchise partnership.

LC Plantation Projects Limited

The principal activity of the Company is holding investments. However, no income was generated during the year. The Company was formed on 05th March 2021.

1.3 Parent enterprise and ultimate parent enterprise

The Company's parent entity is Royal Ceramics Lanka PLC and the Company's ultimate parent undertaking is Vallibel One PLC. The Group's ultimate controlling party is Mr. K.D.D. Perera.

1.4 Date of authorization for issue

The Financial Statements of Lanka Ceramic PLC for year ended 31st March 2026 were authorised for issue in accordance with a resolution of the Board of Directors dated 28th May 2026.

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation

The financial statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards comprising SLFRS and LKAS (hereafter "SLFRS") as issued by the Institute of Chartered Accountants of Sri Lanka.

2.1.1 Basis of measurement

The financial statements of the Company and the Group have been prepared on a historical cost basis, other than for the following assets measured at fair value;

1. Lands and buildings
2. Investment property

The Consolidated Financial Statements are presented in Sri Lanka Rupees (Rs.), except when otherwise indicated. Each entity in the Group uses the currency of the primary economic environment in which they operate as their functional currency.

2.1.2 Statement of compliance

The financial statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards ("SLFRS") as issued by the Institute of Chartered Accountants of Sri Lanka.

The preparation and presentation of these financial statements is in compliance with the requirements of the Companies Act No.07 of 2007.

2.1.3 Going concern

In determining the basis of preparing the financial statements for the year ended 31st March 2026, based on available information, the management has assessed the prevailing and anticipated effects of the current economic conditions on the Group and the appropriateness of the use of the going concern basis.

It is the view of the management that there are no material uncertainties that may cast significant doubt on the Group's ability to continue to operate as a going concern due to the improved operating environment despite the ongoing effects of the current economic conditions and the operationalisation of risk mitigation initiatives and continuous monitoring of business continuity and response plans along with the financial strength of the Group. The management has formed a judgment that the Group has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these financial statements.

2.1.4 Changes in accounting policies and disclosure

New and amended standards and interpretations

The Group applied for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 01st April 2025.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Lack of exchangeability – Amendments to LKAS 21

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

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

2.1.5 Comparative information

The accounting policies have been consistently applied by the Group and they are consistent with those used in the previous years. Previous year's figures and classifications have been reclassified and re-arranged whenever necessary to conform to current presentation.

2.1.6 Basis of Consolidation

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

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

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

The consolidated financial statements of the Group include the fully owned subsidiary, LC Plantation Projects Limited which was incorporated in Sri Lanka in 2021.

2.2 Significant accounting judgments, estimates and assumptions

2.2.1 Judgements

In the process of applying the Group accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements.

a) Useful lives of property, plant and equipment

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

2.2.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The respective carrying amounts of assets and Liabilities are given in related notes to the financial statements.

a) Defined benefit plans

The cost of defined benefit gratuity plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Retirement benefit liability of the Group is disclosed in Note 12 together with assumptions used in the valuations and the sensitivities thereof.

b) Fair value of freehold lands and buildings (Property, plant and equipment)

The Group measures freehold lands and buildings at fair value with changes in fair value being recognised in other comprehensive income. Lands and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

Fair value related disclosures for assets measured at fair value are summarized in the Note 3 to the financial statements.

c) Deferred tax assets

Deferred tax assets are recognized in respect of tax losses to the extent it is probable that future taxable profits will be available against which such tax losses can be set off. Judgment is required to determine the amount of deferred tax assets that can be recognized, based on the likely timing and level of future taxable profits, together with the future tax-planning strategies.

d) Fair Value of investment properties

The Group carries its Investment Properties at fair value, with changes in fair values being recognized in the Statement of Profit or Loss. The Group engaged an independent valuer to determine the fair value as at 31st March 2026. In valuing investment property, management is required to make significant estimates such as current market price per perch, market rent per similar properties and yield rate which are based on current and future market or economic conditions.

Fair value related disclosures for assets measured at fair value are summarized in the Note 4 to the financial statements.

e) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities disclosed in the financial statements cannot be derived from active markets, they are determined using a significant variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgment is required to establish fair values. The judgments include considerations of liquidity and inputs such as discount rates. The valuation of financial instruments is described in more detail in Notes 5.1 and 13.

2.3 Summary of material accounting policy information

2.3.1 Foreign currency translation

The financial statements are presented in Sri Lanka Rupees, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.3.2 Fair value measurement

Fair value related disclosures for assets measured at fair value or assets and liabilities that are not measured at fair value, for which fair values are disclosed, are summarized in the Note 3 (d), Note 10.3 and Note 4.1 to the financial statements.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows,

Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.3.3 Taxation

Current taxes

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

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

Deferred taxation

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

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and the carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognised directly in equity statement is recognized in equity statement and not in the statement of total comprehensive income.

Turnover based taxes

Revenue, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authorities in which case the sales tax is recognized as a part of the cost of the asset or part of the expense items as applicable and receivable and payable are stated with the amount of sales tax included. The amount of sales tax recoverable and payable in respect of taxation authorities is included as a part of other receivables and other payables in the Statement of Financial Position.

Social Security Contribution Levy

Social security contribution levy (SSCL) shall be paid by the Group on the liable turnover specified in second schedule of the Social Security Contribution Levy Act No. 25 of 2022, at the rate of 2.5% with effect from 1st October 2022.

2.3.4 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction, or production of an asset that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of that asset.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in statement of comprehensive income using the effective interest method.

The amounts of borrowing cost which are eligible for capitalization are determined in accordance with

LKAS 23 - "Borrowing Costs".

2.3.5 Inventories

Inventories are valued at the lower of cost and 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 the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and condition is accounted using the following cost formulae :-

Finished goods and work-in-progress

At the cost of direct materials, direct labour and an appropriate proportion of fixed production overheads based on normal operating capacity, but excluding borrowing cost on first-in-first-out basis.

Spares and Consumables

Measured at weighted average cost basis.

2.3.6 Financial instruments

Financial assets

Initial recognition and measurement

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

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent measurement

The Group classifies all of its financial assets in the measurement category of financial assets at amortized cost and Financial assets designated at fair value through OCI (equity instruments).

a) Financial assets at amortized cost

This category is the most relevant to the Group. The Group 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 (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortized cost includes trade and other receivables and cash and cash equivalents.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full.

b) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group elected to classify irrevocably its non-listed equity investments under this category.

Impairment of financial assets

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

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The Group considers a financial asset in default when contractual payments are 12-month past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of SLFRS 9 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings. Accordingly, the Group's financial liabilities are classified as loans and borrowings and trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification:

Financial liabilities at amortised cost (Loans and borrowings)

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs those are an integral part of the EIR. The EIR amortization is included in finance expenses in the statement of comprehensive income.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

2.3.7 Property, plant and equipment

Property, plant and equipment is stated at cost or valuation, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred if the recognition criteria are met. When each major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

Depreciation is calculated on a straight-line basis over the useful life of the assets. The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Capital expenditure incurred in relation to fixed assets which are not completed as at the reporting date are shown as capital work-in-progress and is stated at cost until completion. On completion, the related assets are transferred to property, plant and equipment. Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

Freehold and mining land and buildings are measured at fair value less accumulated depreciation on buildings. Valuations are performed every 3-5 years (or frequently enough) to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

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

2.3.8 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group considers whether;

- The Group has the right to operate the asset; or
- The Group designated the asset in a way that predetermines how and for what purpose it will be used.
- The contract involves the use of an identified asset. This may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
    * The Group has right to obtain substantially all of the economic benefits of asset throughout the period of use; and
    * The Group has right to direct the use of the asset. The Group has this right when it has decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either;

a) **Group as the Lessee**

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

(i) **Right-of-use assets**

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment and are in the range of 4 to 20 years.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 2.3.12- Impairment of non-financial assets.

(ii) **Lease liabilities**

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(a) **Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

(b) **Group as the Lessor**

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset is classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.3.9 Investment properties

Properties held for capital appreciation and properties held to earn rental income have been classified as Investment Property. Investment Property is recognised if it is probable that future economic benefits that are associated with the Investment Property will flow to the Group and cost of the Investment Property can be reliably measured.

Initial measurement

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

Subsequent measurement

The Group applies the Fair Value Model for Investment Properties in accordance with Sri Lanka Accounting Standard 40 (LKAS 40), - "Investment Property". Accordingly, land and buildings classified as Investment Properties are stated at Fair Value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the statement of comprehensive income in the period of derecognition. Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change.

2.3.10 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of total comprehensive income net of any reimbursement.

2.3.11 Retirement benefit obligations

(a) Defined benefit plan – gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by independent actuaries using Projected Unit Credit (PUC) method as recommended by LKAS 19 – "Employee benefits". The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions about discount rate, future salary increases and mortality rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date. Interest expense and the current service cost related to the liability is recognized in profit or loss and actuarial gain or loss is recognized in other comprehensive income.

The Group is liable to pay gratuity in terms of the Payment of Gratuity Act No. 12 of 1983, according to which a liability to pay gratuity arises only on completion of 5 years of continued service.

Accordingly, the employee benefit liability is based on the actuarial valuation as of 31st March 2026.

Funding arrangements

The Gratuity liability is not externally funded.

(b) Defined contribution plans - employees' provident fund and employees' trust fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with respective statutes and regulations. These are recognized as an expense in the statement of income as incurred.

The Group contributes 12%/15% and 3% of gross emoluments of the employees to Employees' Provident Fund and Employees' Trust Fund respectively.

2.3.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount an asset is considered impaired and is written down to its recoverable amount.

2.3.13 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

2.3.14 Investments in subsidiary

Investments in subsidiary in the separate Financial Statements have been accounted for at cost, net of any impairment losses which are charged to the Statement of Comprehensive Income of the Company. Income from these investments is recognised only to the extent of dividend received.

Disposal of investment

On disposal of the investment, the difference between net disposal proceeds and the carrying amounts are recognized as income or expense.

2.3.15 Revenue recognition

Revenue from contracts with customers

The Group extracts and provides raw materials to ceramic industry within the geographic regions of Sri Lanka. Revenue from contracts with customers is recognized when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

The Group is the principal in its revenue arrangements, as it typically controls the goods before transferring them to the customer.

Revenue from sale of raw materials is recognized at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods which include one performance obligation.

The following accounting policies in the context of below income sources have been consistently applied in all the periods.

Interest

For all financial instruments measured at amortized cost and interest bearing financial assets, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Interest income is included in finance income in the Statement of Profit or Loss and Other Comprehensive Income.

Dividends

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

Rental income

Rental income receivable under operating leases is recognized on a straight-line basis over the term of the lease.

Other income

Other income is recognized on an accrual basis.

Gains and Losses

Net gains and losses of a revenue nature on the disposal of property, plant & equipment and other non - current assets including investments have been accounted for in the statement of total comprehensive income, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses. On disposal of re-valued property, amount remaining in revaluation reserve relating to that asset is transferred directly to retained earnings. Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

2.4 Effect of Sri Lanka Accounting Standards issued but not yet effective:

The new and amended standards that are issued, but not yet effective to the date of issuance of these financial statements are disclosed below. None of the new or amended pronouncements are expected to have a material impact on the consolidated financial statements of the Group in the foreseeable future. The Group intends to adopt these amended standards, if applicable, when they become effective.

SLFRS 17 Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts, covering recognition, measurement, presentation, and disclosure. It replaces SLFRS 4 and applies to all types of insurance contracts, including life, non-life, direct insurance, and reinsurance, as well as certain guarantees and financial instruments with discretionary participation features. The standard is built around the General Measurement Model, supported by two supplementary approaches:

- Variable Fee Approach (VFA): for contracts with direct participation features
- Premium Allocation Approach (PAA): a simplified model mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 01 January 2026, with comparative figures required. Early adoption is allowed if the entity also applies SLFRS 9 Financial Instruments and SLFRS 15 Revenue from Contracts with Customers by the date SLFRS 17 is first applied.

SLFRS 17 does not have a material impact on the financial statements.

SLFRS 18 Presentation and Disclosure in Financial Statements

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

SLFRS 18, and consequential amendments to the other accounting standards, are effective for annual reporting periods beginning on or after 01 January 2027. Early application is permitted.

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

SLFRS 19 Subsidiaries without Public Accountability: Disclosures

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

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

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

The Standard becomes effective for annual reporting periods beginning on or after 01 January 2027. Early application is permitted

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

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

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

These amendments are effective for annual reporting periods beginning on or after 01 January 2026. Early application is permitted.

The impact of these amendments is currently being identified and evaluated.

3. PROPERTY, PLANT & EQUIPMENT - GROUP/COMPANY

a) Gross carrying amounts

	Balance as at 01.04.2025 Rs.	Additions Rs.	Disposals Rs.	Balance as at 31.03.2026 Rs.
At cost				
Plant and machinery	175,121,315	820,265	-	175,941,580
Tools, implements, furniture & fittings and electrical appliances and computer software	18,312,399	204,900		18,517,299
Transport & communication equipment	16,061,595	-	-	16,061,595
	209,495,309	1,025,165	-	210,520,474
At valuation				
Freehold and mining lands	66,014,950	-	(3,018,700)	62,996,250
Buildings	40,636,821	-	-	40,636,821
	106,651,771	-	(3,018,700)	103,633,071
Total	316,147,080	1,025,165	(3,018,700)	314,153,545

b) Depreciation

	Balance as at 01.04.2025 Rs.	Charge for the year Rs.	Disposals Rs.	Balance as at 31.03.2026 Rs.
At cost				
Plant and machinery	80,486,821	16,906,711	-	97,393,532
Tools, implements, furniture & fittings and electrical appliances and computer software	13,044,711	1,046,952	-	14,091,663
Transport & communication equipment	15,686,292	-	-	15,686,292
	109,217,824	17,953,663	-	127,171,487
At valuation				
Mining lands	-	4,662,025	-	4,662,025
Buildings	-	2,507,909	-	2,507,909
	-	7,169,934	-	7,169,934
Total	109,217,824	25,123,597	-	134,341,421

c) Net book value of assets

	31.03.2026 Rs.	31.03.2025 Rs.
At cost		
Plant and machinery	78,548,049	94,634,494
Tools, implements, furniture & fittings and electrical appliances and computer software	4,425,636	5,267,688
Transport & communication equipment	375,303	375,302
At valuation		
Freehold and mining lands	58,334,225	66,014,950
Buildings	38,128,912	40,636,821
Net book value	179,812,125	206,929,255

3. PROPERTY, PLANT & EQUIPMENT - GROUP/COMPANY (CONTD.)

(d) Fair value measurement disclosure related to properties carried at fair value are as follows;

Location	Extent	Valuer	Valuation date	Valuation details	Significant unobservable input : price per acre/sq.ft	Fair value measurement using significant unobservable inputs (Level 3) Rs.	Fair value as per previous revaluation year - 2021 (Level 3) Rs.
Mining Land at Owala	25A-2R-35P	Mr. A.A.M. Fathihu	31st March 2025	Market based evidence	Rs. 100,000/- to Rs. 1,100,000/- per acre	25,145,250	22,873,500
Land situated at Owala	1A-1R-02P	Mr. A.A.M. Fathihu	31st March 2025	Market based evidence	Rs. 1,100,000/- per acre	1,388,750	1,137,500
Factory, office building & other infrastructure at Owala mine	10,535 sq.ft	Mr. A.A.M. Fathihu	31st March 2025	Depreciated Cost method	Rs. 250/- to Rs. 8,000/- per sq.ft	40,636,821	9,075,600
Mining Land at Meetiyagoda	13A-1R-01.54P	Mr. A.A.M. Fathihu	31st March 2025	Market based evidence	Rs. 2,750,000/- per acre	36,462,250	34,473,400

Significant increases/ (decreases) in estimated price per acre and per Sq.ft. in isolation would result in a significantly higher/ (lower) fair value.

The fair value of the lands and buildings were determined by A.A.M. Fathihu a chartered independent valuer (Valuation report dated 31st March 2025). The basis of valuations are depreciated replacement cost method using the depreciated value of the building and market approach using the current open market value of the land.

Market Approach

This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets.

Depreciated Replacement Cost Method

This method uses the current cost of reproduction or replacement of the asset less deductions for physical deterioration and all relevant forms of obsolescences.

(e) The useful lives of the assets are estimated as follows ;

	Group/Company	
	2026 No. of Years	2025 No. of Years
Mining Land	Units of production basis	Units of production basis
Buildings on free hold land and roadway	25,40 & 50	25,40 & 50
Plant and machinery	3 to 10	3 to 10
Tools, implements, furniture & fittings and electrical appliances and computer software	2,4,5 & 10	2,4,5 & 10
Transport and communication equipment	3, 4 & 5	3, 4 & 5

(f) The carrying amount of revalued assets of the Group/Company would have been included in the Financial Statement had the assets been carried at cost less depreciation is as follows,

	Group/Company			
	Cost 2026 Rs.	Accumulated depreciation 2026 Rs.	Net carrying amount 2026 Rs.	Net carrying amount 2025 Rs.
Freehold land and clay mining land	39,871,750	5,825,000	34,046,750	34,046,750
Freehold building	46,881,850	16,151,332	30,730,517	33,238,426
	86,753,600	21,976,332	64,777,267	67,285,176

(g) During the financial year, the Group/Company acquired property, plant and equipment amounting to Rs. 1,025,165/- (2025 – Rs. 4,996,170/-).

(h) Fixed assets include fully depreciated assets and the cost of which at the reporting date amounted to Rs. 74,728,727/- (2025 - Rs. 73,771,108/-)

4. INVESTMENT PROPERTY

	Group/Company	
	2026 Rs.	2025 Rs.
At the beginning of the year	1,056,382,000	1,043,904,000
Change in fair value	14,556,000	12,478,000
Balance at the end of the year	1,070,938,000	1,056,382,000

As at 31st March 2026, the investment property includes land and building at No 696,696/1,696/2,696/3,696/4, Galle Road, Colombo 03 (1R - 1.12 P).

4.1 Fair value of investment property

The fair value of investment property was determined by A.A.M. Fathihu a chartered independent valuer (Valuation report dated 31st March 2026). The basis of valuations are depreciated replacement cost method using the depreciated value of the building and market approach using the current open market value of the land.

	Group/Company	
	Fair value measurement using significant unobservable inputs (Level 3) 2026 Rs.	Fair value measurement using significant unobservable inputs (Level 3) 2025 Rs.
Date of valuation	31st March 2026	31st March 2025
Land	986,880,000	966,320,000
Building	84,058,000	90,062,000
Significant unobservable input :		
Price per perch	Rs. 24,000,000/-	Rs. 23,500,000/-
Price per sq. ft	Rs. 15,000/- Rs. 10,500/-	Rs. 14,000/- Rs. 9,500/-
Depreciation of Building	74%	75%

Significant increases/ (decrease) in estimated price per perch/ price per sq. ft in isolation would result in a significantly higher/ (lower) fair value.

4. INVESTMENT PROPERTY (CONTD.)

4.2 Rental Income earned from Investment Property by the Group/Company amounted to Rs. 74.22Mn. (2025 - Rs. 74.22Mn). Direct operating expenses incurred by the Group amounted to Rs. 2.20Mn. (2025- Rs. 4.10Mn).

4.3 Rental income receivable under the operating lease agreement of investment property as follows;

	Rental income receivable					
	< 1 year Rs.	1 - 2 Year Rs.	2 - 3 Year Rs.	3 - 4 Year Rs.	4 - 5 Year Rs.	Over 5 Years Rs.
2025-2026	74,304,720	74,393,040	74,393,040	-	-	-
2024-2025	74,216,400	74,304,720	74,393,040	74,393,040	-	-

5. OTHER EQUITY INVESTMENT AND INVESTMENT IN SUBSIDIARY

5.1 Other equity investments

	Group			
	Holding		Fair Value	
	2026 %	2025 %	2026 Rs.	2025 Rs.
CP Holding (Pvt) Ltd.				
Unquoted equity investments				
At the beginning of the year	16.67	16.67	70,605,497	67,906,755
Change in fair value			923,680	2,698,742
Balance at the end of the year	16.67	16.67	71,529,177	70,605,497

Description of the Investment

The unquoted equity investment consists of an investment made by the Group in CP Holdings (Pvt) Ltd through its fully owned subsidiary, LC Plantation Projects Ltd. The investment is classified as a financial asset measured at fair value through other comprehensive income (FVOCI), in accordance with SLFRS 9.

Fair Value Measurement Basis

The investment has been classified within Level 3 of the fair value hierarchy, as it involves the use of significant unobservable inputs. The Group has measured the investment at fair value using the Net Asset Value (NAV) method, considered appropriate due to the absence of observable market data.

Valuation Technique

The NAV is derived from the most recent audited financial statements of the investee, adjusted for the fair value of its underlying assets, liabilities, contingent exposures, and any material subsequent events. A significant portion of the investee's assets comprises freehold mining lands and investment properties held for capital appreciation.

The fair value of the freehold mining land and investment property was determined by A.A.M. Fathihu, Chartered Independent Valuer, using the market approach based on the current open market value of land.

The fair value movement has been recognised under Other Comprehensive Income in accordance with SLFRS 9. No gains or losses have been recognised in profit or loss, as the investment is classified under FVOCI. No changes were made to the valuation technique during the reporting period.

Unobservable Inputs

Key unobservable inputs used in the NAV-based valuation include:

- Estimated market price per perch/acre of land
- Current and future land use potential

	Valuation Date	Extent	Fair Value Rs.	Unobservable Input – Price per Acre (Range)
Investment property	31st March 2026	190A 2R 7.86P	289,975,950	Rs. 50,000 – 2,800,000
Clay mining land	31st March 2026	105A 2R 14.94P	139,323,150	Rs. 200,000 – 2,800,000

No interrelationships between unobservable inputs were considered material for this valuation. The use of independent, professionally qualified valuers mitigates estimation uncertainty

Sensitivity Analysis

As at 31 March 2026, the NAV of CP Holdings (Pvt) Ltd was Rs. 429,175,060/- A ±5% change in NAV would result in a fair value impact of approximately ±Rs. 3,576,459/- on the Group's investment.

Significant increases/(decreases) in the estimated price per acre, in isolation, would result in a significantly higher/(lower) fair value.

Fair Value Hierarchy Transfers

There were no transfers between levels of the fair value hierarchy during the reporting period.

5.2 Investment in subsidiary

	Company			
	Holding		Cost	
	2026 %	2025 %	2026 Rs.	2025 Rs.
LC Plantation Projects Limited	100	100	56,666,760	56,666,760

6. RIGHT OF USE ASSETS/LEASE LIABILITIES - GROUP/COMPANY

	Building	
	2026 Rs.	2025 Rs.
Right of use asset		
At the beginning of the year	-	-
Additions	4,158,842	-
Depreciation expense	(901,083)	-
At the end of the year	3,257,759	-
Lease liability		
At the beginning of the year	-	-
Additions	4,158,842	-
Interest expense	407,151	-
Less: Transfers	(1,105,000)	-
At the end of the year	3,460,993	-
As at 31st March		
Payable within one year	712,909	-
Payable after one year	2,748,084	-
Total	3,460,993	-

7. INVENTORIES

	Group/Company	
	2026 Rs.	2025 Rs.
Consumables and spares	5,993,332	8,095,767
Allowances for obsolete and slow moving inventory	(373,359)	(373,359)
Total	5,619,973	7,722,408

8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Trade debtors - Related parties (8.1)	122,817,310	81,553,211	122,817,310	81,553,211
- Non-related parties	5,169,687	10,394,926	5,169,687	10,394,926
	127,986,997	91,948,137	127,986,997	91,948,137
Other receivables	14,902,903	10,645,403	14,902,903	10,645,403
Other debtors - Subsidiary Company (8.1)	-	-	969,763	683,392
	142,889,900	102,593,540	143,859,663	103,276,932
Advances and prepayments	17,991,194	10,888,382	17,991,194	10,888,382
Other statutory receivables	6,064,868	19,491,136	6,064,868	19,491,136
Total	166,945,962	132,973,058	167,915,725	133,656,450

8.1 Amounts due from related parties

		Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Trade					
Lanka Tiles PLC	Affiliated	42,877,467	20,745,235	42,877,467	20,745,235
Lanka Walltiles PLC	Affiliated	71,746,275	59,468,021	71,746,275	59,468,021
Rocell Bathware Ltd	Affiliated	1,514,404	1,339,955	1,514,404	1,339,955
Royal Ceramics Lanka PLC	Parent	6,679,164	-	6,679,164	-
		122,817,310	81,553,211	122,817,310	81,553,211
Other					
LC Plantation Projects Limited	Subsidiary Company	-	-	969,763	683,392
Total		122,817,310	81,553,211	123,787,073	82,236,603

8.2 As at 31 March, the ageing analysis of trade receivables are as follows: Group/Company

Group/Company	Neither past due nor impaired	Past due but not impaired			Impaired	Total
		< 3 Months	3- 12 Months	> 1 Year		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2026	3,427,691	57,577,051	17,869,732	49,112,522	-	127,986,997
2025	2,159,761	31,603,750	10,700,980	47,483,646	-	91,948,137

9. STATED CAPITAL

9.1 Issued & fully paid

	Group/Company	
	2026 Rs.	2025 Rs.
Balance at the beginning of the year	300,000,000	300,000,000
Balance at the end of the year	300,000,000	300,000,000

9.2 Issued & fully paid

	Group/Company	
	2026 Rs.	2025 Rs.
No. of Shares		
Balance at the beginning of the year	6,000,000	6,000,000
Balance at the end of the year	6,000,000	6,000,000

9.3 The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at a meeting of the Company. All shares rank equally with regard to the Company's residual assets.

10 RESERVES

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Revaluation reserve (10.1)	219,100,299	221,383,947	219,100,299	221,383,947
Fair value reserve (10.2)	10,403,692	9,757,116	-	-
	229,503,991	231,141,063	219,100,299	221,383,947

10.1 Revaluation reserve

	Group/Company	
	2026 Rs.	2025 Rs.
On: Property plant & equipment		
Balance as at 01st April	221,383,947	237,827,347
Transfer from revaluation reserve to retained earnings on disposal of land	(2,283,648)	(3,500,000)
Revaluation gain/(loss) on lands and buildings	-	(18,490,571)
Deferred tax relating to revaluation gain/(loss) on lands and buildings	-	5,547,171
Balance as at 31st March	219,100,299	221,383,947

10 RESERVES (CONTD.)

10.2 Fair value reserve

	Group	
	2026 Rs.	2025 Rs.
Equity investments designated at fair value through OCI		
Balance at the beginning of the year	9,757,116	7,867,997
Change in fair value	923,680	2,698,742
Deferred tax on change in fair value	(277,104)	(809,623)
Balance at the end of the year	10,403,692	9,757,116

The fair value reserve comprises the cumulative net change in the fair value of financial assets measured at fair value through other comprehensive income until they are derecognised or impaired.

10.3 Fair value of financial assets and liabilities not carried at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's/Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non–financial assets and non–financial liabilities.

	Group				Company			
	Carrying amount		Fair value		Carrying amount		Fair value	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Financial assets								
Trade and other receivables	142,889,900	102,593,540	142,889,900	102,593,540	143,859,662	103,276,932	143,859,662	103,276,932
Cash and cash equivalents	130,953,868	92,598,162	130,953,868	92,598,162	130,953,868	92,598,162	130,953,868	92,598,162
Total	273,843,768	195,191,702	273,843,768	195,191,702	274,813,530	195,875,094	274,813,530	195,875,094
Financial liabilities								
Trade and other payables	35,416,644	35,883,988	35,416,644	35,883,988	35,416,644	35,883,988	35,416,644	35,883,988
Lease liabilities	3,460,993	-	3,460,993	-	3,460,993	-	3,460,993	-
Total	38,877,637	35,883,988	38,877,637	35,883,988	38,877,637	35,883,988	38,877,637	35,883,988

Assets and liabilities for which fair value approximates carrying value

For financial assets and financial liabilities that have a short term maturity (original maturities less than a year), it is assumed that the carrying amounts approximate the fair values. Therefore fair value of the instruments approximate to the carrying value as at the reporting date.

11. DEFERRED TAX LIABILITIES

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
At the beginning of the year	339,916,693	325,986,993	335,735,070	322,614,995
Charge / (reversal) arising during the year				
- Arising on during the year movement	17,232,888	20,299,007	17,232,888	20,299,007
Deferred tax release on components of other comprehensive income				
- Arising on during the year movement	27,192	(6,369,307)	(249,912)	(7,178,932)
At the end of the year	357,176,774	339,916,693	352,718,046	335,735,070

11.1 Statement of financial position

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Deferred tax liability				
Capital allowances	12,339,919	9,081,964	12,339,919	9,081,964
Revaluation surplus	94,192,884	94,877,979	94,192,884	94,877,979
Investment property	249,874,202	245,507,402	249,874,202	245,507,402
Change in fair value of non-listed investment	4,458,728	4,181,623	-	-
	360,865,733	353,648,968	356,407,005	349,467,345
Deferred tax assets				
Retirement benefit liability	3,184,481	2,306,549	3,184,481	2,306,549
Carried forward tax losses	-	11,313,718	-	11,313,718
Leases	392,470	-	392,470	-
Provision for obsolete and slow moving, consumables and spares	112,008	112,008	112,008	112,008
	3,688,959	13,732,275	3,688,959	13,732,275
Net Deferred tax liability	357,176,774	339,916,693	352,718,046	335,735,070

11.2 Statement of Comprehensive Income

Deferred Tax Charge / (Reversal)

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Retirement benefit liability	(249,912)	(131,760)	(249,912)	(131,760)
Deferred tax reversal on land disposal	-	(1,500,000)	-	(1,500,000)
Deferred tax relating to revaluation gain/(loss) on lands and buildings	-	(5,547,171)	-	(5,547,171)
Deferred tax relating to change in fair value of non-listed investment	277,104	809,623	-	-
	27,192	(6,369,307)	(249,912)	(7,178,932)

11.3 As per the transitional provisions of the Inland Revenue Act No. 24 of 2017, brought forward tax losses could be claimed against taxable income for a period of six years effective from 1st April 2018. The Company had a cumulative tax loss of Rs. 37,712,392/- as at 31st March 2025. During the year ended 31st March 2026, the Company has fully utilized the available tax losses against taxable income. Accordingly, there are no unutilized tax losses to be carried forward as at the reporting date.

11.4 Tax Losses

	Group/Company	
	2026 Rs.	2025 Rs.
Tax loss brought forward (Provisional)	37,712,392	176,143,012
Utilized during the Year	(37,712,392)	(138,430,620)
Tax loss carried forward (Provisional)	-	37,712,392

The deferred tax asset recognized in prior years has been fully realized during the year ended 31st March 2026 following the utilization of brought forward tax losses. Accordingly, no deferred tax asset is recognized as at the reporting date.

12. RETIREMENT BENEFIT LIABILITY

	Group/Company	
	2026 Rs.	2025 Rs.
At the beginning of the year	7,688,496	5,064,463
Net interest on the net defined benefit liability	768,850	607,736
Current service cost for the year	1,044,084	732,079
	1,812,934	1,339,815
Net actuarial (gain)/loss for the year	2,117,260	1,284,219
Payments made during the year	(1,003,750)	-
	1,113,510	1,284,219
At the end of the year	10,614,940	7,688,496

12.1 In order to illustrate the significance of the salary escalation rates and discount rates assumed in this valuation a sensitivity analysis for all employees in Lanka Ceramic PLC is as follows;

	Group/Company	
	2026 Rs.	2025 Rs.
Discount rate as at 31st March		
Effect on DBO due to decrease in the discount rate by 1%	420,036	299,065
Effect on DBO due to increase in the discount rate by 1%	(388,980)	(277,675)
Salary escalation rate as at 31st March		
Effect on DBO due to decrease in the salary escalation rate by 1%	(434,882)	(314,383)
Effect on DBO due to increase in the salary escalation rate by 1%	461,713	333,227

12.2 Distribution of present value of defined benefit obligation

	Less than a year Rs.	Between 1-2 years Rs.	Between 2- 5 years Rs.	Over 5 years Rs.	Total Rs.
Defined benefit obligation					
As at 31st March 2026	2,031,803	1,659,352	3,662,293	3,261,492	10,614,940
As at 31st March 2025	1,478,841	1,179,271	2,521,946	2,508,438	7,688,496

Weighted Average duration of defined benefit obligation (Years) 4.1 (2025 - 4)

12.3 Messrs. Actuarial and Management Consultants (Pvt) Ltd., actuaries carried out an actuarial valuation for Lanka Ceramic PLC of the defined benefit plan (gratuity) as at 31st March 2026

The principal assumptions used are as follows:

	Group/Company	
	2026 Rs.	2025 Rs.
Discount rate (per annum)	9%	10%
Salary scale (per annum) - Executives	10%	10%
- Non-executives	10%	10%
Staff turnover rate	23%	23%
Retirement age	60 Years	60 Years

13. OTHER NON CURRENT LIABILITIES

	Group/Company	
	2026 Rs.	2025 Rs.
Amortised cost of refundable deposit	24,714,961	22,114,317
Deferred interest income	8,827,603	11,770,138
Total	33,542,564	33,884,455

The refundable deposit pertains to an interest-free amount received in connection with renting out of the Group/Company's Investment Property situated at No.696, Galle Road, Colombo 03 with a contractual maturity on 31st March 2029

In accordance with Sri Lanka Financial Reporting Standard 9 – Financial Instruments (SLFRS 9), the deposit was classified as a financial liability and initially recognised at its fair value, determined by discounting the expected future cash outflows using a market rate of interest for a similar instrument.

The difference between the consideration received and the initial fair value was recognised as deferred income and is being amortised to profit or loss over the contractual term of 05 years.

Subsequently, the deposit was measured at amortised cost using the effective interest rate (EIR) method, with the carrying amount accreted to its nominal value over the life of the liability.

14. TRADE AND OTHER PAYABLES

	Group/Company	
	2026 Rs.	2025 Rs.
Trade creditors - other	879,927	1,920,470
Other creditors - related parties [14.1]	1,440,205	164,830
	2,320,132	2,085,300
Sundry creditors including accrued expenses	37,090,506	39,095,245
Total	39,410,638	41,180,545

14.1 Other creditors - Related parties

		Group/Company	
		2026 Rs.	2025 Rs.
Company	**Relationship**		
Swisstek Aluminium Limited	Affiliated Company	1,440,205	164,830
		1,440,205	164,830

15. REVENUE

Revenue from Contracts with Customers

	Group/Company	
	2026 Rs.	2025 Rs.
Types of goods		
Feldspar	218,097,253	228,754,927
Total revenue from contract with customers	218,097,253	228,754,927
Timing of revenue recognition		
Goods transferred at a point in time	218,097,253	228,754,927

16. OTHER INCOME

	Group/Company	
	2026 Rs.	2025 Rs.
Property rental income	74,216,400	74,216,400
Vehicle rental income	2,461,440	2,461,440
Disposal gain on property, plant and equipment	481,300	328,865
Franchise commission income	8,666,368	8,784,448
Sundry income	3,380,808	3,957,381
	89,206,316	89,748,534

17. FINANCE EXPENSES

	Group/Company	
	2026 Rs.	2025 Rs.
Interest expense on overdrafts	-	2,148,075
Interest expense on bank loans	-	208,968
Accrued interest expense on financial liability	2,600,644	2,326,991
Interest expense on lease liability	407,151	-
	3,007,795	4,684,034

18. FINANCE INCOME

	Group/Company	
	2026 Rs.	2025 Rs.
Interest income on investments	9,591,771	7,220,350
Deferred interest income on financial liability	2,942,535	2,942,535
	12,534,306	10,162,885

19. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

Is stated after charging /(crediting)

	Group/Company	
Year ended 31st March	2026 Rs.	2025 Rs.
Included in cost of sales		
Depreciation and amortisation	24,335,697	26,395,280
Defined benefit plan costs - gratuity	1,171,942	1,028,149
Defined contribution plan costs - EPF & ETF	2,863,047	2,288,994
Other staff cost	39,452,576	33,560,132
Included in administration expenses		
Depreciation and amortisation	1,646,393	312,634
Defined benefit plan costs - gratuity	530,519	259,705
Defined contribution plan costs - EPF & ETF	1,004,039	1,149,177
Other staff cost	15,182,378	13,264,778
Auditors remuneration		
- Audit fees	811,447	718,560
Rent, rates and taxes	-	1,040,069
Included in selling & distribution expenses		
Depreciation and amortisation	42,590	1,037,200
Defined benefit plan costs - gratuity	110,473	51,960
Defined contribution plan costs - EPF & ETF	353,818	246,919
Other staff cost	4,143,612	3,687,352
Rent, rates and taxes	1,690,594	1,690,594

20. INCOME TAX EXPENSES

20.1 The major components of income tax expense are as follows;

		Group		Company	
	Year ended 31st March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
(a)	Current income tax				
	Current income tax charge - (Note 20.2)	24,960,953	-	24,960,953	-
(b)	Deferred income tax				
	Deferred tax charge	17,232,888	20,299,007	17,232,888	20,299,007
	Income tax charged reported in the income statement	42,193,841	20,299,007	42,193,841	20,299,007
	Deferred tax expense reported in the OCI				
	Actuarial gain/ (loss) on retirement benefit liability	(249,912)	(131,760)	(249,912)	(131,760)
	Deferred tax reversal on land disposal	-	(1,500,000)	-	(1,500,000)
	Deferred tax relating to revaluation gain/(loss) on lands and buildings	-	(5,547,171)	-	(5,547,171)
	Deferred tax relating to change in fair value of non-listed investment	277,104	809,623	-	-
		27,192	(6,369,307)	(249,912)	(7,178,932)
		42,221,034	13,929,700	41,943,929	13,120,075

20. INCOME TAX EXPENSES (Contd.)

20.2 Reconciliation between current tax expense and the product of accounting profit.

	Group		Company	
Year ended 31st March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Accounting profit before income tax from continuing operation	133,341,351	139,887,340	133,627,723	140,080,491
Income considered as separate source of income	(104,249,446)	(99,647,590)	(104,249,446)	(99,647,590)
Non deductible expenses	44,552,897	42,432,878	44,266,525	42,239,727
Deductible items	(35,548,846)	(28,140,198)	(35,548,846)	(28,140,198)
Business income	38,095,956	54,532,430	38,095,956	54,532,430
Investment income	82,819,612	83,898,190	82,819,612	83,898,190
Taxable profit	120,915,568	138,430,620	120,915,568	138,430,620
Tax losses utilised	(37,712,392)	(138,430,620)	(37,712,392)	(138,430,620)
Taxable income	83,203,176	-	83,203,176	-
Current income tax expense				
Taxation - 30% (2025 - 30%)	24,960,953	-	24,960,953	-

20.3 Reconciliation between tax expense and the product of accounting profit

	Group		Company	
Year ended 31st March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Adjusted accounting profit chargeable to income taxes	133,341,351	139,887,340	133,627,723	140,080,491
Tax effect on chargeable profits	40,002,405	41,966,202	40,088,317	42,024,147
Tax effect on permanent and temporary differences	2,191,435	(21,667,195)	2,105,524	(21,725,140)
	42,193,841	20,299,007	42,193,841	20,299,007

20.4 Components of deferred income tax expense

	Group		Company	
Year ended 31st March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Capital allowances	3,257,955	(2,065,207)	3,257,955	(2,065,207)
Retirement benefit liability	(628,021)	(655,450)	(628,021)	(655,450)
Carried forward tax losses	11,313,718	19,276,264	11,313,718	19,276,264
Leases	(392,470)	-	(392,470)	-
Deferred tax reversal on transfer to retained earnings on land disposal	(685,094)	-	(685,094)	-
Investment property - revaluation surplus	4,366,800	3,743,400	4,366,800	3,743,400
	17,232,888	20,299,007	17,232,888	20,299,007

21. EARNINGS PER SHARE

21.1 Earnings per share - basic from continuing operations

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

The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding without a corresponding change in the resources such as a bonus issue.

The following reflects the income and share data used in the basic earnings per share computations.

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Amounts used as the numerator:				
Profit attributable to equity holders for basic earnings per share	91,147,510	119,588,333	91,433,882	119,781,484
Number of ordinary shares used as the denominator:				
Weighted average number of ordinary shares in issue applicable to basic earnings per share (Note 9.2)	6,000,000	6,000,000	6,000,000	6,000,000
Earning per share	15.19	19.93	15.24	19.96

22. DIVIDEND PER SHARE

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Dividends paid during the year	53,400,000	7,200,000	53,400,000	7,200,000
No. of shares	6,000,000	6,000,000	6,000,000	6,000,000
Dividend per share	8.90	1.20	8.90	1.20

23. CASH & CASH EQUIVALENT

	Group/ Company	
	2026 Rs.	2025 Rs.
Favourable cash and cash equivalents balance		
Cash and bank balances	130,953,868	92,598,162
Total cash and cash equivalents for the purpose of cash flow statement	130,953,868	92,598,162

24. ASSETS PLEDGED

The investment property located at No. 696, Galle Road, Colombo 03, as disclosed in Note 4, has been pledged as security for banking facilities granted to the Group/Company. As at the reporting date, there were no outstanding balances under these facilities. Other than this, no other assets of the Group/Company have been pledged as security as at the reporting date.

25. RELATED PARTY DISCLOSURES

Related parties represent the shareholders, key management personnel of the Group, close family members of key management personnel and entities controlled or jointly controlled by such parties. Details of significant related party disclosures are as follows

25.1 Transactions with the Related Entities

	Group				Company			
	Parent		Group Companies		Parent		Group Companies	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Nature of transaction								
Sale of goods	32,167,546	-	177,608,877	226,794,664	32,167,546	-	177,608,877	226,794,664
Commission income	-	-	8,478,532	8,399,961	-	-	8,478,532	8,399,961
Net of fund transfers received after reimbursement of expense	13,790,788	37,742	(142,248,719)	(264,142,410)	13,790,788	37,742	(142,248,719)	(264,142,410)
Dividend paid	39,279,171	5,296,068	-	-	39,279,171	5,296,068	-	-
Included under;								
Due from related parties	6,679,164	-	116,138,147	81,553,211	6,679,164	-	117,107,910	82,236,603
Due to related parties	-	-	1,440,205	164,830	-	-	1,440,205	164,830

Parent Company is Royal Ceramics Lanka PLC

Transactions with subsidiary Company includes LC Plantation Projects Ltd.

Transactions with Group Companies includes Lanka Walltiles PLC, Lanka Tiles PLC, Rocell Bathware Limited and Swisstek Aluminium Limited.

The Company carried out above transactions under ordinary course of business at commercial rates. These balances are unsecured, and no guarantees have been given or received.

No provision has been made or expense recognised during the period in respect of bad or doubtful debts due from related parties.

Net of fund transfer received after reimbursement of expenses represents sales proceeds received after deducting payments made by the Company from/to the Parent and Group Companies.

25.2 Transactions with key management personnel of the company

The key management personnel of the Company/Group are the members of its Board of Directors and that of its parent.

	Group/ Company	
Key management personnel compensation	2026 Rs.	2025 Rs.
Short term employment benefits	4,940,000	5,803,229
	4,940,000	5,803,229

26. COMMITMENTS AND CONTINGENCIES

26.1 Capital commitments

There were no significant capital commitments as at the reporting date in the Company and Group.

26.2 Contingencies

Group/Company has no contingencies as at the reporting date.

27. EVENTS OCCURRING AFTER THE REPORTING PERIOD

A final dividend of Rs.6.40/- per share was recommended by the Board on 21st May 2026 and will be paid following the Annual General Meeting, subject to being approved by the shareholders.

All material events occurring after the reporting period are considered, disclosed and adjusted where applicable.

28. FINANCIAL RISK MANAGEMENT

The Group's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Financial risk management is carried out through risk reviews, internal control systems, insurance programmes and adherence to the Group's financial risk management policies. The Board of Directors regularly reviews these risks and approves the risk management policies, which cover the management of these risks.

Market risk

Market risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of the changes in market prices.

Cash flow interest rate risk – risk that future cash flows associated with a financial instrument will fluctuate.

Cash flow and fair value interest rate risk

The Group's interest rate risk arises primarily from its lease liabilities relating to office premises. The Group monitors changes in market interest rates and assesses the potential impact on its financing costs and financial position.

The Group's objective in managing interest rate risk is to maintain an acceptable level of exposure to interest rate fluctuations. Management regularly reviews the Group's interest rate exposure and evaluates the potential effects of changes in market interest rates on future cash flows and the measurement of financial liabilities.

Interest rate sensitivity analysis has been performed based on reasonably possible changes in interest rates at the reporting date. The analysis assumes that all other variables remain constant and measures the impact of changes in interest rates on the Group's lease liabilities and the related finance costs.

The following table demonstrates the sensitivity of profit before tax and lease liabilities to a range of reasonably possible changes in interest rates as at the reporting date, with all other variables held constant.

Interest rate sensitivity	Group/Company	
	Change in interest rate %	Change in profit before tax Rs.
2025-2026	6%	(24,429)
	4%	(16,286)
	2%	(8,143)
	-2%	8,143
	-4%	16,286
	-6%	24,429
2024-2025	6%	(12,538)
	4%	(8,359)
	2%	(4,179)
	-2%	4,179
	-4%	8,359
	-6%	12,538

Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks, as well as credit exposures to customers, including outstanding receivables. The utilisation of credit limits is regularly monitored.

The Group places its cash and cash equivalents with a number of creditworthy financial institutions. The Group's policy limits the concentration of financial exposure to any single financial institution. In order to minimise the impact of current economic conditions of the country the Group is proactively engaged in minimising disputes and late collection risk. Further the receivable balances were reassessed to forecast the time of settlements. The maximum credit risk exposure of the financial assets of the Group is approximately the carrying amounts as at reporting date.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient liquid funds to meet its financial obligations.

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by keeping both committed and uncommitted credit lines available.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity categories based on the remaining period at the statement of financial position date to the contractual maturity date.

28. FINANCIAL RISK MANAGEMENT (Contd.)

Group/Company

At 31st March 2026	Less than 3 months Rs.	Between 3 months and 1 year Rs.	Between year 1 and year 2 Rs.	Between year 2 and year 5 Rs.	Over 5 years Rs.
Lease liabilities	338,229	988,862	1,262,657	2,347,259	-
Trade and other payables	35,416,644	Nil	Nil	Nil	Nil

At 31st March 2025	Less than 3 months Rs.	Between 3 months and 1 year Rs.	Between year 1 and year 2 Rs.	Between year 2 and year 5 Rs.	Over 5 years Rs.
Trade and other payables	35,883,988	Nil	Nil	Nil	Nil

Capital management risk

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may or may not make dividend payments to shareholders, return capital to shareholders or issue new shares or other instruments.

The Group monitors capital on the basis of the gearing ratio, which is lease liability divided by equity.

The gearing ratio as at 31st March is as follows:

	Group	
	2026 Rs.	2025 Rs.
Lease liability	3,460,993	-
Total equity	1,181,066,929	1,144,540,191
Gearing ratio ; Debt to Equity	0.3%	0%

	Company	
	2026 Rs.	2025 Rs.
Lease liability	3,460,993	-
Total equity	1,171,633,003	1,135,466,469
Gearing ratio ; Debt to Equity	0.3%	0%

Company Ten Year Summary

	2025/26 Rs.000	2024/25 Rs.000	2023/24 Rs.000	2022/23 Rs.000	2021/22 Rs.000	2020/21 Rs.000	2019/20 Rs.000	2018/19 Rs.000	2017/18 Rs.000	2016/17 Rs.000
Operating Results										
Revenue	218,097	228,755	217,475	446,815	427,689	121,330	166,132	163,772	178,932	282,830
Gross profit	70,672	92,145	67,968	94,907	103,841	52,671	57,603	62,208	76,116	152,954
Fair value gain on investment property	14,556	12,478	44,643	3,573	44,430	40,762	2,052	80,845	121,600	178,750
Other income	101,741	99,911	77,677	88,849	62,448	53,553	45,504	75,072	160,457	282,134
Administrative expenses	37,257	46,465	40,141	68,645	67,544	54,043	51,674	43,375	56,166	52,302
Selling & distribution expenses	13,076	13,304	14,085	25,187	15,204	8,886	11,470	8,232	14,153	30,022
Finance expenses	3,008	4,684	36,343	56,238	6,011	8,150	13,757	21,599	40,498	37,584
Profit before tax	133,628	140,080	99,718	37,259	121,961	75,907	28,257	144,919	248,377	499,654
Profit after tax	91,434	119,781	89,441	(44,064)	75,591	67,843	23,201	137,590	182,199	485,321
Total comprehensive income	89,567	107,186	79,582	(65,215)	82,525	135,005	24,385	136,972	97,192	485,241
Assets & Liabilities										
Non current assets	1,310,675	1,319,978	1,369,992	1,359,336	1,212,498	1,157,837	1,020,479	1,035,557	952,249	1,517,176
Current assets	304,490	233,977	146,595	272,906	238,791	124,081	139,401	114,949	224,837	105,903
Total assets	1,615,164	1,553,955	1,516,588	1,632,242	1,451,291	1,281,918	1,159,880	1,150,506	1,177,086	1,623,079
Current liabilities	43,908	41,181	118,927	314,700	131,859	53,909	64,342	55,998	197,655	106,167
Non current liabilities	399,624	377,308	362,179	346,643	269,203	257,920	252,655	276,010	297,905	215,167
Retirement benefit obligation	10,615	7,688	5,064	6,379	5,732	8,840	7,157	10,335	9,996	9,399
Share Capital & Reserves										
Stated capital	300,000	300,000	300,000	300,000	300000	300,000	300,000	300,000	300,000	300,000
Reserves	219,100	221,384	237,827	248,020	269,203	285,087	216,766	216,766	218,370	303,292
Accumulated profit	652,533	614,083	497,653	422,879	480,948	385,002	326,117	301,732	163,156	698,453
Key Indicators										
Earnings per share (Rs.)	15.24	19.96	14.91	(7.34)	12.60	11.31	3.87	22.93	11.34	16.18
Dividend per share (Rs.)	6.40	8.90	3.70	-	0.9	1.30	-	-	-	8.00
Net assets value per share (Rs.)	195.27	189.24	172.58	161.82	175.04	161.68	140.48	136.42	113.59	43.39
Dividend yield (%)	3.63	6.22	3.73	-	0.73	1.18	-	-	-	6.96
Dividend payout ratio (%)	41.99	44.59	24.82	-	7.16	11.50	-	-	-	49.45
Interest cover (times)	-	30.91	3.74	1.66	20.29	10.31	3.05	7.71	7.13	14.29
Current ratio	6.93:1	5.68:1	1.23:1	0.87:1	1.81:1	2.30:1	2.17:1	2.05:1	1.14:1	1.00:1
Quick asset ratio	6.81:1	5.49:1	1.16:1	0.85:1	1.78:1	2.25:1	2.07:1	1.95:1	0.89:1	0.94:1
Profit before tax to revenue (%)	61.27	61.24	45.85	8.34	28.52	62.56	17.01	88.49	138.81	176.66

Group Value Added Statement

	2025/26			2024/25		
	Rs.	Rs.	%	Rs.	Rs.	%
Gross turnover	257,354,758			269,930,814		
Fair value gain,finance & other income	116,296,622			112,389,419		
	373,651,381			382,320,233		
Less: Cost of material & services bought in	108,980,042			91,057,799		
	264,671,339			291,263,434		
Value allocated to Employees						
Salaries & wages and other benefits	64,812,404	64,812,404	25%	55,537,164	55,537,164	20%
To government						
VAT/SSCL/Royalty/Mineral tax/Others	80,163,733	80,163,733	30%	79,860,251	79,860,251	27%
To providers of capital						
Dividends	53,400,000			7,200,000		
Finance expenses	3,007,795	56,407,795	21%	4,684,034	11,884,034	4%
To expansion and growth						
Retained in business	38,163,810			116,235,874		
Depreciation	25,123,597	63,287,407	24%	27,745,112	143,981,985	49%
		264,671,339	100%		291,263,434	100%

Shareholder and Investor Information

Share Distribution as at 31st March 2026

From	To	No: of Holders	No: of Shares	%
1	1,000	1,631	273,101	4.55
1,001	10,000	150	316,053	5.27
10,001	100,000	11	247,456	4.12
100,001	1,000,000	1	750,000	12.50
	Over 1,000,000	1	4,413,390	73.56
		1,794	6,000,000	100.00

Categories of Shareholders

	No: of Holders	No: of Shares	%
Local Individuals	1,743	1,459,992	24.33
Local Institutions	46	4,539,167	75.66
Foreign Individuals	5	841	0.01
Foreign Institutions	-	-	-
	1,794	6,000,000	100.00

25 Major Shareholders of the Company

		31.03.2026		31.03.2025	
	Name	No : of Shares	%	No : of Shares	%
1	Royal Ceramics Lanka PLC	4,413,390	73.557	4,413,390	73.557
2	Mr. A.A. Page	750,000	12.500	750,000	12.500
3	TRL Holdings (Pvt) Limited	40,000	0.667	25,595	0.427
4	Mr. R.S. Ingram	33,076	0.551	43,751	0.729
5	Bimputh Finance PLC	28,818	0.480	28,818	0.480
6	Mr. M. Balasubramaniam	26,709	0.445	37,732	0.629
7	Mr. N.H. Talgaswatte	24,917	0.415	-	-
8	Vyjanthi & Company Limited	20,000	0.333	20,000	0.333
9	Est. of LAT R. Maheswaran	18,735	0.312	18,735	0.312
10	Miss. M.P. Radhakrishnan	15,135	0.252	15,135	0.252
11	Miss. A. Radhakrishnan	15,134	0.252	15,134	0.252
12	Mr. U.I. Suriyabandara	14,665	0.244	9,675	0.161
13	Mr. Z.G. Carimjee	10,267	0.171	10,267	0.171
14	Mr. U.C. Bandaranayake/Mrs. L. Bandaranayake	10,000	0.167	10,000	0.167
15	Mr. Y.K.H. Gunawardena	10,000	0.167	-	-
16	Mr. S. Priyadarshan	8,500	0.142	-	-
17	Mr. P.A.G.T.P. Attanayaka	7,326	0.122	4,989	0.083
18	Commercial Bank of Ceylon PLC/P. Gajendra	7,195	0.120	-	-
19	MR. A.A.P.S.K. Karunarathne & MR. A.A.P.K. Karunarathne	6,790	0.113	-	-
20	MR. J.D. Vithanage & MRS. R.P. Priyadarshani	6,500	0.108	-	-
21	Mrs. K.A.U. Kodithuwakku	6,336	0.106	6,336	0.106
22	Est. of LAT D.M.G. Perera	5,000	0.083	5,000	0.083
23	Mr. N. Mohamed Makeen	5,000	0.083	5,000	0.083
24	Mrs. J. Aloysius	5,000	0.083	5,000	0.083
25	Senkadagala Finance PLC/K.T.L.A.J. Peiris	4,899	0.082	-	-
Sub Total		5,493,392	91.555	5,424,557	90.408
Others		506,608	8.445	575,443	9.592
Issued Capital		6,000,000	100.000	6,000,000	100.000

Directors' Shareholding As At 31st March 2026

	No: of Shares	%
Mr. A.M. Weerasinghe	-	-
Mr. L.P.B. Talwatte	-	-
Ms. A.M.L. Page	-	-
Mr. S.M. Liyanage	-	-
Ms. K.D. Weerasinghe	-	-
Mr. H.M.A. Jayesinghe	-	-

Share Prices

Market Price Per Share		As at 31/03/2026		As at 31/03/2025
Highest during the year	Rs.	191.00	Rs.	164.00
Lowest during the year	Rs.	131.00	Rs.	92.30
As at end of the year	Rs.	176.50	Rs.	143.00

Public Holding As At 31st March 2026

The Percentage of shares held by the public -13.944%

No. of shareholders representing the above percentage - 1,792

The float adjusted market capitalization as at 31st March 2026 - Rs. 147,661,665.00

The float adjusted market capitalization of the Company falls under Option two of Rule 7.13.1 (i) (b) of the listing rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

Notice of Meeting

NOTICE IS HEREBY GIVEN THAT the Thirty Fifth (35th) Annual General Meeting of Lanka Ceramic PLC will be held by way of electronic means on 30th June 2026 at 10.00 a.m centered at the Boardroom of the Royal Ceramics Lanka PLC at No. 20, R.A. De Mel Mawatha, Colombo 03.

1. Ordinary Business

(i.) To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and its subsidiary and the Statement of Accounts for the year ended 31st March 2026 and the Report of the Auditors thereon.

(ii.) To declare a Final Dividend of Rs. 6.40 per Ordinary share for the year ended 31st March 2026 as recommended by the Board of Directors.

(iii.) To re-elect Ms. A.M.L. Page, who retires by rotation in terms of Articles 102 and 103 of the Articles of Association, as a Director of the Company.

(iv.) To re-elect as a Director, Mr. H.M.A. Jayesinghe, who was appointed to the Board since the date of the last Annual General Meeting in terms of Article 109 of the Articles of Association.

(v.) To re-appoint Messrs. Ernst & Young, Chartered Accountants, the retiring Auditors and to authorize the Directors to determine their remuneration.

(vi.) To authorize the Directors to determine donations for the year ending 31st March 2027 and up to the date of the next Annual General Meeting.

2. Special Business

(i.) To consider and if thought fit, to pass the following resolution as a Special Resolution:

'IT IS HEREBY RESOLVED THAT the Articles of Association of the Company be amended by the substitution of the word "executors, administrators or heirs" in place of "executors, administrators, heirs or trustees" in line 2 of Article 15 (iii)'.

By Order of the Board
LANKA CERAMIC PLC

P W Corporate Secretarial (Pvt) Ltd
Secretaries

28th May 2026
Colombo

Notes:

1. A shareholder is entitled to appoint a Proxy to attend and vote at the meeting on his/her behalf.
2. A Proxy need not be a shareholder of the Company.
3. A Form of Proxy accompanies this Notice.
4. The completed Form of Proxy should be deposited at the Registered Office of the Company, No. 23, Narahenpita Road, Nawala by 10.00 a.m. on 28th of June 2026.
5. Since the Meeting will be held via electronic means, shareholders who wish to participate in the AGM either by themselves or through their Proxies, are requested to forward the duly completed and signed Registration Form as per the Guidelines for Registration made available to the Shareholders on the Company/CSE Websites, to the Registrars of the Company, Corporate Solutions Unit, Central Depository Systems (Pvt) Limited, Ground Floor, M & M Centre, 341/5, Kotte Road, Rajagiriya or e-mailed to agm_egm_registrars@cds.lk by 10.00 a.m. on 28th June 2026.

Form of Proxy

I/We* ....

NIC/Passport/Company Reg. No. .... of ....

being a shareholder / shareholders of LANKA CERAMIC PLC hereby appoint ....

NIC/Passport No. .... of .... or failing him/her*,

Mr. A.M. Weerasinghe	or failing him*
Mr. L.P.B. Talwatte	or failing him*
Ms. A.M.L. Page	or failing her*
Mr. S.M. Liyanage	or failing him*
Ms. K.D. Weerasinghe	or failing her*
Mr. H.M.A. Jayesinghe	

as my/our* proxy to represent and speak and vote as indicated hereunder for me/us* and on my/our* behalf at the Thirty Fifth (35th) Annual General Meeting of the Company to be held on 30th June 2026 at 10.00 a.m. and at every poll which may be taken in consequence of the aforesaid Meeting and at any adjournment thereof.

1. Ordinary Business	FOR	AGAINST
(i.) To declare a Final Dividend of Rs. 6.40 per Ordinary share for the year ended 31st March 2026 as recommended by the Board of Directors.		
(ii.) To re-elect Ms. A.M.L. Page, who retires by rotation in terms of Articles 102 and 103 of the Articles of Association, as a Director of the Company		
(iii.) To re-elect as a Director, Mr. H.M.A. Jayesinghe, who was appointed to the Board since the date of the last Annual General Meeting in terms of Article 109 of the Articles of Association.		
(iv.) To re-appoint Messrs. Ernst & Young, Chartered Accountants, the retiring Auditors and to authorize the Directors to determine their remuneration.		
(v.) To authorize the Directors to determine donations for the year ending 31st March 2027 and up to the date of the next Annual General Meeting.		

2. Special Business	FOR	AGAINST
(i.) To consider and if thought fit to pass the Special Resolution set out under item 2(i) of the Notice of Meeting for amending the Articles of Association.		

In witness my/our* hands this .... day of .... Two Thousand and Twenty-Six.

....

Signature of Shareholder/s

*Please delete what is inapplicable.

Notes

1. A proxy need not be a shareholder of the Company
2. Instructions as to completion appear overleaf

INSTRUCTIONS FOR COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.

2. The completed Proxy should be deposited at the Registered Office of the Company, No.23, Narahenpita, Nawala, by 10.00 a.m. on 28th of June 2026

3. The Proxy shall –

    (a) In the case of an individual be signed by the shareholder or by his attorney, and if signed by an attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.

    (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the Company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute. (as applicable)

4. Please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.

Corporate Information

Name of the Company
Lanka Ceramic PLC

Legal Form
A Public Quoted Company with Limited Liability, Incorporated under the provision of Companies Act No 17 of 1982 and re-registered under the Companies Act No. 07 of 2007.

Company Registration Number
PQ 157

Board of Directors
Mr. A.M. Weerasinghe - Chairman
Mr. L.P.B. Talwatte - Managing Director
Ms. A.M.L. Page
Mr. S.M. Liyanage
Ms. K.D. Weerasinghe
Mr. H.M.A. Jayesinghe
(Appointed w.e.f. 20th December 2025)

Company Secretaries
P W Corporate Secretarial (Pvt) Ltd
3/17, Kynsey Road, Colombo 8
Tel: +94 11 4640360

Company Registrars
Central Depository Systems (Pvt) Limited
Ground Floor, M & M Center, 341/5,
Kotte Road, Rajagiriya.
Tel: +94 11 2356491
Fax: +94 11 2440396
Web: www.cds.lk

Registered Office
No. 23, Narahenpita Road, Nawala
Telephone: +94 11 4504610, +94 11 4504612
Facsimile: +94 11 4504614

Auditors
Ernst & Young
Chartered Accountants
Rotunda Towers, No. 109, Galle Road,
P.O. Box 101, Colombo 03
Telephone: +94 11 2463500
Facsimile: +94 11 7687869

Bankers
Hatton National Bank PLC
People's Bank
Sampath Bank PLC

Designed & produced by
emagewise

Lanka Ceramic PLC